



NOTICE

THE MEETING SCHEDULED FOR
WEDNESDAY, AUGUST 13, 2014
AT 3:30 P.M. (CLOSED SESSION) HAS
BEEN CANCELLED.

THE REGULAR COUNCIL MEETING
WILL BEGIN AT 4:30 P.M.



AUGUST 13, 2014

CITY COUNCIL CHAMBERS

3:30 P.M. Closed Session; 4:30 P.M. Regular Session

201 N. Broadway, Escondido, CA 92025

MAYOR

Sam Abed

DEPUTY MAYOR

Olga Diaz

COUNCIL MEMBERS

Ed Gallo

John Masson

Michael Morasco

CITY MANAGER

Clay Phillips

CITY CLERK

Diane Halverson

CITY ATTORNEY

Jeffrey Epp

DIRECTOR OF COMMUNITY DEVELOPMENT

Barbara Redlitz

DIRECTOR OF PUBLIC WORKS

Ed Domingue

ELECTRONIC MEDIA:

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

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

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

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



Council Meeting Agenda

**August 13, 2014
3:30 P.M. Meeting**

Escondido City Council

CALL TO ORDER

ROLL CALL: Diaz, Gallo, Masson, Morasco, Abed

ORAL COMMUNICATIONS

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

CLOSED SESSION: (COUNCIL/SUCCESSOR AGENCY/RRB)

I. CONFERENCE WITH LEGAL COUNSEL-- EXISTING LITIGATION (Government Code 54956.9(d)(1))

Case Name: WCAB Katherine Potter v. City of Escondido
Case No: ADJ2318771

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

a. Property: Hubbard Hill
City Negotiator: Debra Lundy, Real Property Manager
Negotiating Parties: T-Mobile
Under Negotiation: Price and Terms of Agreement

ADJOURNMENT



Council Meeting Agenda

**August 13, 2014
4:30 P.M. Meeting**

Escondido City Council

CALL TO ORDER

MOMENT OF REFLECTION:

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

FLAG SALUTE

ROLL CALL: Diaz, Gallo, Masson, Morasco, Abed

ORAL COMMUNICATIONS

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

CONSENT CALENDAR

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

- 1. AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/SUCCESSOR AGENCY/RRB)**
- 2. APPROVAL OF WARRANT REGISTER (Council/Successor Agency)**
- 3. [APPROVAL OF MINUTES: Regular Meeting of July 23, 2014](#)**

4. **ESTABLISH ENGINEERING AND TRAFFIC SURVEYS (SPEED ZONES) AT HAYDEN DRIVE AND W. NINTH AVENUE -**

Request Council approve establishing Engineering and Traffic Surveys (Speed Zones) at the following locations: (1) Hayden Drive, from Bear Valley Parkway to Oak Hill Drive; and (2) W. Ninth Avenue, from Hale Avenue to Auto Park Way.

Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**

RESOLUTION NO. 2014-117

5. **ALL WAY STOP CONTROL REQUEST FOR THE INTERSECTION OF EUCALYPTUS AVENUE AND SHALIMAR PLACE AND THE INTERSECTION OF HAMILTON LANE AND EUCALYPTUS AVENUE -**

Request Council approve amending the City's schedule of stop signs to add four (4) new stop signs including two (2) on Eucalyptus Avenue at the intersection of Shalimar Place and two (2) on Hamilton Lane at the intersection of Eucalyptus Avenue.

Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**

RESOLUTION NO. 2014-118

6. **LEASE AGREEMENT WITH VERIZON WIRELESS AT MOUNTAIN VIEW PARK -**

Request Council approve authorizing the Real Property Manager and City Clerk to execute a Lease Agreement with Verizon Wireless, LLC at Mountain View Park.

Staff Recommendation: **Approval (City Manager's Office: Charles Grimm)**

RESOLUTION NO. 2014-126

7. **ANNUAL SUBMISSION OF THE CITY OF ESCONDIDO'S INVESTMENT POLICY -**

Request Council approve the June 2014 Investment Policy.

Staff Recommendation: **Approval (City Treasurer's Office: Kenneth C. Hugins)**

RESOLUTION NO. 2014-93

8. **TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED JUNE 30, 2014 -**

Request Council receive and file the Quarterly Investment Report.

Staff Recommendation: **Receive and file (City Treasurer's Office: Kenneth C. Hugins)**

CONSENT – RESOLUTIONS AND ORDINANCES (COUNCIL/SUCCESSOR AGENCY/RRB)

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

9. **ZONING CODE AMENDMENT (AZ 14-0001) -**

Approved on August 6, 2014 with a vote of 5/0

ORDINANCE 2014-15 (Second Reading and Adoption)

CURRENT BUSINESS

10. [DECLARATION OF RESPONSE LEVEL TWO - WATER ALERT CONDITION -](#)

Request Council consider the information presented and provide direction on whether the City should declare a Response Level Two - Water Shortage Alert Condition.

Staff Recommendation: **Provide Direction (Utilities Department/Environmental Programs: Christopher W. McKinney)**

RESOLUTION NO. 2014-122

FUTURE AGENDA

11. [FUTURE AGENDA -](#)

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

Staff Recommendation: **None (City Clerk's Office: Diane Halverson)**

COUNCIL MEMBERS SUBCOMMITTEE REPORTS

CITY MANAGER'S UPDATE/BRIEFING

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development.

- [CITY MANAGER'S UPDATE -](#)

ORAL COMMUNICATIONS

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

ADJOURNMENT

UPCOMING MEETING SCHEDULE

Date	Day	Time	Meeting Type	Location
August 20	Wednesday	3:30 & 4:30 p.m.	Regular Meeting	Council Chambers
August 27	Wednesday	4:30 p.m.	Town Hall Meeting	Council Chambers
September 3	-	-	No Meeting	-
September 10	Wednesday	3:30 & 4:30 p.m.	Regular Meeting	Council Chambers

TO ADDRESS THE COUNCIL

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

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

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

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

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

- Online at <http://www.escondido.org/meeting-agendas.aspx>
- In the City Clerk's Office at City Hall
- In the Library (239 S. Kalmia) during regular business hours and
- Placed in the Council Chambers (See: City Clerk/Minutes Clerk) immediately before and during the Council meeting.

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

LIVE BROADCAST

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

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

**The City Council is scheduled to meet the first four Wednesdays
of the month at 3:30 in Closed Session and 4:30 in Open Session.
(Verify schedule with City Clerk's Office)**

**Members of the Council also sit as the Successor Agency to the CDC, Escondido Joint Powers
Financing Authority and the Mobilehome Rent Review Board.**

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



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

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

CITY OF ESCONDIDO
July 23, 2014
3:30 P.M. Meeting Minutes
Escondido City Council

CALL TO ORDER

The Regular Meeting of the Escondido City Council was called to order at 3:30 p.m. on Wednesday, July 23, 2014 in the Council Chambers at City Hall with Mayor Abed presiding.

ATTENDANCE

The following members were present: Deputy Mayor Olga Diaz, Councilmember Ed Gallo, Councilmember John Masson, Councilmember Michael Morasco, and Mayor Sam Abed. Quorum present.

ORAL COMMUNICATIONS

CLOSED SESSION: (COUNCIL/SUCCESSOR AGENCY/RRB)

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Morasco to recess to Closed Session. Motion carried unanimously.

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

- a. **Property:** Mountain View and Jesmond Dene Parks
City Negotiator: Debra Lundy, Real Property Manager
Negotiating Parties: Verizon Wireless
Under Negotiation: Price and Terms of Agreement
- b. **Property:** 480 N. Spruce Street
City Negotiator: Debra Lundy, Real Property Manager
Negotiating Parties: Blisslights Inc.
Under Negotiation: Price and Terms of Agreement
- c. **Property:** Lincoln/Gamble Right of Way
City Negotiator: Debra Lundy, Real Property Manager
Negotiating Parties: Toyota of Escondido
Under Negotiation: Price and Terms of Agreement

ADJOURNMENT

Mayor Abed adjourned the meeting at 4:05 p.m.

MAYOR

CITY CLERK

MINUTES CLERK

CITY OF ESCONDIDO
July 23, 2014
4:30 P.M. Meeting Minutes

Escondido City Council

CALL TO ORDER

The Regular Meeting of the Escondido City Council was called to order at 4:30 p.m. on Wednesday, July 23, 2014 in the Council Chambers at City Hall with Mayor Abed presiding.

MOMENT OF REFLECTION

FLAG SALUTE

Mayor Abed led the flag salute.

ATTENDANCE

The following members were present: Deputy Mayor Olga Diaz, Councilmember Ed Gallo, Councilmember John Masson, Councilmember Michael Morasco, and Mayor Sam Abed. Quorum present.

Also present were: Clay Phillips, City Manager; Jennifer McCain, Assistant City Attorney; Barbara Redlitz, Community Development Director; Ed Domingue, Public Works Director; Diane Halverson, City Clerk; and Liane Uhl, Minutes Clerk.

ORAL COMMUNICATIONS

Dinah Olds, Escondido, voiced concern with a retaining wall near her home.

Chad Hunziker, Escondido, indicated the City streets were not adequately swept.

CONSENT CALENDAR

Councilmember Morasco removed items 5 and 13; Councilmember Diaz removed item 11 and Councilmember Masson removed item 10 from the Consent Calendar for discussion.

MOTION: Moved by Councilmember Morasco and seconded by Councilmember Masson that the following Consent Calendar items be approved with the exception of items 5, 10, 11 and 13. Motion carried unanimously.

- 1. AFFIDAVITS OF PUBLICATION, MAILING AND POSTING (COUNCIL/SUCCESSOR AGENCY/RRB)**
- 2. APPROVAL OF WARRANT REGISTER (Council/Successor Agency)**

3. **APPROVAL OF MINUTES: A) Regular Meeting of June 11, 2014 B) Regular Meeting of June 18, 2014 C) Regular Meeting of June 25, 2014**

4. **COMPUTER AIDED DISPATCH (CAD) UPGRADE** - Request Council approve authorizing an increase to the Police Department's Operating Budget to purchase upgraded hardware for the Police and Fire Departments' Computer Aided Dispatch (CAD) system. This project will be funded by an interfund loan from the Public Facilities Fund to the General Fund in the amount of \$225,000 ("Loan"). (File No. 0430-80)

Staff Recommendation: **Approval (Police Department: Craig Carter)**

RESOLUTION NO. 2014-115

5. **TERMINATE EXISTING CONSULTING AGREEMENT FOR RECLAIMED WATER EASTERLY MAINS EXTENSION DESIGN AND AWARD NEW CONSULTING AGREEMENT** - Request Council approve terminating an existing Consulting Agreement with RMC Water and Environmental for the design of the Reclaimed Water Easterly Mains Extension, the contract has a remaining balance of \$347,331; and authorize the Mayor and City Clerk to execute a new Consulting Agreement with RBF Consulting, Inc. to finish the remainder of the design in the amount of \$354,185. (File No. 0600-10 [A-3125])

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

RESOLUTION NO. 2014-113

Councilmember Morasco asked if this was a standard procedure for a contractor that was not performing properly.

Craig Whittemore, Utilities Deputy Director, stated it was a mutual agreement between the City and contractor to terminate the agreement.

MOTION: Moved by Councilmember Masson and seconded by Councilmember Diaz to approve terminating an existing Consulting Agreement with RMC Water and Environmental for the design of the Reclaimed Water Easterly Mains Extension, the contract has a remaining balance of \$347,331; and authorize the Mayor and City Clerk to execute a new Consulting Agreement with RBF Consulting, Inc. to finish the remainder of the design in the amount of \$354,185 and adopt Resolution No. 2014-113 Motion carried unanimously.

6. **GRANT OF EASEMENT DEED TO CALTRANS AT WESTFIELD MALL PARKING LOT** - Request Council approve authorizing the Real Property Manager to execute an Easement Deed for the benefit of Caltrans at Westfield Mall. (File No. 0690-80)

Staff Recommendation: **Approval (City Manager's Office: Charles Grimm)**

RESOLUTION NO. 2014-87

7. **CEMETERY PIPELINE REPLACEMENT PROJECT: RELEASE AND SETTLEMENT AGREEMENT FOR EASEMENT ACQUISITION (APN: 240-230-29, 30 & 31/LYPPS)** - Request Council approve authorizing the Real Property Manager to execute a Release and Settlement Agreement to acquire easement interest in property necessary for the City of Escondido's Cemetery Pipeline Replacement Project. (File No. 0690-80)

Staff Recommendation: **Approval (City Manager's Office: Charles Grimm)**

RESOLUTION NO. 2014-112

8. **POLICE OFFICERS' ASSOCIATION NON-SWORN BARGAINING UNIT CONTRACT** - Request Council approve executing a successor Police Officers' Association Non-Sworn Bargaining Unit contract. (File No. 0740-30)

Staff Recommendation: **Approval (Finance Department/Human Resources: Sheryl Bennett)**

RESOLUTION NO. 2014-108

9. **ESCONDIDO CITY EMPLOYEES' ASSOCIATION - SUPERVISORY BARGAINING UNIT MEMORANDUM OF UNDERSTANDING** - Request Council approve executing a successor Escondido City Employees' Association - Supervisory Bargaining Unit Memorandum of Understanding. (File No. 0740-30)

Staff Recommendation: **Approval (Finance Department/Human Resources: Sheryl Bennett)**

RESOLUTION NO. 2014-107

10. **AUTHORIZATION OF SUBMITTAL FOR USED OIL PAYMENT PROGRAM GRANT APPLICATION AND ASSOCIATED DOCUMENTS** - Request Council approve authorizing the Deputy Director of Public Works/Maintenance or his designee to complete and submit an application to CalRecycle for Used Oil Payment Program funds to implement a local used lubricating oil and filter collection program; if the application is accepted by CalRecycle, it is further requested that the Deputy Director of Public Works/Maintenance or his/her designee be authorized to accept the grant funds, and execute all documents necessary to implement and secure payment. (File No. 0480-70)

Staff Recommendation: **Approval (Public Works Department/Maintenance: Ed Domingue)**

RESOLUTION NO. 2014-114

Councilmember Masson asked for information on the program.

Laura Robinson, Recycling Program Coordinator, explained that the program was to enable the City to establish a used motor and lubricating oil collection facility.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Masson to authorize the Deputy Director of Public Works/Maintenance or his designee to complete and submit an application to CalRecycle for Used Oil Payment Program funds to implement a local used lubricating oil and filter collection program and adopt Resolution No. 2014-114. If the application is accepted by CalRecycle, it is further requested that the Deputy Director of Public Works/Maintenance or his/her designee be authorized to accept the grant funds, and execute all documents necessary to implement and secure payment. Motion carried unanimously.

11. **ADDENDUM TO MEADOWBROOK IMPROVEMENT AND REIMBURSEMENT AGREEMENT, MEADOWBROOK VILLAGE DEVELOPMENT PROJECT (2002-69-CUP)** - Request Council approve an Addendum to the Meadowbrook Improvement and Reimbursement Agreement. (File No. 0800-40 2002-69-CUP)

Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**

RESOLUTION NO. 2014-110

Councilmember Diaz asked for clarification of the credit portion of the agreement.

Gary McCarthy, Deputy City Attorney, explained that the credit was not a discount, but a transfer of fees.

Dave Ferguson, Attorney, indicated he was available for questions.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Morasco to approve an Addendum to the Meadowbrook Improvement and Reimbursement Agreement and adopt Resolution No. 2014-110. Ayes: Abed, Diaz, Gallo and Morasco. Noes: None. Abstain: Masson. Motion carried.

- 12. CITY OF ESCONDIDO LANDSCAPE MAINTENANCE DISTRICT - PRELIMINARY ENGINEER'S REPORT FOR ZONE 37 FOR FISCAL YEAR 2015/2016** - Request Council approve initiating the proceedings for the annual levy of assessments for the City of Escondido Landscape Maintenance Assessment District (LMD) for Zone 37 for FY 2015/2016; approve the preliminary Engineer's Report for LMD Zone 37; and set a public hearing date of September 10, 2014 for LMD Zone 37. (File No. 0685-10)

Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**

A) RESOLUTION NO. 2014-85 B) RESOLUTION NO. 2014-86

- 13. A FIRST AMENDMENT TO THE CONSULTING AGREEMENT WITH BRIAN F. SMITH AND ASSOCIATES, INC. FOR ARCHEOLOGICAL MITIGATION SERVICES FOR THE CITRACADO PARKWAY EXTENSION PROJECT** - Request Council approve authorizing the Mayor and City Clerk to execute a first amendment to the consulting agreement with Brian F. Smith and Associates, Inc. in the amount of \$227,438 for additional archeological mitigation services for the Citracado Parkway Extension Project. (File No. 0600-10 [A-3058])

Staff Recommendation: **Approval (Public Works Department/Engineering: Ed Domingue)**

RESOLUTION NO. 2014-102

Councilmember Morasco asked if additional work would be required.

Julie Procopio, Public Works Deputy Director, answered that many artifacts had been found and the consultant was working with the affected tribes.

MOTION: Moved by Councilmember Diaz and seconded by Councilmember Masson to approve authorizing the Mayor and City Clerk to execute a first amendment to the consulting agreement with Brian F. Smith and Associates, Inc. in the amount of \$227,438 for additional archeological mitigation services for the Citracado Parkway Extension Project and adopt Resolution No. 2014-102. Motion carried unanimously.

CONSENT – RESOLUTIONS AND ORDINANCES (COUNCIL/SUCCESSOR AGENCY/RRB)

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

- 14. ZONE CHANGE AND TENTATIVE SUBDIVISION MAP CASE NO. PHG 13-0003 & SUB 13-0001** - Approved on June 25, 2014 with a vote of 5/0 (File No. 0800-10 SUB 13-0001)

ORDINANCE NO. 2014-14 (Second Reading and Adoption)

CURRENT BUSINESS

- 15. DESIGNATION OF VOTING DELEGATE - LEAGUE OF CALIFORNIA CITIES CONFERENCE -** Request Council designate a voting delegate, and up to two alternates, to represent the City of Escondido at the business meeting to be held during the League of California Cities Annual Conference, September 3 - 5, 2014 in Los Angeles. (File No. 0130-10)

Staff Recommendation: **Approval (City Clerk's Office: Diane Halverson)**

MOTION: Moved by Mayor Abed and seconded by Councilmember Diaz to appoint Councilmember Masson as voting delegate and Councilmember Morasco as alternate delegate to the League of California Cities Annual Conference. Motion carried unanimously.

- 16. RECEIPT OF ELECTIONS CODE SECTION 9212 REPORT, SUBMISSION OF PROPOSED ORDINANCE TO BE PLACED ON THE BALLOT FOR THE GENERAL MUNICIPAL ELECTION – NOVEMBER 4, 2014, AND BUDGET ADJUSTMENT -** Request Council receive and file the Elections Code Section 9212 report; approve submitting the initiative measure to Adopt the Lakes Specific Plan on the November 4, 2014 General Municipal Election; approve directing preparation of impartial analysis for all City measures, authorizing its members to file written arguments in favor of all City measures and providing for the filing of rebuttal arguments for all City measures; and approve authorizing a budget adjustment in the amount of \$20,000 from the General Fund Reserves to the non-departmental Election Fund. (File No. 0650-20)

Staff Recommendation: **Approval (City Clerk's Office: Diane Halverson/Community Development Department: Barbara Redlitz)**

A) RESOLUTION NO. 2014-103 B) RESOLUTION NO. 2014-63R C) RESOLUTION NO. 2014-104

Jay Petrek, Assistant Community Development Director, gave the staff report and presented a series of slides.

Dennis Hollingsworth, Applicant's Representative, voiced concern with the submitted report.

Constance Siano-Smeyres, Escondido, thanked Council for the report and indicated the development would overcrowd the area.

Colleen Stricker, Escondido, indicated the developer was trying to intimidate the community.

Mike Slater, Escondido, thanked Council for the report and stated the voters could now make an informed decision.

Gary O'Daffer, Escondido, stated the proposed lots were sub-standard and property values would be diminished.

Ken Lounsbury, Attorney, thanked Council for the report and stated the community had confidence in their decisions.

MOTION: Moved by Councilmember Gallo and seconded by Councilmember Diaz to receive and file the Elections Code Section 9212 report; approve submitting the initiative measure to Adopt the Lakes Specific Plan on the November 4, 2014 General Municipal Election; approve directing preparation of impartial analysis for all City measures, authorizing its members to file written arguments in favor of all City

measures and providing for the filing of rebuttal arguments for all City measures; and approve authorizing a budget adjustment in the amount of \$20,000 from the General Fund Reserves to the non-departmental Election Fund and adopt Resolution No. 2014-103; Resolution No. 2014-63R; and Resolution No. 2014-104. Motion carried unanimously.

FUTURE AGENDA

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

Staff Recommendation: **None (City Clerk's Office: Diane Halverson)**

Councilmember Diaz asked that a review of the Historic Preservation Commission fees be placed on a future agenda.

COUNCIL MEMBERS SUBCOMMITTEE REPORTS

Councilmember Diaz attended a San Dieguito River Park Joint Powers Authority meeting where a committee will be formed to recruit new board members.

Councilmember Gallo attended the San Vicente Dam Rise Dedication and stated the North County Transit District's ridership was at a new high during this quarter.

Mayor Abed indicated that SANDAG had four committees: Public Safety Committee, Transportation Committee, Regional Planning Committee and the Environmental Committee. San Diego Forward is SANDAG's General Plan and is receiving public input. A public meeting will be held on August 4, 2014 at Caltrans offices, 450 Taylor Street, from 11:30 a.m. – 2:00 p.m. and 5:30 p.m. – 8:00 p.m.

CITY MANAGER'S UPDATE/BRIEFING

The most current information from the City Manager regarding Economic Development, Capital Improvement Projects, Public Safety and Community Development.

- **CITY MANAGER'S UPDATE –**

ORAL COMMUNICATIONS

None

ADJOURNMENT

Mayor Abed adjourned the meeting at 6:00 p.m.

MAYOR

CITY CLERK

MINUTES CLERK

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 4

Date: August 13, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Edward N. Domingue, Public Works Director/City Engineer
Beth Kassebaum, Department Specialist

SUBJECT: Establish Engineering and Traffic Surveys (Speed Zones) at Hayden Drive and W. Ninth Avenue

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-117 to approve establishing Engineering and Traffic Surveys (Speed Zones) at the following locations: (1) Hayden Drive, from Bear Valley Parkway to Oak Hill Drive; and (2) W. Ninth Avenue, from Hale Avenue to Auto Park Way.

FISCAL ANALYSIS:

Funds are available in the Traffic Infrastructure Account No. 5203-108-402-646502 for the sign installation costs for the new location, at Hayden Drive, from Bear Valley Parkway to Oak Hill Drive; and for the change to the existing signs on W. Ninth Avenue, from Hale Avenue to Auto Park Way.

PREVIOUS ACTION:

Recommendations by staff were approved at the Transportation and Community Safety Commission meeting on July 10, 2014.

BACKGROUND:

To satisfy the requirements of Section 40802(b) of the California Vehicle Code (CVC), Engineering and Traffic Surveys are required by the State of California to establish speed limits and to enforce those limits using radar or other speed measuring devices. These surveys must be updated periodically (every 5, 7 or 10 years, depending upon specific criteria) to ensure the speed limits reflect current conditions as dictated by the 2012 California Vehicle Code (CVC). The surveys must be conducted in accordance with applicable provisions of Section 627 "Engineering and Traffic Survey" of the California Vehicle Code (CVC), following procedures outlined in the California Manual on Uniform Traffic Control Devices (CA-MUTCD) dated January 13, 2012.

The CA-MUTCD guidelines state that 85 percent of drivers are traveling at a safe and reasonable speed, and that this "85th percentile" speed is the parameter of a speed survey that should be used

to determine a legally enforceable posted speed limit. Based on this principle, and the other speed survey standards, staff is recommending the establishment of one (1) new speed zone and a change in another speed zone.

An overview of the Speed Surveys is presented in Table 1. The last column shows the recommended speed limits per the Traffic Engineer's engineering judgment *in matching existing conditions with the traffic safety needs of the community*. The **bold number** indicates a decreased speed limit, by 5 mph below the current posted speed limit.

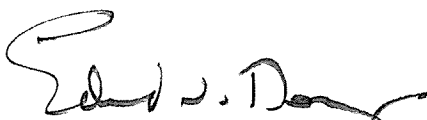
Table 1 - Overview of Speed Surveys

Street Name	Segment		Posted Limit (MPH)	85 th Percentile Speed (MPH)	Speed Limit (MPH)*
	From	To			
Hayden Drive	Bear Valley Pkwy	Oak Hill Drive	None	36	30
W. Ninth Avenue	Hale Avenue	Auto Park Way	35	32	30

*To be posted per Traffic Engineer

The item was discussed and recommended for approval at the Transportation & Community Safety Commission meeting on July 10, 2014.

Respectfully submitted,



Edward N. Domingue, P.E.
Public Works Director/City Engineer



For: Beth Kassebaum, E.I.T.
Department Specialist

RESOLUTION NO. 2014-117

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AMENDING THE TRAFFIC SCHEDULE FOR
SPEED ZONES

WHEREAS, Escondido Municipal Code Section 28-5(12) provides that the City Council shall establish a traffic schedule for speed zones; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to amend said traffic schedule;

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

1. That the above recitations are true.

2. That the Traffic Schedule of Engineering and Traffic Surveys for Speed Zones be amended to reflect the addition of the following segment:

Street Name	Segment		Posted Limit (MPH)	85 th Percentile Speed	Speed Limit*
	From	To			
Hayden Drive	Bear Valley Parkway	Oak Hill Drive	None	36	30

*To be posted per Traffic Engineer

3. That the Traffic Schedule for Speed Zones be amended to reflect a decrease in speed limit as follows:

Street Name	Segment		Posted Limit (MPH)	85 th Percentile Speed	Speed Limit*
	From	To			
W. Ninth Avenue	Hale Avenue	Auto Park Way	35	32	30

*To be posted per Traffic Engineer

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 5

Date: August 13, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Edward N. Domingue, Director of Public Works/City Engineer
Abraham Bandegan, Associate Engineer

SUBJECT: All Way Stop Control Request for the Intersection of Eucalyptus Avenue and Shalimar Place and the Intersection of Hamilton Lane and Eucalyptus Avenue

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-118, amending the schedule of stop signs.

FISCAL ANALYSIS:

Funds are available within the Transportation & Community Safety Commission Account No. 5203-108-402-643501, to install the stop signs.

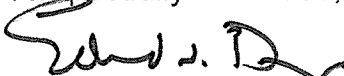
PREVIOUS ACTION:

On April 10, 2014, the Transportation and Community Safety Commission (Commission) adopted a prioritized list of traffic calming projects. Traffic calming on Eucalyptus Avenue ranked eighth on the list and was therefore not funded. However, the Commission directed staff to evaluate the addition of stop signs. On July 10, 2014, the Commission voted to support stop signs at two (2) locations.

BACKGROUND:

At the direction of the Commission and in response to resident concerns, City traffic engineers evaluated the addition of stop signs at two (2) intersections on Eucalyptus Avenue. It was determined that due to limited sight distance two (2) new Stop Signs are warranted on Eucalyptus Avenue at the intersection of Shalimar Place, and two (2) new Stop Signs are warranted on Hamilton Lane at the intersection of Eucalyptus Avenue. Staff requests Council approval to add four (4) stop signs to the schedule of stop signs.

Respectfully submitted,


Edward N. Domingue, PE
Director of Public Works/City Engineer

Abraham Bandegan, TE, PTP
Associate Engineer



RESOLUTION NO. 2014-118

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
TO AMEND THE TRAFFIC SCHEDULES FOR
STOP INTERSECTIONS AND YIELD
INTERSECTIONS

WHEREAS, Escondido Municipal Code Section 28-5 provides that the City Council establish a traffic schedule for stop intersections and yield intersections; and

WHEREAS, the City Council desires at this time and deems it to be in the best public interest to amend said traffic schedules;

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

1. That the above recitations are true.
2. That the Traffic Schedule for Stop Intersections be amended to reflect the addition of four (4) new stop signs including two (2) on Eucalyptus Avenue at the intersection of Shalimar Place and two (2) on Hamilton Lane at the intersection of Eucalyptus Avenue.

CITY COUNCIL

For City Clerk's Use:

☐

APPROVED

☐

DENIED

Reso No. _____

File No. _____

Ord No. _____

Agenda Item No.: 6

Date: August 13, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Debra Lundy, Real Property Manager

SUBJECT: Lease Agreement with Verizon Wireless at Mountain View Park

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-126 authorizing the Real Property Manager and City Clerk to execute a Lease Agreement with Verizon Wireless, LLC. at Mountain View Park.

FISCAL ANALYSIS:

Rent Revenue in the amount of \$3,000/month will be deposited into the General Fund.

PREVIOUS ACTION:

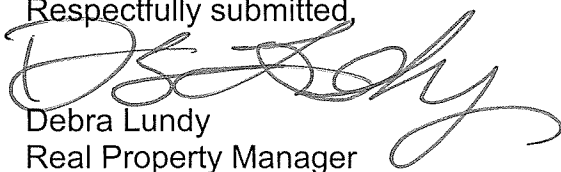
N/A

BACKGROUND:

Verizon Wireless applied for and was issued a Conditional Use Permit (PHG-13-0045) for the installation and operation of a wireless telecommunications facility to be mounted on a ball field light, with a small enclosed equipment structure on Mountain View Park. In order to construct the facility, Verizon will need a lease agreement with the City for use of the property. The parties have negotiated a fair market rent in the amount of \$3,000/month with 3% annual rent escalations for a 5-year lease term with renewal options out to 2039. Lessee shall not assign or co-locate without the prior written consent of the City and any approved co-location will increase the amount of compensation paid to the City by an amount to be determined by the parties.

In the event that Lessee decides to terminate the lease early, it may do so upon providing a 12-month notice in advance to the City and payment of an early termination fee equivalent to 6-months of the then-current monthly rental rate. Lessee shall be responsible for the removal of its equipment upon lease termination and restoration of the premises to its original condition.

Respectfully submitted,


Debra Lundy
Real Property Manager

RESOLUTION NO. 2014-126

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AUTHORIZING THE REAL PROPERTY
MANAGER AND CITY CLERK TO EXECUTE,
ON BEHALF OF THE CITY, A LEASE
AGREEMENT WITH VERIZON WIRELESS,
LLC FOR A CELL SITE AT MOUNTAIN VIEW
PARK

WHEREAS, the City owns the real property located at 1160 South Citrus Avenue known as Mountain View Park; and

WHEREAS, Verizon Wireless, LLC has requested to lease a portion of this property for a cell site; and

WHEREAS, the leasing of this site will not have a negative impact on the City-owned property; and

WHEREAS, Verizon Wireless, LLC has met all the land use requirements through the Planning Department and/or Planning Commission; and

WHEREAS, the lease of this site will generate annual income in the amount of \$36,000.

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

1. That the above recitations are true.
2. That the Real Property Manager and City Clerk are authorized to execute, on behalf of the City, a Lease Agreement ("Agreement") with Verizon Wireless, LLC for the site described in plans for Mountain View Park, at 1160 South Citrus Avenue, Escondido, California, which Agreement shall be in the form found at Exhibit "A," which is incorporated by reference.



Resolution No. 2014-126
EXHIBIT A
Page 1 of 14

LEASE AGREEMENT

PREMISES:

1160 South Citrus Avenue
(A Portion of Mountain View Park)
Escondido, CA 92027

LESSEE:

Verizon Wireless (VAW) LLC, dba Verizon Wireless

LEASE AGREEMENT

This Lease Agreement ("**Agreement**") made this _____ day of _____ 2014 ("**Effective Date**") , is hereby entered into by and between the City of Escondido, with its principal offices located at 201 North Broadway, Escondido, CA 92025, hereinafter designated **LESSOR** and Verizon Wireless (VAW) LLC, d/b/a Verizon Wireless, with its principal office located at One Verizon Way, Mail Stop 4AW100, Basking Ridge, New Jersey 07920 (telephone number 866-862-4404), hereinafter designated **LESSEE**. The LESSOR and LESSEE are at times collectively referred to hereinafter as the "**Parties**" or individually as the "Party."

1. Premises and Use. LESSOR owns that certain real property located at 1160 South Citrus Ave., Escondido, California 92027 ("**Property**"), legally described in Exhibit "**A**," attached hereto and made a part hereof, a portion of which LESSOR hereby leases to LESSEE as described below for purposes of installing, operating and maintaining a telecommunications facility and as more specifically described in Exhibit "**B**" attached hereto. LESSEE shall install, at LESSEE's expense, equipment, antennas and conduits in accordance with all applicable laws and with plans (PHG 13-0045) approved by the City's Planning Department and any/all other permits as may be required by local, state and federal agencies ("**Government Approvals**").

LESSOR hereby leases to LESSEE a portion of the Property being described as a thirty-four-foot (34') by twelve-foot (12') parcel containing approximately four hundred eight (408) square feet (the "**Land Space**"), certain space (the "**Tower Space**") on the "Light Standard" (defined below), and the right and sufficient space for the installation and maintenance of wires, cables, conduits and pipes running between the Land Space and Tower Space (the "**Connection Space**"), together with reasonable non-exclusive access (the "**Rights of Way**"), seven (7) days a week twenty-four (24) hours a day, on foot or motor vehicle, including trucks over or along a twelve-foot (12') wide right-of-way extending from the nearest public right-of-way, South Citrus Avenue, to the Land Space, and for the installation and maintenance of utility wires, poles, cables, conduits, and pipes under or along one or more rights of way from the Land Space, said Land Space and Rights of Way (hereinafter collectively referred to as the "**Premises**") being substantially as described in Exhibit "**B**" attached hereto and made a part hereof.

LESSEE shall, at its expense, replace one (1) existing stadium light pole and install one (1) new stadium light pole (the "**Light Standard**") on the Property as shown on Exhibit "**B**" attached hereto, which is structurally capable of supporting LESSOR's light fixtures and LESSEE's antennas and other ancillary equipment, as permitted in accordance with Government Approvals, consisting of three (3) sectors of two (2) antennas each and one (1) four-foot in diameter microwave dish at the heights identified on Exhibit "**B**". Upon completion of the construction and installation of the Light Standard, LESSEE shall provide LESSOR with thirty (30) days written notice (the "**Initial 30-Day Period**") to permit LESSOR to inspect the Light Standard. If LESSOR provides written notice (the "**Notice**") of any Light Standard deficiencies to LESSEE within the Initial 30-Day Period, LESSEE shall promptly commence any repairs and/or remedial work to the Light Standard necessary to correct the deficiencies described therein. Once such repairs and/or

remedial work have been completed, LESSEE shall notify LESSOR of such completion and LESSOR shall then have an additional thirty (30) days from the date of such notification from LESSEE (the "**Additional 30-Day Period**") to inspect the Light Standard with respect to such deficiencies. In the event LESSOR either fails to inspect the Light Standard as described above during the Initial 30-Day Period or the Additional 30-Day Period, or fails to provide written notice to LESSEE of any such deficiencies (or of LESSEE's failure to repair and/or remediate any deficiencies described in the Notice, if applicable), LESSOR shall be deemed to have approved LESSEE's construction of, and shall be deemed to have approved, the Light Standard, and accepted it in its "as is" condition, and LESSEE shall have no further liability or obligations therefor, except for the repair and maintenance responsibilities during the Term (as hereinafter defined), as described elsewhere in this Agreement. Upon LESSOR's acceptance of the Light Standard, LESSOR shall assume ownership of the Light Standard without need of execution of documentation transferring ownership from LESSEE to LESSOR. For the remainder of the Term, LESSOR shall be solely responsible for the ongoing maintenance and upkeep of the Light Standard, including light fixtures and light bulbs, as well as for the electrical costs associated with operating these light fixtures, and LESSEE shall have no further responsibility in relation thereto.

LESSOR shall use its best efforts to maintain and repair the Light Standard without disturbing or adversely affecting LESSEE's equipment. LESSOR acknowledges and agrees that (1) LESSEE's communications equipment is highly sensitive, (2) LESSEE's communications equipment may only be handled by properly trained and qualified personnel, and (3) LESSEE shall be solely responsible for the maintenance, repair and handling of all of LESSEE's equipment, antennas, and any other of LESSEE's improvements during the Term of this Agreement.

All work to be done by LESSEE, or its contractors, at the Property shall be performed in accordance with the approved Plans pursuant to Paragraph A, above, unless otherwise approved in writing by LESSOR.

LESSEE shall use the Premises for the purpose of constructing, maintaining, repairing and operating a communications facility and uses incidental thereto. LESSEE shall have the right to replace, repair, add or otherwise modify its utilities, equipment, antennas and/or conduits or any portion thereof and the frequencies over which the equipment operates during the Term. It is understood and agreed that LESSEE's ability to use the Premises is contingent upon its obtaining after the execution date of this Agreement all of the Governmental Approvals that may be required by any Federal, State or Local authorities as well as a satisfactory soil boring tests which will permit LESSEE use of the Premises as set forth above. Further, LESSOR shall be included in the bid walk and in LESSEE's preconstruction meetings(s) and shall have input on the construction schedule.

2. Term

The initial term of this Agreement (the "**Initial Term**") is five (5) years, commencing on the first day of the month in which LESSEE is issued a building permit allowing LESSEE

to construct its facility ("**Commencement Date**"). This Agreement will be automatically renewed for four (4) additional terms (each a "**Renewal Term**") of five years each, unless LESSEE provides LESSOR with a notice of its intention not to renew, not less than ninety (90) days prior to the expiration of the Initial Term or any Renewal Term. The Initial Term and all Renewal Terms shall be collectively referred to herein as the "**Term.**"

LESSEE has no right to retain possession of the Premises or any part thereof beyond the expiration of that removal period set forth in Paragraph 7 herein, unless the Parties are negotiating a new lease or lease extension in good faith. In the event that the Parties are not in the process of negotiating a new lease or lease extension in good faith, LESSEE holds over in violation of Paragraph 7 and this Paragraph 2, then the rent then in effect payable from and after the time of the expiration or earlier removal period set forth in Paragraph 7 shall equal to the rent applicable during the month immediately preceding such expiration or earlier termination.

3. Rent

Until the Commencement Date, rent will be a one-time payment of Three Thousand Dollars (\$3,000.00) which shall be due within forty-five (45) days after this Agreement is fully executed. Thereafter, rent will be paid in equal monthly installments of Three Thousand Dollars (\$3,000.00) (until increased as set forth herein). The rent due hereunder will be increased on each anniversary of the Commencement Date to an amount equal to the amount of the monthly installment of rent payable during the preceding year increased by three percent (3%). Rent checks shall be made payable to the City of Escondido, Attn: Accounts Payable.

4. Title and Quiet Possession

LESSOR represents and warrants for the benefit of LESSEE that; (a) it is the fee owner of the Property; (b) it has the right to enter into this Agreement; (c) the person signing this Agreement on behalf of the LESSOR has the authority to sign; (d) that LESSEE is entitled to access to the Property at all times and to the quiet possession of the Premises throughout the Initial Term and each Renewal Term so long as LESSEE is not in default hereunder beyond the expiration of any cure period; and (e) LESSOR shall not have unsupervised access to the Premises or to the LESSEE's equipment.

5. Assignment/Subletting/Co-Location of Other Telecommunication Providers

LESSEE shall not be permitted to allow any third parties to use the Light Standard and acknowledges and agrees that LESSEE shall only be permitted to install its equipment on the Light Standard in the locations identified on Exhibit "**B.**" LESSEE shall not sublease space within the Land Space without notice to or consent of LESSOR. Such consent shall not be unreasonably withheld.

This Agreement may be sold, assigned or transferred by LESSEE without any approval or consent of LESSOR to LESSEE's principal, affiliates, subsidiaries of its principal or to any entity which acquires all or substantially all of LESSEE's assets in the market

defined by the FCC in which the Property is located by reason of a merger, acquisition or other business reorganization. As to other parties, this Agreement may not be sold, assigned or transferred without the written consent of LESSOR, which such consent will not be unreasonably withheld, delayed or conditioned and LESSEE agrees that any such co-location will require compensation to LESSOR in an amount to be determined in the Parties' reasonable discretion when LESSOR approves such co-location. No change of stock ownership, partnership interest or control of LESSEE or transfer upon partnership or corporate dissolution of LESSEE shall constitute an assignment hereunder.

6. Notices

All notices must be in writing and are effective only when deposited in the U.S. mail, certified and postage prepaid, or when sent via overnight delivery, provided the courier's regular business is delivery service and provided further that it guarantees delivery to the addressee by the end of the next business day following the courier's receipt from the sender. Notice shall be effective upon actual receipt or refusal as shown on the receipt obtained pursuant to the foregoing.

Notices to LESSEE are to be sent to:

Verizon Wireless (VAW) LLC,
d/b/a Verizon Wireless
180 Washington Valley Road
Bedminster, New Jersey 07921
Attention: Network Real Estate

Notices to the LESSOR are to be sent to:

City of Escondido
201 North Broadway
Escondido, CA 92025
Attention: Real Property Manager

7. Improvements

LESSEE shall apply an anti-graffiti coating to the exterior of the equipment structure which is to be constructed under this Agreement.

LESSEE may, at its expense, make such improvements within the equipment structure, as it deems necessary, from time to time for the operation of its communications system. Should LESSEE wish to add any equipment outside of the Premises, LESSEE may do so only with LESSOR'S consent. In such event, this Agreement shall be amended to incorporate such additional space as part of the Premises. LESSEE shall, however, have the right to modify, replace, swap-out or repair LESSEE's equipment within the Premises without notice to or the consent of LESSOR unless otherwise specified in this Agreement. Upon the expiration or within ninety (90) days after the

earlier termination of this Agreement, LESSEE shall remove its equipment and improvements and will restore the Premises to substantially the condition existing on the Commencement Date, except for ordinary wear and tear and casualty loss.

8. Compliance with Laws

LESSEE will comply with all applicable laws relating to its possession and use of the Premises.

9. Interference

LESSEE will resolve technical interference problems with other equipment located at the Property on the Commencement Date or any equipment that becomes attached to the Property at any future date when LESSEE desires to add additional equipment to the Property. Likewise, LESSOR will not permit or suffer the installation of any future equipment which (a) results in interference problems to LESSEE's then existing equipment or (b) encroaches onto the Premises. In no event will LESSOR be entitled to terminate this Agreement or relocate the equipment as long as LESSEE is making a good faith effort to remedy the interference issue. The Parties acknowledge that there will not be an adequate remedy at law for noncompliance with the provisions of this Paragraph and therefore, either Party shall have the right to equitable remedies, such as, without limitation, injunctive relief and specific performance.

10. Utilities

LESSEE will pay for all utilities used by it at the Premises. LESSOR will cooperate with LESSEE in LESSEE's efforts to obtain utilities from any location provided by LESSOR of the servicing utility, including signing any easement or other instrument reasonably required by the utility company.

11. Termination

A. Default. If LESSOR discovers at any time during the Term that LESSEE or any other party has used or is using the Premises in an unlawful manner or in any manner that is inconsistent with any provision of this Agreement, LESSOR may notify LESSEE of the failure to perform and terminate this Agreement in accordance with this Section.

B. Right to Cure. LESSEE must cure any failure to perform any of the terms, conditions, or covenants of this Agreement to be observed or performed by LESSEE within thirty (30) days after receiving notice from LESSOR of the default, provided LESSEE shall have such extended period as may be required beyond the thirty (30) days if the nature of the cure is such that it reasonably requires more than thirty (30) days and LESSEE commences the cure within the thirty (30) day period and thereafter continuously and diligently pursues the cure to completion.

C. Termination upon Default. Upon the occurrence and failure to cure a default of this Agreement within the time period in Paragraph 11.A above, LESSOR may, at its option, and in addition to any and all other rights to which it may be entitled under this

Agreement or applicable law, elect to terminate this Agreement. Any such termination will be effective as of the date specified in such election.

D. LESSEE Termination. In the event that (i) any of such applications for such Governmental Approvals should be finally rejected; (ii) any Governmental Approval issued to LESSEE is canceled, expires, lapses, or is otherwise withdrawn or terminated by governmental authority; (iii) LESSEE determines that such Governmental Approvals may not be obtained in a timely manner; or (iv) LESSEE determines that the Premises is no longer technically compatible for its use, LESSEE shall have the right to terminate this Agreement. Notice of LESSEE's exercise of its right to terminate shall be given to LESSOR in writing by certified mail, return receipt requested, and shall be effective twelve (12) months after the mailing of such notice by LESSEE. LESSEE shall also pay to LESSOR a termination fee equal to six (6) months of the then-current rent. All rent paid to said termination date shall be retained by LESSOR. Upon such termination, this Agreement shall be of no further force or effect except to the extent of the representations, warranties and indemnities made by each Party to the other hereunder. Otherwise, LESSEE shall have no further obligations for the payment of rent to LESSOR.

12. Subordination and Non-Disturbance

This Agreement is subordinate to any mortgage or deed of trust now of record against the Property, provided however, that as a condition precedent to LESSEE being required to subordinate its interest in this Agreement to any future mortgage or deed of trust, LESSOR shall obtain a non-disturbance and attornment agreement in a form reasonably satisfactory to LESSEE, recognizing LESSEE's right to remain in occupancy of and have access to the Premises as long as LESSEE is not in default of this Agreement beyond applicable notice and cure periods. Promptly after this Agreement is fully executed, LESSOR will use diligent efforts to obtain a non-disturbance agreement reasonably acceptable to LESSEE from the holder of any such mortgage or deed of trust.

13. Taxes

The terms of this Agreement may result in the creation of a possessory interest. If such a possessory interest is vested in LESSEE, LESSEE may be subjected to the payment of personal property taxes levied on such interest. LESSEE shall be responsible for the payment of, and shall pay before delinquent, all taxes, assessments, and fees assessed or levied upon LESSEE, on said Premises or any interest therein, on any buildings, structures, machines, appliances, or other improvements of any nature whatsoever, or on any interest therein.

LESSEE further agrees not to allow such taxes, assessments, or fees to become a lien against the Premises or any improvement thereon. Nothing herein contained shall be deemed to prevent or prohibit LESSEE from contesting the validity of amount of any such tax, assessment, or fee in any manner authorized by law.

14. Insurance

LESSEE must have insurance in the following amounts at all times during this Agreement:

- A. General liability insurance with at least Two Million Dollars combined single-limit coverage per occurrence for bodily injury and property damage.
- B. Automobile liability insurance of One Million Dollars combined single-limit per accident for bodily injury and property damage for any and all vehicles that are owned by the LESSEE (if applicable).
- C. Workers' compensation and employer's liability insurance as required by the California Labor Code, as amended, or certificate of sole proprietorship.
- D. Commercial property insurance in an amount commensurate with the value of the improvements on the Premises.
- E. During the construction of LESSEE's improvements, insurance in an amount no less than to cover construction risks, etc.

Each insurance policy required above must be acceptable to the City Attorney in his or her reasonable discretion:

- F. Each policy must name LESSOR specifically as an additional insured under the policy on a separate endorsement page, with the exception of the workers' compensation policy.
- G. Upon receipt of notice from its insurer(s), LESSEE shall use its best efforts to provide LESSOR with thirty (30) days prior written notice of cancellation. Insurance coverage must be provided by an A.M. Best's A-rated, class V carrier or better, admitted in California, or if non-admitted, a company that is not on the Department of Insurance list of unacceptable carriers.
- H. All non-admitted carriers will be required to provide a service of suit endorsement in addition to the additional insured endorsement.

LESSEE agrees to deposit with LESSOR, on or before the effective date of this Agreement, a certificate of insurance necessary to satisfy the insurance provisions of this Agreement and to keep such insurance in effect during the entire Term of this Agreement. This certificate must be reviewed by, and acceptable to, the City Attorney, in his or her reasonable discretion, prior to commencement of the Initial Term. LESSEE will also provide LESSOR with a blanket additional insured endorsement adding LESSOR as an "additional insured", with the exception of the worker's compensation policy. Noncompliance by LESSEE with any provision of this Section after LESSEE's receipt of LESSOR's notice as provided in Section 11 shall allow LESSOR to terminate this Agreement.

LESSOR shall retain the right at any time to review the coverage, form and amount of the insurance required hereby. If, in the opinion of LESSOR's Lease Administrator, the insurance provisions in this Agreement do not provide adequate protection for LESSOR and for members of the public using the Premises, LESSOR may require LESSEE to obtain insurance sufficient in coverage, form and amount to provide adequate protection from and against the kind and extent of risks which exist or are foreseeable at the time a change in insurance is required. LESSOR's requirements shall be reasonable, but shall be designed to assure adequate protection of LESSOR's interests. LESSOR's Lease Administrator shall notify LESSEE in writing of changes in the insurance requirements and, if LESSEE does not deposit with LESSOR within sixty (60) days of receipt of such notice a new Certificate of Insurance for each policy or policies of insurance incorporating such changes, LESSEE shall be deemed in default of this Agreement without further notice to LESSEE and may be forthwith terminated by LESSOR's Lease Administrator.

The procuring of such required policy or policies of insurance shall not be construed to limit LESSEE's liability hereunder nor to fulfill the indemnification provisions and requirements of this Agreement. Notwithstanding said policy or policies of insurance, LESSEE shall be obligated for the full and total amount of any damage, injury or loss attributable to any act or omission of it or its agents, employees or contractors in connection with this Agreement or with LESSEE's use or occupancy of the Premises.

Noncompliance (after notice and the opportunity to cure) by LESSEE with any provision of this Section shall allow LESSOR's Lease Administrator to terminate this Agreement.

15. Indemnity

LESSEE shall defend, indemnify, and hold harmless LESSOR, its officers, agents, and employees from and against any and all claims, demands, and liabilities for loss of any kind or nature which LESSOR, its officers, agents, or employees may sustain or incur or which may be imposed upon them or any of them for injury to or death of persons or damage to property as a result of, arising out of, or in any manner connected with this Agreement or with the occupancy and use of the Premises by LESSEE, its employees, agents and contractors. LESSEE further agrees to pay any and all costs and expenses, including, but not limited to, court costs and reasonable attorney's fees incurred by LESSOR on account of any such claims, demands, or liabilities. However, the provisions of this Agreement shall not be construed to indemnify LESSOR for claims or acts to the extent arising from the gross negligence or willful misconduct of LESSOR or its employees, agents or contractors.

Neither Party shall be liable to the other, or any of their respective agents, representatives, employees for any lost revenue, lost profits, loss of technology, rights or services, incidental, punitive, indirect, special or consequential damages, loss of data, or interruption or loss of use of service, even if advised of the possibility of such damages, whether under theory of contract, tort (including negligence), strict liability or otherwise.

16. Maintenance

LESSEE will be responsible for repairing and maintaining the communication system and any other improvements installed by LESSEE at the Property in a proper operating and reasonably safe condition; provided, however if any such repair or maintenance is required due to the acts of LESSOR, its agents or employees, LESSOR shall reimburse LESSEE for the reasonable costs incurred by LESSEE to restore the damaged areas to the condition which existed immediately prior thereto. LESSOR will maintain and repair all other portions of the Property of which the Premises is a part in a proper operating and reasonably safe condition.

17. Casualty

In the event of damage by fire or other casualty to the Premises that cannot reasonably be expected to be repaired within forty-five (45) days following the same, or, if the Property is damaged by fire or other casualty so that such damage may reasonably be expected to disrupt LESSEE'S operation at the Premises for more than forty-five (45) days, then Verizon Wireless may, at any time following such fire or other casualty, terminate this Agreement upon fifteen (15) days prior written notice to LESSOR. Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the parties shall make an appropriate adjustment, as of such termination date, with respect to payment due to the other under this Agreement. Notwithstanding the foregoing, the rent shall abate during this period of repair following such fire and other casualty in proportion to the degree to which LESSEE use of the Premises is impaired.

18. Integration

In the event any provision of this Agreement is found to be invalid or unenforceable, such finding shall not affect the validity and enforceability of the remaining provisions of this Agreement. The failure of either Party to insist upon strict performance of any of the terms or conditions of this Agreement or to exercise any of its rights under this Agreement shall not waive such rights and such Party shall have the right to enforce such rights at any time and take such action as may be lawful and authorized under this Agreement, in law or in equity. It is agreed and understood that this Agreement contains all agreements, promises and understandings between LESSOR and LESSEE and that no verbal or oral agreements, promises or understandings shall be binding upon either LESSOR or LESSEE in any dispute, controversy or proceeding at law, and any addition, variation or modification to this Agreement shall be void and ineffective unless made in writing signed by the Parties

19. Condemnation

In the event of any condemnation of all or any portion of the Property, this Agreement shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever occurs first. If as a result of a partial condemnation of the

Premises, LESSEE, in LESSEE's sole discretion, is unable to use the Premises for the purposes intended hereunder, or if such condemnation may reasonably be expected to disrupt LESSEE's operations at the Premises for more than forty-five (45) days, LESSEE may, at LESSEE's option, to be exercised in writing within fifteen (15) days after LESSOR shall have given LESSEE written notice of such taking (or in the absence of such notice, within fifteen (15) days after the condemning authority shall have taken possession) terminate this Agreement as of the date the condemning authority takes such possession. LESSEE may on its own behalf make a claim in any condemnation proceeding involving the Premises for losses related to the equipment, conduits, fixtures, its relocation costs and its damages and losses (but not for the loss of its leasehold interest). Any such notice of termination shall cause this Agreement to expire with the same force and effect as though the date set forth in such notice were the date originally set as the expiration date of this Agreement and the Parties shall make an appropriate adjustment as of such termination date with respect to payments due to the other under this Agreement. If LESSEE does not terminate this Agreement in accordance with the foregoing, this Agreement shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the same proportion as the rentable area of the Premises taken bears to the total rentable area of the Premises. In the event that this Agreement is not terminated by reason of such condemnation, LESSOR shall promptly repair any damage to the Premises caused by such condemning authority.

20. Governing Law

This Agreement and the performance thereof shall be governed, interpreted, construed and regulated by the Laws of the State in which the Property is located.

21. Successors

This Agreement shall extend to and bind the heirs, personal representative, successors and assigns of the Parties hereto.

22. Survival

The provisions of the Agreement relating to indemnification from one Party to the other Party shall survive any termination or expiration of this Agreement. Additionally, any provisions of this Agreement which require performance subsequent to the termination or expiration of this Agreement shall also survive such termination or expiration.

23. Captions

The captions contained in this Agreement are inserted for convenience only and are not intended to be part of this Agreement. They shall not affect or be utilized in the construction or interpretation of this Agreement.

IN WITNESS WHEREOF, the parties hereto have set their hands and affixed their respective seals the day and year first above written.

CITY OF ESCONDIDO

Date: _____

Debra Lundy, Real Property Manager

Date: _____

Diane Halverson, City Clerk

LESSEE

VERIZON WIRELESS (VAW) LLC,
D/B/A VERIZON WIRELESS

Date: _____

By: _____
Name: Brian Mecum
Title: Area Vice President Network

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY
JEFFREY R. EPP, City Attorney

By: _____

Exhibit "A"

Legal Description of Property

All that certain real property situated in the County of San Diego, State of California, described as follows:

Lot 1 in Block 262 of the Rancho Rincon Del Diablo, in the City of Escondido, County of San Diego, State of California, according to Map thereof No. 725, filed in the Office of the County Recorder of San Diego County, August 13, 1892.

Excepting therefrom that portion of said Lot 1 described as follows:

Beginning at the most Northerly corner of said Lot 1, being also the point of intersection of the Southerly boundary of the 66 foot county road with the Southeasterly boundary of the 66 foot county road known as Citrus Drive;

Thence along the Northerly line of said Lot 1, South 89°45' 30" East 259.93 feet;

Thence leaving said Northerly line South 0°45' 00" West, 356.22 feet;

Thence North 89°34' 00" West 443.53 feet to the Northwesterly line of said Lot 1;

Thence along said Northwesterly line of said Lot 1, North 28°00' 50" East 400.89 feet to the point of beginning.

Assessor's Parcel Number: 231-220-21

Exhibit "B"
Plans As Approved by CUP PHG13-0045

[To be Provided by Verizon with Original Lease Agreement]

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. 2004-_____ File No. _____

Ord No. 2004-_____

Agenda Item No.: 7

Date: August 13, 2014

TO: Honorable Mayor and Members of the City Council
FROM: Kenneth C. Hugins, City Treasurer
SUBJECT: Annual Submission of the City of Escondido's Investment Policy

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2014-93.

PREVIOUS ACTION:

The last adoption of the Investment Policy was on June 26, 2013, Resolution No. 2013-83.

BACKGROUND:

In compliance with California Government Code Section 53646, the City Treasurer may annually present the City's Investment Policy to the legislative body at a public meeting to reaffirm or make any changes to the existing policy. The Investment Policy provides the City with guidelines for the investment of City funds. The Policy's guidelines set forth the investment selection criteria of safety, liquidity, and yield.

The City of Escondido's Investment Policy has been deemed current and up-to-date per the California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines. At this time policy changes and minor wording changes are recommended and summarized as follows:

1. Revise policy requirement of maintaining the investment portfolio current portion (one year or less) from a minimum of 50% of the General Fund operating budget to a minimum of 25% of the General Fund operating budget, while maintaining the requirement of providing sufficient liquidity to meet six months of projected expenditures through ongoing analysis of projected cash flows and investment maturities.
2. Revise policy to eliminate reference to previously disbanded Investment Committee and retain reference to Executive Investment Committee as the oversight committee.

3. Revise policy to clarify all allowable United States Government Securities investments that satisfy the target portfolio investment requirements.
4. Revise policy to eliminate specifically named contact representative of the City's custodial bank and instead make reference to the applicable staff position.

The proposed changes are presented in detail, by Investment Policy reference, in the attached Exhibit A. The recommended changes will provide additional flexibility in evaluating portfolio investment options and yields while still maintaining sufficient investment liquidity and safety.

The City of Escondido's June 2014 Investment Policy is attached as Exhibit 1 to Resolution 2014-93 for your review and approval.

Respectfully submitted,



Kenneth C. Hugins
City Treasurer

SUMMARY OF REVISIONS TO INVESTMENT POLICY FOR JUNE 2014

<u>Description of Change:</u>	<u>Page Reference:</u>
1. Revision to section IV(A)2 and XIII: Liquidity and Maturity Goals	Page 2, Section IV(A) 2 Page 9, Section XIII
At Section IV(A)2, line 2 wording:	
“At least 50 percent of the General Fund operating budget shall be invested short-term (one year or less). The duration is also mentioned in the “Maturity” section”	
is replaced with	
“The investment portfolio shall remain sufficiently liquid to ensure that projected expenditure requirements of the next six months can be met with a combination of anticipated revenues, maturing securities, and highly liquid investments and shall maintain a minimum level of short-term investments (one year or less) equivalent to 25% of the General Fund operating budget.	
At Section XIII (1), line 1 wording:	
“Subject to the availability of funds, short –term investments (maturity of one year or less) of the city shall not be less than 50% of the General Fund annual operating budget of the city.”	
is replaced with:	
“Subject to the availability of funds, short –term investments (maturity of one year or less) of the city shall not be less than 25% of the General Fund annual operating budget of the city.”	
2. Revision to section XVI: Investment Strategy and Performance Standards	Page 10, Section XVI
At Section XVI (1), line 3 wording:	
“Given the liquidity objective (50% of general fund operating budget shall be invested one year or less) and the portfolio duration, the 2-Year U.S. Treasury Note shall be the City’s selected benchmark.”	
is replaced with:	
“Given the liquidity objective (25% of general fund operating budget shall be invested one year or less) and the portfolio duration, the 2-Year U.S. Treasury Note shall be the City’s selected benchmark.”	

SUMMARY OF REVISIONS TO INVESTMENT POLICY FOR JUNE 2014

<u>Description of Change:</u>	<u>Page Reference:</u>
3. Elimination of subsections (A) & (B) of Section V: Investment Committee	Page 3, Section V
At Section V, Title and Subsections (A) and (B) are eliminated in entirety and are replaced with:	
V. Executive Investment Committee.	
The Executive Investment Committee will act in an advisory and oversight capacity to review and discuss investment portfolio management and investment policy compliance. The City Manager, City Treasurer, and Director of Administrative Services will serve as permanent members of the Executive Investment Committee. Other members, as deemed necessary or desirable, may be appointed to the committee by the City Treasurer or the City Manager. Treasury and Finance Department personnel shall serve as staff to the committee.	
4. Revision of Section VII (C) and (E): Authorized Financial Institutions and Brokers/Dealers	Page 5, Section VII (C) and (E)
At Section VII, Subsections (C) and (E), line 1 wording:	
“ City Investment Committee”	
is replaced by	
“ Executive Investment Committee”	
5. Revision of Section XII (B): Diversification by Type of Investment.	Page 6 & 7, Section XII (B) 1& 5
At Section XII(B)1, line 3 wording :	
“The target for investing in items 1 and 2 following will be 80 percent of the portfolio.”	
is replaced with:	
“The target for investment in United States Government Securities will be 80 percent of the portfolio. United States Government Securities will be defined as 100 percent of the investments defined in XII (B)1 and 2 (U.S. Government Treasuries and U.S. Government Agency obligations), and the applicable percent of the investment defined in item XII(B)5 (Local Agency Investment Fund (LAIF)), equal to the LAIF’s portfolio composition percentage of investment in United States Government Securities.	
At Section XII(B)5, line 3 wording :	
“Investing in LAIF may not exceed 20 percent of the market value of the portfolio.”	
is replaced with:	
“The City’s investment in LAIF will be determined according to the City’s liquidity needs, and may not exceed \$50 Million.”	

SUMMARY OF REVISIONS TO INVESTMENT POLICY FOR JUNE 2014

<u>Description of Change:</u>	<u>Page Reference</u>
6. Revision to Appendix Section regarding Custody Account Contact	Appendix page A4
At Appendix page A4, paragraph 4, item (a), wording :	
“Name of third-party safekeeping agent (currently Bank of New York Mellon Trust, contact person is Gabriella Rodriguez)”	
is replaced with:	
“Name of third-party safekeeping agent (currently Bank of New York Mellon Trust, contact designated customer service representative)”	

RESOLUTION NO. 2014-93

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
ADOPTING THE CITY OF ESCONDIDO'S
INVESTMENT POLICY DATED JUNE 2014

WHEREAS, the City Council has previously adopted annual Investment Policies pursuant to the requirements of the California Government Code; and

WHEREAS, the City of Escondido's June 2014 Investment Policy is in accordance with Government Code Section 53601 and meets Association of Public Treasurers of the United States & Canada ("APT US & C") Investment Policy Certification standards; and

WHEREAS, the City Council desires at this time, and deems it to be in the best public interest, to adopt the City of Escondido's June 2014 Investment Policy, a copy of which is attached as Exhibit "1" and is incorporated by this reference;

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

1. That the above recitations are true.
2. That the City Council hereby adopts the City of Escondido's June 2014 Investment Policy attached to this Resolution as Exhibit "1."



City of Escondido

INVESTMENT POLICY

June 2014

TABLE OF CONTENTS

	<u>Page</u>
I. Policy Statement	1
II. Scope	1
III. Prudence.....	2
IV. Investment Objectives.....	2
V. Executive Investment Committee	3
VI. Required Reporting	4
VII. Authorized Financial Institutions and Broker/Dealers	4
VIII. Safekeeping and Custody	5
IX. Accountability and Authority	5
X. Ethics and Conflicts of Interest.....	5
XI. Internal Control	6
XII. Authorized and Suitable Investments	6
XIII. Maturity Goals	10
XIV. Policy Review.....	10
XV. Investment Procedures.....	10
XVI. Investment Strategy and Performance Standards	10
Appendix – Investment Procedure Manual	
Glossary of Terms	

CITY OF ESCONDIDO

INVESTMENT POLICY

I. Policy Statement

This policy establishes the limits within which the City's investment program shall be conducted. Investment goals and objectives are defined. Qualified investment instrumentalities and reporting requirements are identified. Authority, accountability, audit control and procedures governing the investment program are delineated.

The investment policies and practices of the City of Escondido are based upon state law, city ordinance, and prudent money management.

II. Scope

A. Pooled Investments.

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

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust Funds
- Any new fund created from proceeds of bond sales in the custody of the Treasurer or any other funds under his control.

California Government Code Section 53601(1) permits money from bond proceeds, obligations under a lease, installment sales or other agreements to be invested in any security that meets the statutory provisions governing the issuance of the bond or other agreements made by the issuing agency.

B. Investments held separately.

Investments of bond proceeds will be held separately when required by the bond indentures or when necessary to meet arbitrage regulations. If allowed by the bond

indentures, or if the arbitrage regulations do not apply, investments of bond proceeds will be held as part of the pooled investments.

This policy does not apply to stocks, bonds, or other securities donated to the Escondido Public Library until such time as the Library Board of Trustees determines to dispose of such securities. Also, this investment policy does not apply to the Employees Deferred Compensation Fund and PERS funds, which are administered separately.

III. Prudence

Pursuant to California Government Code Section 53600.3, as amended, the City Council and all persons authorized to make investment decisions on behalf of the City are trustees of the public funds and therefore fiduciaries subject to the following prudent investor standard.

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

The City Treasurer and other individuals who are assigned to manage the investment portfolio, when they are acting in accordance with the City's investment policy, with written procedures and in reasonable reliance on existing California statutes and when they have properly exercised due diligence, will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Investment Objectives

A. The criteria for selecting investments by order of priority shall be:

1. *Safety.* Safety of principal is the City of Escondido's foremost objective. Investments shall seek to ensure that capital losses resulting from institution default, broker-dealer default, or the erosion of market value are avoided. The City of Escondido shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
 - a. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only the highest quality securities

(see authorized investments) and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

- b. Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the portfolio to eliminate the need to sell securities prior to maturity; and by prohibiting the taking of short positions, that is, selling securities that the City does not own. It is explicitly recognized, however, that in a diversified portfolio, occasional measured losses may occur, and must be considered within the context of overall investment return.
2. *Liquidity.* The portfolio will be structured with sufficient liquidity to allow the City to meet expected cash requirements. The investment portfolio shall remain sufficiently liquid to ensure that projected expenditure requirements of the next six months can be met with a combination of anticipated revenues, maturing securities, and highly liquid investments and shall maintain a minimum level of short-term investments (one year or less) equivalent to 25% of the General Fund operating budget. The duration is also mentioned in the "Maturity" section.
 3. *Yield.* In a manner consistent with the objectives of safety of principal and liquidity uppermost, a yield higher than the market rate of return shall be sought. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall generally be held until maturity with the following exceptions:
 - A security with declining credit may be sold early to minimize loss of principal.
 - A security swap would improve the quality, yield, or target duration in the portfolio.
 - Liquidity needs of the portfolio require that the security be sold.
- B. It shall be the policy of the City that all idle funds shall be invested consistent with providing adequate cash to meet the City's obligation.

V. Executive Investment Committee

The Executive Investment Committee will act in an advisory and oversight capacity to review and discuss investment portfolio management and investment policy compliance. The City Manager, City Treasurer, and Director of Administrative Services will serve as permanent members of the Executive Investment Committee. Other members, as deemed necessary or desirable, may be appointed to the committee by the City Treasurer or the City Manager. Treasury and Finance Department personnel shall serve as staff to the committee.

VI. Required Reporting

The City Treasurer or his designees shall report to the City Manager and City Council the following reports:

- A. Quarterly investment report (as per Government Code Section 53601) will include the type of investment, issuer, date of maturity, par, and dollar amount invested and market value for each security held by the City. The report shall state the source of the market value valuation and include a statement denoting the ability to meet the City's expected expenditure requirements for the next six months.
- B. An annual report setting forth a statement of investment policy.

VII. Authorized Financial Institutions and Broker/Dealers

- A. General criteria for the selection of financial institutions and broker/dealers shall be developed by the City Treasurer and reviewed by the City Investment Committee.
- B. Selection of financial institutions and broker/dealers shall be performed by authorized City staff under direction of the Executive Investment Committee. The City has an established formal procedure process in place for the selection of financial institutions and broker/dealers. As determined necessary by the Executive Investment Committee, the City will distribute a broker/dealer questionnaire to interested and known financial institutions and broker/dealers. The City Treasurer will maintain a list of qualified broker/dealers authorized to provide investment services to the City of Escondido. The list may include primary or regional dealers that are credit worthy and qualify under the uniform net capital rule of the Securities & Exchange Commission Rule 15C3-1.

All financial institutions and broker/dealers who desire to provide investment services must participate in the City's formal broker/dealer questionnaire process. To be considered, the financial institution or broker/dealers must supply the following as appropriate:

- Completed broker/dealer questionnaire
- Proof of National Association of Security Dealers (NASD) certification
- License to conduct business in the state of California
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Certification of having read and understood and agreeing to comply with the City of Escondido's investment policy
- Evidence of adequate insurance coverage

Qualified broker/dealers selected to do business with the City shall submit annually a current audited financial statement.

After the annual adoption of the City's Investment Policy by the City Council, a copy shall be sent to all broker/dealers approved to do business with the City. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

- C. General criteria for the selection of banks and savings and loans into which the City shall invest its funds shall be developed by the City Treasurer and reviewed by the Executive Investment Committee subject to the limitations set forth in this policy.
- D. Selection of specific institutions in which City funds may be invested shall be performed by authorized City staff under the direction of the Executive Investment Committee.
- E. Institutions in which City funds may be invested shall be classified by the City Treasurer and reviewed by the Executive Investment Committee. The classification shall determine the maximum dollar amount allowable for investment in the specified institution.

VIII. Safekeeping and Custody

To protect against potential losses by the collapse of individual securities dealers, all securities owned by the City shall be held in safekeeping by a third party bank trust department acting as agent for the City under the terms of a custody agreement executed by the bank and the City. All securities will be received and delivered using standard delivery versus payment (DVP) procedures.

IX. Accountability and Authority

- A. The Escondido Municipal Code vests authority for and control of investments to the City Treasurer.
- B. The City Treasurer may delegate the authority to conduct investment transactions to qualified and competent officials and employees of the City. Daily management responsibility of the investment program has been delegated to the Revenue Manager, Finance Manager, and the Investment Officer, who shall establish procedures for operation consistent with the investment policy.

X. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. Additionally the City Treasurer, Revenue Manager, Finance Manager and the Investment Officer are required

to annually file a Statement of Economic Interest as mandated by Government Code Section 91013.

XI. Internal Control

The Treasurer or his designee shall establish procedures for controlling daily investment transactions and monthly reconciliation of accounts. Separation of functions between the City Treasurer's Office and the Finance Department is designed to provide an internal review to prevent the potential for converting assets or concealing transactions. The investment portfolio and all related transactions are balanced to appropriate general ledger accounts by the Finance Department on a monthly basis. Such procedures and controls shall be subject to review and comments by the City's independent auditor.

XII. Authorized and Suitable Investments

A. Qualifying Investment Instruments Policy:

1. The following instruments are generally approved as qualifying investment instruments for City funds:
 - a. Obligations of the U.S. Government, its agencies, and instrumentalities.
 - b. Certificates of deposit with banks and savings and loans doing business in the State of California.
 - c. Prime Banker's Acceptances.
 - d. Prime Commercial Paper
 - e. Repurchase Agreements and Money Market Funds whose underlying collateral consists of the foregoing. (The City may invest in repurchase agreements with which the City has entered into a master repurchase contract, which specifies terms and conditions of repurchase agreements.)
 - f. Local Agency Investment Fund (LAIF) of the State of California.
 - g. San Diego County's Investment Pool for local agencies, which includes the purchase of Reverse Repurchase Agreements.
 - h. Pools and other investment structures incorporating investments listed in a through e.
2. Within the qualified investment instrument listing, the Executive Investment Committee may further define, qualify, and restrict use of City investment monies.
3. Additional investment instruments may be added by the City Treasurer from time to time but shall be reported in the next regular monthly report to the City Council and City Manager.
4. Investments of bond funds will be made in conformance with the trust indenture for each bond issue. Such investments will be held separately when required.

B. Diversification by Type of Investment:

The City is governed by California Government Code, Sections 53600 (et seq.). It shall be the policy of the City that investments shall be diversified with respect to the type of investment instruments used. Within the context of these limitations, the following investments are generally approved as qualifying investment instruments for City funds, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio, which can be invested in this category. The target for investment in United States Government Securities will be 80 percent of the portfolio. United States Government Securities will be defined as 100 percent of the investments defined in XII (B)1 and 2 (U.S. Government Treasuries and U.S. Government Agency obligations), and the applicable percent of the investment defined in item XII(B)5 (Local Agency Investment Fund (LAIF)), equal to the LAIF's portfolio composition percentage of investment in United States Government Securities. The percentage will fluctuate depending on market conditions, but in no case be lower than 70 percent. If the percentage falls below 80 percent, the 80 percent target rate will be restored within six months.
2. Obligations issued by the United States Government Agencies such as the Government National Mortgage Association (GNMA), Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and the Student Loan Marketing Association (SLMA). Although there is no percentage limitation of the dollar amount that can be invested in these issues, the "prudent investor" rule shall apply for any single agency name.
3. Bills of exchange or time drafts drawn on and accepted by a commercial bank otherwise known as banker's acceptances. Purchases of banker's acceptances may not exceed 180 days to maturity or 20 percent of the market value of the portfolio. No more than ten percent of the market value of the portfolio may be invested in banker's acceptances issued by any one bank.
4. Commercial paper ranked P1 by Moody's Investor Services and A1 by Standard and Poor's, and issued by a domestic corporation having assets in excess of \$500 million and having an A or better rating on its long-term debentures as provided by Moody's or Standard and Poor's. Purchases of eligible commercial paper may not exceed 180 days to maturity or 15 percent of the market value of the portfolio. No more than ten percent of the market value of the portfolio may be invested in commercial paper issued by any one corporation.
5. Local Agency Investment Fund. The City may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the maximum amount permitted by State Law. The City's investment in LAIF will be determined according to the City's liquidity needs, and may not exceed \$50 Million. When calculating this limit, the City does not

include General Obligation Bond proceeds invested with LAIF. These bond proceeds are held separately to meet arbitrage regulations and are not part of our pooled investments. LAIF has traditionally limited investments to short-term government type bonds. Treasury staff reviews the LAIF statements quarterly to ensure that this practice is maintained.

6. Money market funds are limited to 20 percent of the market value of the portfolio. The funds must be rated in the highest category of Moody's or Standard and Poor's, or must be administered by a domestic bank with long-term debt rated in one of the top two categories of Moody's or Standard and Poor's. A thorough investigation of any money market fund or investment pool is required prior to investing, as well as on an ongoing basis. The following information should be obtained and analyzed:
 - a. A description of eligible investment securities.
 - b. A written statement of investment policies and objectives.
 - c. A description of interest calculation and their distribution, and the treatment of gains and losses.
 - d. A description of how the securities are safeguarded and how often the securities are priced and the program audited.
 - e. Information about the size and frequency of deposits and withdrawals allowed, and how much notice is needed for withdrawals.
 - f. A schedule for receiving statements and portfolio listings.
 - g. A fee schedule, as well as how and when the fees are assessed.
 - h. The rating of the pool/fund.
 - i. Information about investment advisers, including registration with the Securities and Exchange Commission, length of experience and total assets under management.
7. Ineligible Investments. Investments not described herein, including, but not limited to, common stocks and corporate bonds, are prohibited from use in this portfolio. Investments, which exceed five years in maturity, require authorization by City Council prior to purchase. Further, any investments, purchased after January 1, 1996, that are in the form of inverse floaters, range notes, or mortgage-derived interest-only strips are prohibited.

C. Diversification by Institution.

1. Not more than \$100,000 shall be placed in any qualifying institution unless collateralized in accordance with this policy.
2. All certificates of deposit investments shall be collateralized by government securities with a market value of 110 percent of the City's investment or mortgages in value equal to 150 percent of the City's investments. Each investment institution must meet specific financial criteria as determined by the Executive Investment Committee.

3. In no event may any institution have City investments exceeding \$5,000,000 without approval of the Executive Investment Committee. This restriction shall not apply for periods of seven days or less when the City is receiving substantial funds (e.g., proceeds of bond sales) or is consolidating funds for a major transaction.

D. Collateralization

1. An independent third party with whom the City has a current custodial agreement must always hold collateral.
2. State law regarding collateralization of deposits of public funds requires that securities must be held by an agent (i.e. a trust company) of the bank, which may include the bank's trust department, only if acceptable to both the bank and the Treasurer, pursuant to California Government Code Section 53656 and 53658. Under the provisions of California Government Code Section 53652, banks are required to secure the deposits of public funds, including certificates of deposits, by: a) pledging government securities with a value of 110 percent of the principal and accrued interest; b) pledging first trust deed mortgage notes having a value 150 percent of the total agency deposit; or c) a letter of credit drawn on the Federal Home Loan Bank of 105 percent of the total agency deposit. Deposits must be secured at all times with eligible securities pursuant to section 53651.
3. Collateralization of repurchase agreements must be at least 102 percent of the market value of principal and accrued interest. Collateral must consist of U.S. Treasury obligations or U.S. Agency obligations. Other specific requirements on repurchase agreements must be addressed in a master repurchase agreement of the City and the financial institution or broker/dealer.

E. Investment compliance review

All securities held by the City will be maintained in compliance with Section XII, Authorized and Suitable Investments. The investment portfolio shall be reviewed quarterly to determine compliance with these parameters. Noncompliance events will be evaluated to determine and initiate actions needed to adjust investment yields, maturities, percentage requirements or other, in order to bring the portfolio back into compliance. In the event an instance of non-compliance is recommended by the Treasurer, authorization may be given by the Investment Committee and Mayor if done unanimously. All major and critical incidences of noncompliance shall be reported in the quarterly treasurer's report to the City Council

XIII. Maturity Goals

1. Subject to the availability of funds, short –term investments (maturity of one year or less) of the city shall not be less than 25% of the General Fund annual operating budget of the city.
2. The percentage of the City's portfolio that may be invested intermediate term (maturity term over one year and not greater than five years) shall be determined by the City Treasurer based on cash requirements estimated by the Finance Director.
3. Long-term investments (over five years to maturity date) shall be made only after review and approval by the City Council. Accordingly, no fixed percentage of the City's portfolio is designed for long-term investments.
4. Additional and/or clarifying maturity guidelines shall be adopted from time to time as devised by the City Treasurer and reviewed by the City Investment Committee.

XIV. Policy Review

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield, and its relevance to current law and financial and economic trends. The City of Escondido's investment policy shall be approved by the City Council on an annual basis.

XV. Investment Procedures

The City Treasurer and his/her delegated staff shall establish written investment policy procedures for the day-to-day operations of the investment program consistent with this policy. The procedures should include reference to cash balancing, safekeeping, wire transfer agreements, collateral/depository agreements, and the selection process for financial institutions and broker/dealers. The procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

XVI. Investment Strategy and Performance Standards

The City's investment strategy is passive (buy and hold.) Given this strategy, the basis used by the City Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to the City's portfolio investment duration. Given the liquidity objective (25 % of general fund operating budget shall be invested one year or less) and the portfolio duration, the 2-Year U.S. Treasury Note shall be the City's selected benchmark.

APPENDIX
CITY OF ESCONDIDO
INVESTMENT PROCEDURE MANUAL

Purpose

The purpose of these guidelines is to help create a Procedure Manual to assist Treasury staff with day-to-day investment operations.

References and subjects at the beginning of each section refer to elements in the Investment Policy.

Cash Review

- I. Policy
- II. Scope
- IX. Accountability and Authority

The Treasurer or his/her designee, referred to as Investment Officer, Finance Manager or Revenue Manager, must review the cash balances and investment portfolio daily, or as needed. Items to be reviewed should include:

- a) Balance of City of Escondido's General Account
- b) Maturing Investments (includes all investments)
- c) Large incoming wires from the State, County and other miscellaneous agencies
- d) Large outgoing wires such as debt service payments and routine wires such as San Diego County Water Authority, Kaiser, and Workers' Compensation Service provider and any other routine that may be added
- e) Accounts payable and payroll disbursements

Investment Selection

- III. Prudence
- IV. Objective
- XII. Authorized and Suitable Investments
- XII B. Diversification
- XIII. Maturity Goals

The Treasurer or designee determines how much of the cash balance is available for investment and selects the area of the yield curve that most closely matches the required maturity date based on cash flow needs.

In determining the maturity date, the Investment Officer or other Treasurer designee, should consider liquidity, cash flow and expected expenditures. A review of some of the following sources should determine whether the investments should be placed to match projected expenditures or shorter, or take advantage of current and expected interest rate environments

- a) Review daily business publications and commentaries from financial institutions and brokers.
- b) Read publications, Wall Street Journal and watch media (CNBC) for general trends of economic interests.
- c) Input from approved broker/dealers.

Purchasing an Investment

- VII. Authorized Financial Institutions and Broker/Dealers
- VIII. Safekeeping and Custody
- XII. Authorized and Suitable Investments
- XII B. Diversification of Investments
- XIII. Maturity Goals

Financial institutions are selected through a "Request for Proposal" (RFP) process. Broker/dealers are selected through a formal questionnaire process, which helps provide the following evaluation:

- a) Financial conditions, strength and capability to fulfill commitments.
- b) Overall reputation with other investors.
- c) Regulatory status of the broker/dealer (all providers).
- d) Background and expertise of the individual representative.

Selection of financial institutions and broker/dealers shall be performed by authorized City staff under direction of the Executive Investment Committee. The City has an established formal procedure process in place for the selection of financial institutions and broker/dealers. Every three to five years the City will distribute a broker/dealer questionnaire to interested and known financial institutions and broker/dealers. The City Treasurer will maintain a list of qualified broker/dealers authorized to provide investment services to the City of Escondido. The list may include primary or regional dealers that are credit worthy and Rule 15C3-1.

All financial institutions and broker/dealers who desire to provide investment services must participate in the City's formal broker/dealer questionnaire process. To be considered, the financial institution or broker/dealers must supply the following as appropriate:

- Completed broker/dealer questionnaire
- Proof of National Association of Security Dealers (NASD) certification
- License to conduct business in the state of California
- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Certification of having read and understood and agreeing to comply with the City of Escondido's investment policy
- Evidence of adequate insurance coverage

Qualified broker/dealers selected to do business with the City shall submit annually current audited financial statement.

After the annual adoption of the City's investment policy by the City Council, a copy shall be sent to all broker/dealers approved to do business with the City. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

The Investment Officer or other Treasurer designee shall be as specific as possible in requesting the offering in purchasing a security. If a particular type of investment or a particular agency is to be excluded due to policy limitations that should be stated to the providers. If collateral is required (i.e. for Repo's or CD's) the collateral limitations (excess margin, types of securities, maximum maturity, etc.) should be specified. The City may invest in repurchase agreements provided it has a signed master repurchase contract, which specifies terms and conditions of repurchase agreements.

The following must be determined prior to contacting the providers:

- a) Settlement – cash, regular (next day), corporate (3 business days) or when-issued if a new issue.
- b) Amount – either par value or total dollars to be invested.
- c) Type of security to be purchased or type to be excluded.
- d) Targeted maturity or maturity range.
- e) Time limit to show offering – 5 minutes, 15 minutes, or a specified time.

If choosing an external pool or (LAIF or Money Market) as the preferred investment vehicle at the time, the following should be available for inspection prior to purchase and at reasonable time thereafter:

- a) LAIF written investment policy and a copy of the "LAIF ANSWER BOOK" (which contains detailed information about LAIF).
- b) A prospectus for the Money Market funds or bank-managed funds.
- c) The balance of the LAIF account is reviewed to adhere to the City's investment pool limit – not to exceed 20% of the market value of the City's portfolio.

Before concluding the transaction, the following should be validated:

- a) The security selected for purchase meets all criteria, including portfolio-diversification, collateralization (if appropriate) and maturity. If the security has any imbedded options such as call provisions or coupon adjustments, these should also be reviewed. Current practice is to buy bullet securities, no callable. The strategy is buy and hold.
- b) Verify yield.
- c) Total purchase cost (including accrued interest) does not exceed funds available for investment.
- d) Advise the successful provider that their offering has been selected for purchase.
- e) After confirmation of the purchase, as a courtesy, notify the other broker/dealers that you have placed the investment. Best price may be disclosed if the other broker/dealers ask.

After consummation of the transaction, and prior to settlement date, the following information should be confirmed with the provider in order to ensure prompt and uninterrupted settlement:

- a) Reconfirm amounts of transaction (principal, accrued interest if any total cost).
- b) Reconfirm settlement date.
- c) Acquire CUSIP number of security, if applicable.
- d) Obtain a copy of the Bloomberg (trade ticket plus description page).

All qualified broker/dealers have the City's delivery instructions, which consist of the following:

- a) Name of third-party safekeeping agent (currently Bank of New York Mellon Trust, contact designated customer service representative)
- b) ABA number of safekeeping agent.
- c) Safekeeping account number.

Settlement and Follow-Through

IX. Accountability and Authority

The Treasurer or other designee should forward to the safekeeping agent, by fax or e-mail, detailed information regarding investment transaction. The detailed information of the purchased security will consist of:

- a) Type of security.
- b) Par amount, stated coupon, interest yield, maturity date, and CUSIP number.
- c) Specified dollar amount (principal amount, accrued interest, if applicable, and total cost).
- d) Note the broker of the investment transaction.
- e) Signature of the Investment Officer.

A phone call should be made to the safekeeping agent to inform of purchase and confirm receipt of the investment information. When applicable the following should be verified:

- a) Provision of receipt or disbursement of funds.
- b) Internal transfer or wiring of funds.
- c) Written validation from safekeeping agent.
- d) Notification of discrepancy prior to acceptance or rejection of the transaction.
- e) Immediate notification if a fail has occurred: by provider if they are responsible, by safekeeping agent if they are responsible.
- f) That all verbal and written verifications have been forwarded to and received from applicable parties to ensure that transaction was successfully executed.

Investment Strategy and Performance Standards

XVI. Accountability and Authority

The City's strategy is buy and hold (passive v. active). The strategy is to ladder out the portfolio five years, taking cash flow into consideration. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be to identify a comparable benchmark to the City's portfolio investment duration. The 2-Year U.S. Treasury Note shall be the City's benchmark.

GLOSSARY OF TERMS

Agencies — agencies of the federal government set up to supply credit to various classes of institutions (e.g., S&Ls, small business firms, students, farmers, housing agencies, etc.)

Amortized Cost — cost of investments adjusted for premiums and discounts. Amortized cost is used to maintain comparability with market value.

Arbitrage Regulation — law to control the use of profit making by purchasing securities on one market for immediate resale on another in order to profit from a price difference.

Asked — the price at which securities are offered.

Bankers Acceptance (BA) — a draft, bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Benchmark — a comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid — price a prospective buyer is ready to pay.

Bond Indenture — written agreement specifying the terms and conditions for issuing bonds, stating the form of the bond being offered for sale, interest to be paid, the maturity date, call provisions and protective covenants, if any, collateral pledged, the repayment schedule, and other terms. It describes the legal obligations of a bond issuer and the powers of the bond trustee, who has the responsibility for ensuring that interest payments are made to registered bondholders.

Book value — a term synonymous with amortized cost.

Broker/Dealer — individual or firm acting as principal in securities transaction.

Buy and Hold Strategy — investments in which management have the positive intent and ability to hold each issue until maturity.

Callables — securities that the issuer has the right to redeem prior to maturity.

Certificates of Deposit (CD) — a time deposit with a specific maturity evidenced by a certificate.

Collateral — securities pledged to secure repayment of a loan.

Commercial Paper — short-term IOU, or unsecured money market obligation, issued by prime rated commercial firms and financial companies, with maturities from 2 days up to 270 days. It

is a promissory note of the issuer used to finance current obligations, and is a negotiable instrument.

Comprehensive Annual Financial Report (CAFR) — an annual financial report that contains at a minimum, three sections: introductory, financial and statistical, and whose financial section provides information on each individual fund and component unit. (Definition source: 2005 Governmental Accounting, Auditing, and Financial Reporting (GAAFR))

Coupon — a) the annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; b) a certificate attached to a bond evidencing interest due on a payment date.

Custody — a banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Debenture — a bond secured only by the general credit of the issuer.

Delivery vs. Payment — there are two methods of delivery of securities: Delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with a simultaneous exchange of money. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

Derivatives — a) financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor; b) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

Discount — the difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Discount Securities — non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury Bills.

Diversification — dividing investment funds among a variety of securities offering independent returns.

Executive Investment Committee — a committee chaired and appointed by the City Treasurer to oversee the day-to-day investment program of the City.

Federal Credit Agencies — agencies of the federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives and exporters.

Federal Deposit Insurance Corporation (FDIC) — a federal agency that insures bank deposits. Deposit coverage increased from \$100,000 to \$250,000 per depositor in 2008. The increased

coverage limits of \$250,000 per depositor, per insured institution, was extended indefinitely effective July 2010 with the passage of the Dodd-Frank Act.

Federal Farm Credit Bank System (FFCB) — created by Congress in 1916, this nationwide system of banks and associations provides mortgage loans, credit and related services to farmers, rural homeowners, and agricultural and rural cooperatives. The banks and associations are cooperatively owned, directly or indirectly, by their respective borrowers. The banks of the Farm Credit System issue securities on a consolidated basis through the Federal Farm Credit Banks Funding Corporation.

Federal Funds Rate — the rate of interest associated with borrowing a Federal Reserve Bank's excess reserves. This rate is currently pegged by the Federal Reserve through open-market operations.

Federal Home Loan Bank System (FHLB) — created in 1932, this system consists of 12 regional banks, which are owned by private member institutions and regulated by the Federal Housing Finance Board. Functioning as a credit reserve system, the system facilitates extension of credit through its owner-members in order to provide access to housing and to improve the quality of communities. Federal Home Loan Bank issues are joint and several obligations of the 12 Federal Home Loan Banks and issued through the Federal Home Loan Banks Office of Finance.

Federal Home Loan Mortgage Corporation (FHLMC or Freddie Mac) — a stockholder-owned corporation established by Congress in 1970 to provide a continuous flow of funds to mortgage lenders, primarily through developing and maintaining an active nationwide secondary market in conventional residential mortgages. Freddie Mac purchases a large volume of conventional residential mortgages and uses them to collateralize mortgage-backed securities. Freddie Mac is a publicly held corporation; its stock trades on the New York Stock Exchange. Effective in 2008, the FHLMC was placed under U.S. Government conservatorship through the Federal Housing Finance Authority agency.

Federal National Mortgage Association (FNMA or Fannie Mae) — a federally chartered but privately owned corporation which traces its roots to a government agency created in 1938 to provide additional liquidity to the mortgage market. Fannie Mae carries a congressional mandate to promote a secondary market for conventional and FHA/VA single- and multifamily mortgages. Fannie Mae is a publicly held company whose stock trades on the New York Stock Exchange. Effective in 2008, the FNMA was placed under U.S. Government conservatorship through the Federal Housing Finance Authority agency.

Federal Open Market Committee (FOMC) — a committee that sets interest rate and credit policies for the Federal Reserve System, the United States' central bank. The FOMC has 12 members. Seven are the members of the Federal Reserve Board, appointed by the president of the United States. The other five are presidents of the 12 regional Federal Reserve banks. Of the five, four are picked on a rotating basis; the other is the president of the Federal Reserve Bank of New York, who is a permanent member. The committee decides whether to increase or decrease interest rates through open market operations of buying or selling government securities. The committee's decisions are closely watched and interpreted by economists and

stock and bond market analysts, who try to predict whether the Fed is seeking to tighten credit to reduce inflation or to loosen credit to stimulate the economy.

Federal Reserve System — system established by the Federal Reserve Act of 1913 to regulate the U.S. monetary and banking system. The Federal Reserve System (the Fed) is comprised of 12 regional Federal Reserve Banks, their branches, and all national and state that are a part of the system. The Federal Reserve System's main functions are to regulate the national money supply, set reserve requirements for member banks, supervise the printing of currency at the mint, act as clearinghouse for transfer of funds throughout the banking system, and examine member banks to make sure they meet various Federal Reserve regulations.

Government National Mortgage Association (GNMA or Ginnie Mae) — government-owned corporations, nicknamed Ginnie Mae, which is an agency of the U.S. Department of Housing and Urban Development. Security holder is protected by full faith and credit of the U.S. government. Ginnie Mae securities are backed by the FHA, VA or FM mortgages. The term "pass throughs" is often used to describe Ginnie Maes.

Interest Rate Risk — the risk that investments will lose market value because of increases in market interest rates. A rise in market interest rates will cause the market value of investments made earlier at lower interest rate to lose value. The reverse will cause a gain in market value.

Intermediate Maturity — investment period greater than one year but less than five years and one day.

Investment Committee — a committee chaired by the City Treasurer to advise the City Treasurer on policies governing the City's investment program.

Laddered Portfolio — bond investment portfolio with securities in each maturity range (e.g. monthly) over a specified period of time (e.g. five years).

Leverage — investing with borrowed money with the expectation that the interest earned on the investment will exceed the interest paid on the borrowed money.

Liquidity — the ability to turn an asset into cash. The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

Local Agency Investment Fund (LAIF) — the aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

Long-Term Maturity — investment period greater than five years.

Long-Term Investment — maturity on investment greater than five years, as of the date of purchase.

Market Value — the price at which a security is trading, usually the liquidation value.

Master Repurchase Agreement — a written contract covering all future transactions between the parties to repurchase reverse repurchase agreements that establish each party's rights in

the transactions. A master repurchase agreement will often specify the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity — the date upon which the principal or stated value of an investment becomes due and payable.

Modified Duration — a measure of the sensitivity that the value of a fixed-income security has to changes in market rates of interest. Modified duration is the best single measure of a portfolio's or security's exposure to market risk. Modified duration identifies the potential gain/loss in value before the gain/loss actually occurs. It is a prospective measurement, e.g., a modified duration of 1.5 indicates that when and if a 1% change in market interest rates occurs, a 1.5% change in the value of a security will result. Investments with modified durations of one to three are considered to be relatively conservative.

Money Market — the market in which short-term debt instruments (Treasury bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

Offer — price at which someone who owns a security offers to sell it, also known as the asked price.

Open Market Operations — activities by which the Securities Department of the Federal Reserve Bank of New York, popularly called the desk, carries out instructions of the Federal Open Market Committee designed to regulate the money supply. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

Pooled Investment — grouping of sources for the common advantage of the participants.

Portfolio — collection of securities held by an investor.

Primary Dealer — investment dealers authorized to buy and sell government securities in direct dealings with the Federal Reserve Bank of New York in its execution of Fed Open Market Operations. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

Prudent Person Rule — standard adopted by some U.S. states to guide those with responsibility for investing money of others. Such fiduciaries, such as trustees, must act as a prudent man or woman would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general, avoid speculative investments. States not using the prudent-man system use the *legal list* system, allowing fiduciaries to invest only in a restricted list of securities, called the *legal list*.

Qualified Investment — an investment instrument (such as an insured certificate of deposit of \$100,000 with California chartered savings and loan), which is approved by this policy or pursuant to procedures set forth in this policy.

Range Note — an investment instrument that pays a high interest rate, if a given index falls within a stipulated range, but pays no interest if the stipulated index falls outside that range.

Rate of Return — the yield obtainable on security based on its purchase price or its current market price.

Repurchase Agreement (RP or REPO) — agreement between a seller and a buyer, usually of U.S. government securities, whereby the seller agrees to repurchase the securities as an agreed upon price and usually, at a stated time. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

Required Reports — Section 53646 of the California Government Code specifies that certain information may be periodically transmitted to the City's governing body and chief executive officers by the City's chief fiscal or investment officer .

Safety — the ability of a security issuer to guarantee redemption of their security.

Safekeeping — see custody

Secondary Market — a market made for the purchase and sale of outstanding issues following the initial distribution.

Securities & Exchange Commission — agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC Rule 15C3-1 — see Uniform Net Capital Rule.

Short-term Maturities — investment period of one year or less.

Student Loan Marketing Association (SLMA or Sallie Mae) — a government sponsored entity created to provide liquidity for private lenders (banks, savings and loan associations, educational institutions, state agencies and other lenders) participating in the federal Guaranteed Student Loan Program, supplemental loan programs, the Health Education Assistance Loan Program and/or the PLUS loan program for parents of undergraduates. Established by the Higher Education Act of 1965, Sallie Mae is owned by its stockholders, and its shares trade on the New York Stock Exchange. The agency purchases student loans, makes warehousing advances and offers forward commitments for both instruments. It offers participations, or pooled interests, in loans and assists in financing student loans either as a direct lender or as a source of funds to eligible guarantee agencies or other lenders. Sallie Mae issues unsecured debt in the form of discount notes, floating-rate notes, long-term fixed-rate securities and zero-coupon bonds. In 1997 Sallie Mae began the process of unwinding its status as a GSE; until this multi-year process is completed, all debt issued by Sallie Mae under its GSE status will be “grandfathered” as GSE debt until maturity.

Tennessee Valley Authority (TVA) — a wholly owned corporation of the U.S. government that was established in 1933 to develop the resources of the Tennessee Valley region in order to strengthen the regional and national economy and the national defense. Power operations are separated from non-power operations. TVA securities represent obligations of TVA, payable solely from TVA's net power proceeds, and are neither obligations of nor guaranteed by the

United States. TVA is currently authorized to issue debt up to \$30 billion. Under this authorization, TVA may also obtain advances from the Treasury of up to \$150 million.

Treasury Bills — a non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Treasury Bills have a maturity of one year or less.

Treasury Bonds — long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

Treasury Notes — medium-term coupon bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from one to ten years.

Uniform Net Capital Rule — Securities and Exchange Commission requirement that all SEC registered broker/dealers maintain sufficient liquid resources to promptly satisfy their liabilities, including all claims by customers, creditors and other broker-dealers. The rule requires broker-dealers to maintain the greater of (1) a specified percentage of net capital as it relates to either total broker indebtedness or total customer receivables, or (2) a specified dollar amount.

Yield -The annual rate of return on an investment generally expressed as a percentage of the securities current price.

CITY COUNCIL

For City Clerk's Use:

☐

APPROVED

☐

DENIED

Reso No. _____

File No. _____

Ord No. _____

Agenda Item No.: 8

Date: August 13, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Kenneth C. Hugins, City Treasurer

SUBJECT: Treasurer's Investment Report for the Quarter Ended June 30, 2014

RECOMMENDATION:

It is requested that Council receive and file the Quarterly Investment Report

PREVIOUS ACTION:

The Investment Report for the quarter ended March 31, 2014, was filed with the City Clerk's Office on May 12, 2014 and presented to the City Council on May 21, 2014.

BACKGROUND:

From April 1, 2014, to June 30, 2014, the City's investment portfolio increased from \$113.9 million to \$128.2 million. The adjusted average annual yield decreased from 1.0905 % to 1.077%. An excess of cash receipt inflows over cash payment outflows for the quarter resulted in an increase of \$14.3 million in the book value of the investment portfolio. Major components of the net \$14.3 million increase are:

		IN MILLIONS
County Property Tax In Lieu Allocations	\$	9.4
County Property Tax Allocation		7.6
County Redevelopment Distributions		7.1
Sales Tax Allocations		5.8
State Highway Users Tax Allocations		1.7
County Water Authority Payments		(6.1)
CALPERS Contributions		(4.8)
Change in Operational Account Balance		(2.9)
Employee Health Payments		(2.4)
Other		(1.1)
Net Increase to Investment Portfolio	\$	<u>14.3</u>

Details of the City's investment portfolio are included in the attached reports that are listed below:

- Summary of Investment Allocation Graph as of June 30, 2014
- Summary of General Obligation Bond Proceeds Balance as of June 30, 2014
- Summary of Investment Portfolio Yield for the last 12 months
- Summary and Detailed Reports of Investment Portfolio – April 2014 through June 2014
- Schedule of Investments Matured and Sold – April 2014 through June 2014
- Schedule of Funds Managed by Outside Parties as of June 30, 2014

There are adequate funds to meet the next six month's expected expenditures. The Bank of New York Mellon Trust's monthly statement is the source for the market valuation. At June 30, the current portfolio investments balance exceeded the City's \$40.8 million investment policy requirement by over \$16.7 million. As of June 30, 2014, the City is in compliance with all requirements of the City Investment Policy.

Investment transactions are executed in compliance with the City of Escondido's Investment Policy. Investment purchases have been made in accordance with the City's prioritized Investment Policy objectives of safety of principal, sufficiency of liquidity and maximization of yield. The City's investment portfolio has therefore historically been comprised of United States Treasury Notes, obligations issued by United States Government Agencies, Money Market accounts and investments in the Local Agency Investment fund (LAIF) established by the State Treasurer. Over the past 5 years, a greater than 66% decline in the City's monthly investment portfolio yield has been realized, decreasing from 3.13% at June, 2009 to 1.06% at June, 2014. This decline is representative of the continuous decline in investment interest rates and the portfolio's maturing, higher yielding investments being replaced with newer, lower yielding investments.

The Investment Committee will continue to monitor the City's portfolio trends and will investigate the feasibility of other allowable investment options that are consistent with the City's investment strategy and objectives. Additional information on these options and recommendations will continue to be communicated to council by the Investment Committee.

Respectfully submitted,

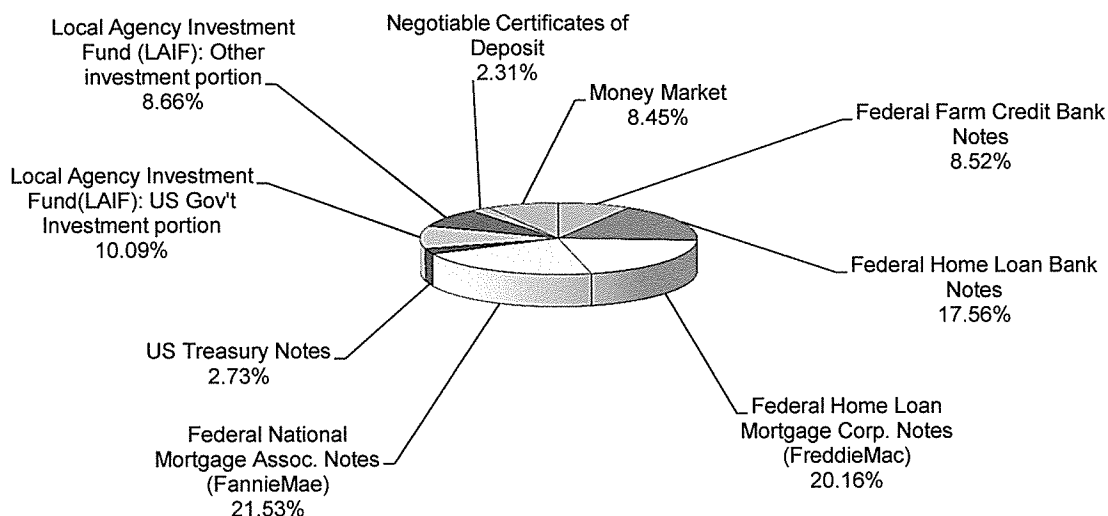


Kenneth C. Hugins
City Treasurer

**City of Escondido
Summary of Investment Allocation
as of June 30, 2014**

Investment Type	Book Value	Market Value	Percent of Portfolio at Market
Federal Farm Credit Bank Notes	\$ 10,925,695.87	\$ 11,006,179.20	8.52%
Federal Home Loan Bank Notes	22,437,941.24	22,675,797.80	17.56%
Federal Home Loan Mortgage Corp. Notes (FreddieMac)	25,648,497.97	26,027,720.00	20.16%
Federal National Mortgage Assoc. Notes (FannieMae)	27,576,213.62	27,799,719.25	21.53%
US Treasury Notes	3,501,476.75	3,518,800.00	2.73%
Local Agency Investment Fund(LAIF): US Gov't Investment portion	13,026,913.05	13,026,913.05	10.09%
Local Agency Investment Fund (LAIF): Other investment portion	11,177,681.98	11,177,681.98	8.66%
Negotiable Certificates of Deposit	2,970,000.00	2,980,478.79	2.31%
Money Market	10,915,818.95	10,915,818.95	8.45%
Total Investment Portfolio - June 2014	\$ 128,180,239.43	\$ 129,129,109.02	100%
2004 Election General Obligation Bond Proceeds held separately in LAIF	\$ 50,532.64	\$ 50,532.64	
Reported Total Investments - June 2014	\$ 128,230,772.07	\$ 129,179,641.66	
Total Investment Portfolio - March 2014	\$ 113,847,630.29	\$ 114,758,303.84	
2004 Election General Obligation LAIF- March 2014	\$ 50,503.93	\$ 50,503.93	
Reported Total Investments- December 2013	\$ 113,898,134.22	\$ 114,808,807.77	
Change from Prior Quarter	\$ 14,332,637.85	\$ 14,370,833.89	
Portfolio Effective Duration	1.470		
Portfolio Effective Duration - (Excluding LAIF and Money Market)	2.100		

**Summary of Investment Allocation as of June 30, 2014
(Excluding General Obligation Bond Proceeds)**



City of Escondido
General Obligation Bonds, Election of 2004, Series A
Public Safety Facilities Project
Calculation of Bond Proceeds Balance
As of June 30, 2014

Description	other Interest Earnings	(*) LAIF Interest Earnings	(*) LAIF Interest Withdrawals	Project Cost Reimbursement to the City	Balance	
Par Value					\$ 84,350,000.00	
Add:						
Original Issue Bond Premium					914,861.55	
Less:						
Underwriter's Discount					(292,829.00)	
Cost of Issuance Expense					(220,000.00)	
Credit Enhancement					(275,000.00)	
Net Bond Proceeds					84,477,032.55	
Monthly Activities:						
August to September 2006	\$ 48.33	\$ -	\$ -	\$ (3,190,032.55)	81,287,000.00	
September 2006 - Interest withdrawn	(48.33)	-	-			
October to December 2006		445,726.90		(3,300,000.00)	78,432,726.90	
January to March 2007		1,033,671.72		(1,880,000.00)	77,586,398.62	
April to June 2007		996,045.58		(200,000.00)	78,382,444.20	
July to September 2007		1,022,452.03		(1,670,000.00)	77,734,896.23	
October to December 2007		1,033,456.91		(1,980,000.00)	76,788,353.14	
January to March 2008		970,394.61		(6,250,000.00)	71,508,747.75	
April to June 2008		774,021.46		(8,300,000.00)	63,982,769.21	
June 2008 - Interest Drawdown			(1,513,000.00)		62,469,769.21	
July - September 2008		530,295.74		(14,000,000.00)	49,000,064.95	
October to December 2008		386,163.16		(10,700,000.00)	38,686,228.11	
January to March 2009		284,700.95		(7,500,000.00)	31,470,929.06	33,114.00
April to June 2009		169,983.58		(10,533,000.00)	21,107,912.64	
July to September 2009		101,934.35		(7,300,000.00)	13,909,846.99	
October to December 2009		42,769.87		(6,600,000.00)	7,352,616.86	
January to March 2010		17,670.57		(1,074,000.00)	6,296,287.43	
Feb 2010 - Interest Drawdown			(626,000.00)		5,670,287.43	
April to June 2010		9,059.54			5,679,346.97	
April 2010 - Interest Drawdown			(1,300,000.00)		4,379,346.97	
June 2010 - Interest Drawdown			(1,825,000.00)		2,554,346.97	
July to September 2010		6,114.18			2,560,461.15	
August 2010 - Interest Drawdown			(1,300,000.00)		1,260,461.15	
October 2010		2,484.95			1,262,946.10	
November 2010 - Interest Drawdown			(850,000.00)		412,946.10	
October to December 2010		951.61			413,897.71	
January to March 2011		517.72			414,415.43	
April to June 2011		491.83			414,907.26	
July to September 2011		397.80			415,305.06	
October to December 2011		398.52			415,703.58	
January to March 2012		390.76			416,094.34	
Subtotal		<u>7,830,094.34</u>	<u>(7,414,000.00)</u>	<u>(84,477,032.55)</u>		
June 2012- Transfer to Debt Service FD 320			(366,094.34)		50,000.00	
April to June 2012 Interest		287.39			50,287.39	
July to Sept. 2012 Interest		44.87			50,332.26	
October to December 2012 Interest		40.83			50,373.09	
January to March 2013 Interest		35.08			50,408.17	
April to June 2013 Interest		30.61			50,438.78	
July to September 2013 Interest		32.63			50,471.41	
October to December 2013 Interest		32.52			50,503.93	
January to March 2014 Interest		28.71			50,532.64	
Ending Balance, 06/30/2014	\$ -	\$ 7,830,626.98	\$ (7,780,094.34)	\$ (84,477,032.55)	\$ 50,532.64	

(*) LAIF Interest is paid quarterly in the month following quarter end.

**CITY OF ESCONDIDO
SUMMARY OF INVESTMENT PORTFOLIO YIELDS
FOR THE LAST 12 MONTHS
As of June 30, 2014**

Date	Book Value	Yield
Jun-14	\$ 128,230,772.07	1.0610%
May-14	\$ 123,818,973.90	1.0320%
Apr-14	\$ 115,865,261.67	1.0890%
Mar-14	\$ 113,898,134.22	1.1060%
Feb-14	\$ 116,190,926.23	1.0880%
Jan-14	\$ 119,387,994.05	1.0060%
Dec-13	\$ 112,921,842.43	1.0610%
Nov-13	\$ 102,670,253.77	1.0680%
Oct-13	\$ 103,207,187.39	1.0660%
Sep-13	\$ 100,003,564.90	1.1270%
Aug-13	\$ 103,105,165.15	1.1720%
Jul-13	\$ 123,383,159.85	1.0530%

Average Annual Investment Portfolio Yield 1.0774%

Tracker
City of Escondido
Portfolio Holdings
Investment Portfolio - By Asset Class, Summary
Report Format: By Totals
Group By: Asset Class
Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 6/30/2014

Description	Face Amount/Shares	Cost Value	Market Value	Book Value	Days To Maturity	YTM @ Cost
California Local Agency Inves	24,204,595.03	24,204,595.03	24,204,595.03	24,204,595.03	1	0.230
Federal Agency Coupon Secu	85,705,000.00	88,064,248.84	87,509,416.25	86,588,348.70	811	1.479
LAIF - Public Safety Facility B	50,532.64	50,532.64	50,532.64	50,532.64	1	0.230
Money Market Account	10,915,818.95	10,915,818.95	10,915,818.95	10,915,818.95	1	0.200
Negotiable Certificate of Dep	2,970,000.00	2,970,000.00	2,980,478.79	2,970,000.00	918	0.994
Treasury Coupon Securities	3,500,000.00	3,508,580.00	3,518,800.00	3,501,476.75	92	0.400
Total / Average	127,345,946.62	129,713,775.46	129,179,641.66	128,230,772.07	550	1.061

Kenneth C. Hugins
Kenneth C. Hugins, City Treasurer

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
California Local Agency Investment Fund								
LAIF LGIP	LGIP7282	LAIF	5/31/2011	24,204,595.03	24,204,595.03	24,204,595.03	1	0.230
Sub Total / Average				24,204,595.03	24,204,595.03	24,204,595.03	1.00	0.230
Federal Agency Coupon Securities								
FFCB 0 8/12/2014	313313864	FFCB	1/31/2014	3,500,000.00	3,499,860.00	3,499,623.75	43	0.091
FFCB 0.3 8/21/2014	31333EAM70	FFCB	3/28/2013	2,500,000.00	2,500,750.00	2,500,319.02	52	0.210
FFCB 1.61 8/1/2018	31333ECW75	FFCB	2/3/2014	1,000,000.00	1,014,290.00	1,006,711.22	1493	1.440
FFCB 2.4 3/15/2016	31331KEK2	FFCB	3/24/2011	1,000,000.00	1,030,790.00	1,002,167.18	624	2.265
FFCB 4.55 3/4/2015	31331SNP4	FFCB	6/18/2010	1,000,000.00	1,029,900.00	1,014,614.65	247	2.260
FFCB 4.75 9/30/2015	31331GCR8	FFCB	9/30/2010	1,000,000.00	1,055,700.00	1,038,777.43	457	1.520
FFCB 5.125 11/15/2018	31331YE15	FFCB	12/26/2013	760,000.00	874,889.20	863,482.62	1599	1.856
FHLB 0.7 12/19/2016	3130A0HC71	FHLB	12/19/2013	1,455,000.00	1,456,076.70	1,455,000.00	903	0.700
FHLB 1.375 12/11/2015	313371NW2	FHLB	12/29/2010	1,000,000.00	1,015,200.00	986,602.37	529	2.360
FHLB 1.375 3/9/2018	313378A43	FHLB	3/28/2013	3,000,000.00	3,009,630.00	3,053,196.39	1348	0.883
FHLB 1.375 3/9/2018	313378A43	FHLB	12/26/2013	2,000,000.00	2,006,420.00	1,989,929.54	1348	1.516
FHLB 1.625 12/11/2015	313371VF0	FHLB	12/29/2010	1,000,000.00	1,018,920.00	990,069.55	529	2.355
FHLB 1.625 12/9/2016	313371PV2	FHLB	12/29/2011	1,500,000.00	1,532,670.00	1,516,515.06	893	1.160
FHLB 1.625 6/14/2019	313379EE5	FHLB	6/16/2014	3,000,000.00	2,988,390.00	2,976,630.76	1810	1.790
FHLB 1.625 9/28/2015	3133716Z4	FHLB	9/30/2010	1,000,000.00	1,016,570.00	1,001,002.80	455	1.541
FHLB 1.63 8/20/2015	313370NE4	FHLB	3/24/2011	1,000,000.00	1,016,050.00	996,522.14	416	1.950

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
FHLB 1.75 12/14/2018	313376BR5	FHLB	12/26/2013	895,000.00	902,768.60	891,546.11	1628	1.841
FHLB 1.75 9/11/2015	313370JB5	FHLB	9/30/2010	1,000,000.00	1,018,160.00	1,002,586.31	438	1.525
FHLB 2.3 12/8/2016	313371ZU3	FHLB	12/29/2011	500,000.00	518,590.00	512,873.25	892	1.210
FHLB 3.125 3/11/2016	3133XXPA3	FHLB	3/24/2011	3,000,000.00	3,134,062.50	3,039,906.95	620	2.291
FHLB 3.25 9/12/2014	3133XUMR1	FHLB	6/18/2010	1,000,000.00	1,006,240.00	1,002,296.06	74	2.060
FHLB 4 6/16/2015	3133XTYD2	FHLB	9/30/2010	1,000,000.00	1,036,050.00	1,023,263.95	351	1.485
FHLMC 1 7/28/2017	3137EADJ5	FHLMC	12/20/2013	1,500,000.00	1,500,915.00	1,497,283.95	1124	1.060
FHLMC 2 8/25/2016	3137EACW7	FHLMC	8/31/2011	3,000,000.00	3,090,300.00	3,050,218.51	787	1.197
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	6/1/2011	2,500,000.00	2,593,025.00	2,527,157.94	697	1.900
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	5/25/2011	3,000,000.00	3,111,630.00	3,024,111.09	697	2.054
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	5/25/2011	5,000,000.00	5,186,050.00	5,040,071.84	697	2.055
FHLMC 3 7/28/2014	3137EACD9	FHLMC	6/18/2010	5,000,000.00	5,011,000.00	5,004,112.32	28	1.880
FHLMC 5 2/16/2017	3137EAMM1	FHLMC	2/16/2012	5,000,000.00	5,534,800.00	5,505,542.32	962	1.048
FNMA 0.5 5/27/2015	3135GOKM4	FNMA	6/29/2012	3,000,000.00	3,008,280.00	3,000,269.29	331	0.490
FNMA 0.875 5/21/2018	3135GOWJ8	FNMA	12/20/2013	1,500,000.00	1,474,830.00	1,463,395.82	1421	1.526
FNMA 0.875 8/28/2017	3135GOMZ3	FNMA	6/13/2014	2,000,000.00	1,988,900.00	1,988,469.71	1155	1.061
FNMA 0.875 8/28/2017	3135GOMZ3	FNMA	2/3/2014	2,000,000.00	1,988,900.00	1,988,520.97	1155	1.060
FNMA 1.06 5/29/2018	3136G05G2	FNMA	12/20/2013	500,000.00	492,285.00	490,946.43	1429	1.540
FNMA 1.125 4/27/2017	3135G0A2	FNMA	5/31/2012	2,000,000.00	2,010,080.00	2,008,143.12	1032	0.977
FNMA 1.25 1/30/2017	3135G0G13	FNMA	1/24/2012	3,000,000.00	3,037,530.00	3,002,443.70	945	1.217

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
FNMA 1.25 9/28/2016	3135GOCM3	FNMA	9/29/2011	5,000,000.00	5,073,350.00	4,995,119.41	821	1.295
FNMA 1.375 11/15/2016	3135GOES8	FNMA	12/29/2011	2,000,000.00	2,028,800.00	2,008,285.47	869	1.195
FNMA 1.75 1/30/2019	3136FTZ25	FNMA	2/3/2014	2,595,000.00	2,613,554.25	2,605,241.53	1675	1.660
FNMA 2.375 7/28/2015	31398AU34	FNMA	9/30/2010	1,000,000.00	1,023,430.00	1,009,265.16	393	1.480
FNMA 2.375 7/28/2015	31398AU34	FNMA	3/24/2011	2,000,000.00	2,046,860.00	2,008,700.48	393	1.951
FNMA 4.625 10/15/2014	31359MMW8	FNMA	6/18/2010	1,000,000.00	1,012,920.00	1,007,412.53	107	1.972
Sub Total / Average				85,705,000.00	87,509,416.25	86,588,348.70	811.00	1.479
LAIF - Public Safety Facility Bonds								
LAIF LGIP	LGIP7018	LAIF	6/30/2011	50,532.64	50,532.64	50,532.64	1	0.230
Sub Total / Average				50,532.64	50,532.64	50,532.64	1.00	0.230
Money Market Account								
Bank of America MM	MM0555	Bank of America	5/31/2011	10,915,818.95	10,915,818.95	10,915,818.95	1	0.200
Sub Total / Average				10,915,818.95	10,915,818.95	10,915,818.95	1	0.200
Negotiable Certificate of Deposit								
BMW 1.95 6/20/2019	05580AAL8	BMW	6/20/2014	247,000.00	249,995.79	247,000.00	1816	1.950
Capital One Bank 0.6 10/30/2015	140420NCO	Capital One Bank	10/30/2013	246,000.00	246,350.75	246,000.00	487	0.600
Celtic Bank 1.25 12/20/2017	15118RI12	Celtic Bank	12/20/2013	246,000.00	246,507.55	246,000.00	1269	1.250
Discover FS 2 6/18/2019	254671W48	Discover FS	6/18/2014	247,000.00	250,586.39	247,000.00	1814	2.000
Enterprise B & T 0.2 12/22/2014	29367SEU4	Enterprise B & T	6/20/2014	249,000.00	248,915.36	249,000.00	175	0.200
G E Capital 1.85 2/7/2019	36157PWB1	G E Capital	2/7/2014	246,000.00	248,834.39	246,000.00	1683	1.850

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
GMATBK ALLY 1.1 6/19/2017	02006LFD0	GMATBK ALLY	6/18/2014	248,000.00	248,000.00	248,000.00	1085	1.100
Gold Coast Bank 1.2 10/30/2017	38058KCS3	Gold Coast Bank	12/30/2013	246,000.00	246,342.65	246,000.00	1218	1.200
Goldman Sachs 1.1 6/19/2017	38147JH96	Goldman Sachs	6/18/2014	248,000.00	248,000.00	248,000.00	1085	1.100
MERICK 0.3 3/20/2015	59013JAF6	MERICK	6/20/2014	249,000.00	248,945.52	249,000.00	263	0.300
Susquehanna Bank 0.2 8/7/2014	86910RBW7	Susquehanna Bank	2/7/2014	249,000.00	249,007.84	249,000.00	38	0.200
SYNOVUS 0.2 10/14/2014	87164DDV9	SYNOVUS	2/11/2014	249,000.00	248,992.55	249,000.00	106	0.200
Sub Total / Average				<u>2,970,000.00</u>	<u>2,980,478.79</u>	<u>2,970,000.00</u>	<u>918</u>	<u>0.994</u>
Treasury Coupon Securities								
T-Bond 0.25 8/31/2014	912828TL4	Treasury	3/28/2013	2,500,000.00	2,500,675.00	2,500,202.90	62	0.201
T-Bond 2.125 5/31/2015	912828NF3	Treasury	6/18/2010	1,000,000.00	1,018,125.00	1,001,273.85	335	1.978
Sub Total / Average				<u>3,500,000.00</u>	<u>3,518,800.00</u>	<u>3,501,476.75</u>	<u>92</u>	<u>0.400</u>
Total / Average				<u>127,345,946.62</u>	<u>129,179,641.66</u>	<u>128,230,772.07</u>	<u>550</u>	<u>1.061</u>

Tracker
City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class, Summary
Report Format: By Totals
Group By: Asset Class
Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 5/31/2014

Description	Face Amount/Shares	Cost Value	Market Value	Book Value	Days To Maturity	YTM @ Cost
California Local Agency Investment Fund	24,204,595.03	24,204,595.03	24,204,595.03	24,204,595.03	1	0.228
Federal Agency Coupon Securities	85,705,000.00	88,224,838.84	87,788,404.95	86,666,000.89	746	1.405
LAIF - Public Safety Facility Bonds	50,532.64	50,532.64	50,532.64	50,532.64	1	0.228
Money Market Account	7,914,156.34	7,914,156.34	7,914,156.34	7,914,156.34	1	0.200
Negotiable Certificate of Deposit	1,482,000.00	1,482,000.00	1,488,116.00	1,482,000.00	827	0.881
Treasury Coupon Securities	3,500,000.00	3,508,580.00	3,521,091.88	3,501,689.00	122	0.400
Total / Average	122,856,284.01	125,384,702.85	124,966,896.84	123,818,973.90	516.00	1.032

Kenneth C. Hugins
Kenneth C. Hugins, City Treasurer

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
California Local Agency Investment Fund								
LAIF LGIP	LGIP7282	LAIF	5/31/2011	24,204,595.03	24,204,595.03	24,204,595.03	1	0.228
Sub Total / Average				24,204,595.03	24,204,595.03	24,204,595.03	1	0.228
Federal Agency Coupon Securities								
FFCB 0 8/12/2014	313313B64	FFCB	1/31/2014	3,500,000.00	3,499,720.00	3,499,361.25	73	0.091
FFCB 0 6/10/2014	313313X1	FFCB	10/10/2013	2,000,000.00	1,999,980.00	1,999,911.11	10	0.162
FFCB 0 3/8/21/2014	3133EAM70	FFCB	3/28/2013	2,500,000.00	2,501,050.00	2,500,503.07	82	0.210
FFCB 1.61 8/1/2018	3133ECW75	FFCB	2/3/2014	1,000,000.00	1,014,180.00	1,006,846.07	1523	1.440
FFCB 2.4 3/15/2016	31331XE2	FFCB	3/24/2011	1,000,000.00	1,033,260.00	1,002,271.37	654	2.265
FFCB 4.55 3/4/2015	31331SNP4	FFCB	6/18/2010	1,000,000.00	1,033,690.00	1,016,389.70	277	2.260
FFCB 4.75 9/30/2015	31331GCR8	FFCB	9/30/2010	1,000,000.00	1,060,250.00	1,041,322.99	487	1.520
FFCB 5.125 11/15/2018	31331VE5	FFCB	12/26/2013	760,000.00	876,553.60	865,424.13	1629	1.856
FHLB 0.7 12/19/2016	3130A0HC71	FHLB	12/19/2013	1,455,000.00	1,457,808.15	1,455,000.00	933	0.700
FHLB 1.375 12/11/2015	313371NW2	FHLB	12/29/2010	1,000,000.00	1,016,440.00	985,842.58	559	2.360
FHLB 1.375 3/9/2018	313378A43	FHLB	12/26/2013	2,000,000.00	2,013,040.00	1,989,705.42	1378	1.516
FHLB 1.375 3/9/2018	313378A43	FHLB	3/28/2013	3,000,000.00	3,019,560.00	3,054,380.29	1378	0.883
FHLB 1.625 12/11/2015	313371VF0	FHLB	12/29/2010	1,000,000.00	1,020,312.50	989,506.38	559	2.355
FHLB 1.625 12/9/2016	313371PV2	FHLB	12/29/2011	1,500,000.00	1,536,840.00	1,517,069.88	923	1.160
FHLB 1.625 9/28/2015	3133716Z4	FHLB	9/30/2010	1,000,000.00	1,018,470.00	1,001,068.91	485	1.541

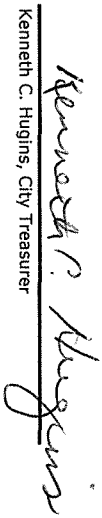
Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
FHLB 1.63 8/20/2015	313370NE4	FHLB	3/24/2011	1,000,000.00	1,017,780.00	996,271.33	446	1.950
FHLB 1.75 12/14/2018	313376BR5	FHLB	12/26/2013	895,000.00	902,106.30	891,482.46	1658	1.841
FHLB 1.75 9/11/2015	313370IB5	FHLB	9/30/2010	1,000,000.00	1,019,900.00	1,002,763.45	468	1.525
FHLB 2.3 12/8/2016	313371ZU3	FHLB	12/29/2011	500,000.00	519,775.00	513,306.21	922	1.210
FHLB 2.5 6/13/2014	3133XWE70	FHLB	6/7/2012	3,000,000.00	3,002,220.00	3,002,252.04	13	0.382
FHLB 3.125 3/11/2016	3133XXP43	FHLB	3/24/2011	3,000,000.00	3,146,430.00	3,041,837.93	650	2.291
FHLB 3.25 9/12/2014	3133XUMR1	FHLB	6/18/2010	1,000,000.00	1,008,840.00	1,003,226.89	104	2.060
FHLB 4 6/16/2015	3133XTYD2	FHLB	9/30/2010	1,000,000.00	1,039,790.00	1,025,252.33	381	1.485
FHLMC 1 7/28/2017	3137EAD15	FHLMC	12/20/2013	1,500,000.00	1,501,335.00	1,497,211.46	1154	1.060
FHLMC 2 8/25/2016	3137EACW7	FHLMC	8/31/2011	3,000,000.00	3,107,610.00	3,052,132.81	817	1.197
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	5/25/2011	3,000,000.00	3,124,350.00	3,025,148.87	727	2.054
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	6/1/2011	2,500,000.00	2,603,625.00	2,528,326.86	727	1.900
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	5/25/2011	5,000,000.00	5,207,250.00	5,041,796.60	727	2.055
FHLMC 3 7/28/2014	3137EACD9	FHLMC	6/18/2010	5,000,000.00	5,022,656.25	5,008,518.39	58	1.880
FHLMC 5 2/16/2017	3137EAM1	FHLMC	2/16/2012	5,000,000.00	5,581,500.00	5,521,307.67	992	1.048
FNMA 0.5 5/27/2015	3135GOKM4	FNMA	6/29/2012	3,000,000.00	3,010,980.00	3,000,293.69	361	0.490
FNMA 0.875 5/21/2018	3135GOW18	FNMA	12/20/2013	1,500,000.00	1,479,090.00	1,462,623.03	1451	1.526
FNMA 0.875 8/28/2017	3135GOMZ3	FNMA	2/3/2014	2,000,000.00	1,995,100.00	1,988,222.81	1185	1.060
FNMA 1.06 5/29/2018	3136G05G2	FNMA	12/20/2013	500,000.00	492,343.75	490,756.37	1459	1.540

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
FNMA 1.125 4/27/2017	313560JA2	FNMA	5/31/2012	2,000,000.00	2,019,960.00	2,008,379.84	1062	0.977
FNMA 1.25 1/30/2017	313560GY3	FNMA	1/24/2012	3,000,000.00	3,045,120.00	3,002,521.28	975	1.217
FNMA 1.25 9/28/2016	313560CM3	FNMA	9/29/2011	5,000,000.00	5,085,900.00	4,994,941.07	851	1.295
FNMA 1.375 11/15/2016	313560ES8	FNMA	12/29/2011	2,000,000.00	2,038,080.00	2,008,571.51	899	1.195
FNMA 1.75 1/30/2019	3136FTZ25	FNMA	2/3/2014	2,595,000.00	2,622,299.40	2,605,424.96	1705	1.660
FNMA 2.375 7/28/2015	31398AU34	FNMA	9/30/2010	1,000,000.00	1,025,460.00	1,009,972.43	423	1.480
FNMA 2.375 7/28/2015	31398AU34	FNMA	3/24/2011	2,000,000.00	2,050,920.00	2,009,364.64	423	1.951
FNMA 4.625 10/15/2014	31359MW18	FNMA	6/18/2010	1,000,000.00	1,016,830.00	1,009,490.81	137	1.972
Sub Total / Average				85,705,000.00	87,788,404.95	86,666,000.89	746	1.405
LAIF - Public Safety Facility Bonds								
LAIF LGIP	LGIP7018	LAIF	6/30/2011	50,532.64	50,532.64	50,532.64	1	0.228
Sub Total / Average				50,532.64	50,532.64	50,532.64	1	0.228
Money Market Account								
Bank of America MM	MM0555	Bank of America	5/31/2011	7,914,156.34	7,914,156.34	7,914,156.34	1	0.200
Sub Total / Average				7,914,156.34	7,914,156.34	7,914,156.34	1	0.200
Negotiable Certificate of Deposit								
Capital One Bank 0.6 10/30/2015	140420NC0	Capital One Bank	10/30/2013	246,000.00	246,517.83	246,000.00	517	0.600
Celtic Bank 1.25 12/20/2017	15118RL2	Celtic Bank	12/20/2013	246,000.00	247,092.98	246,000.00	1299	1.250
G E Capital 1.85 2/7/2019	36157PW81	G E Capital	2/7/2014	246,000.00	249,620.14	246,000.00	1713	1.850

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
Gold Coast Bank 1.2 10/30/2017	38058KCS3	Gold Coast Bank	12/30/2013	246,000.00	246,904.10	246,000.00	1248	1.200
Susquehanna Bank 0.2 8/7/2014	86910RHW7	Susquehanna Bank	2/7/2014	249,000.00	249,009.49	249,000.00	68	0.200
SYNOVUS 0.2 10/14/2014	87164DDV9	SYNOVUS	2/11/2014	249,000.00	248,971.46	249,000.00	136	0.200
Sub Total / Average				1,482,000.00	1,488,116.00	1,482,000.00	827	0.881
Treasury Coupon Securities								
T-Bond 0.25 8/31/2014	912828TL4	Treasury	3/28/2013	2,500,000.00	2,501,171.88	2,500,301.07	92	0.201
T-Bond 2.125 5/31/2015	912828NF3	Treasury	6/18/2010	1,000,000.00	1,019,920.00	1,001,387.93	365	1.978
Sub Total / Average				3,500,000.00	3,521,091.88	3,501,689.00	122	0.400
Total / Average				122,856,284.01	124,966,896.84	123,818,973.90	516	1.032

Tracker
City of Escondido
Portfolio Holdings
Investment Portfolio - by Asset Class, Summary
Report Format: By Totals
Group By: Asset Class
Average By: Face Amount / Shares
Portfolio / Report Group: All Portfolios
As of 4/30/2014

Description	Face Amount/Shares	Cost Value	Market Value	Book Value	Days To Maturity	YTM @ Cost
California Local Agency Investment Fund	19,704,595.03	19,704,595.03	19,704,595.03	19,704,595.03	1	0.233
Federal Agency Coupon Securities	85,705,000.00	88,224,838.84	87,681,946.00	86,713,038.14	777	1.405
LAIF - Public Safety Facility Bonds	50,532.64	50,532.64	50,532.64	50,532.64	1	0.233
Money Market Account	4,413,187.53	4,413,187.53	4,413,187.53	4,413,187.53	1	0.200
Negotiable Certificate of Deposit	1,482,000.00	1,482,000.00	1,483,320.06	1,482,000.00	858	0.881
Treasury Coupon Securities	3,500,000.00	3,508,580.00	3,523,082.50	3,501,908.33	152	0.400
Total / Average	114,855,315.20	117,383,734.04	116,856,663.76	115,865,261.67	577	1.089


Kenneth C. Hugins, City Treasurer

California Local Agency Investment Fund									
Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost	
LAIF LGIP	LGIP77282	LAIF	5/31/2011	19,704,595.03	19,704,595.03	19,704,595.03	1	0.233	
Sub Total / Average				19,704,595.03	19,704,595.03	19,704,595.03	1	0.233	
Federal Agency Coupon Securities									
FFCB 0 8/12/2014	313313B64	FFCB	1/31/2014	3,500,000.00	3,499,615.00	3,499,090.00	104	0.091	
FFCB 0 6/10/2014	313313XX1	FFCB	10/10/2013	2,000,000.00	1,999,940.00	1,999,635.56	41	0.162	
FFCB 0 3 8/21/2014	3133EAM70	FFCB	3/28/2013	2,500,000.00	2,501,325.00	2,500,693.26	113	0.210	
FFCB 1.61 8/1/2018	3133ECW75	FFCB	2/3/2014	1,000,000.00	1,004,062.50	1,006,985.42	1554	1.440	
FFCB 2.4 3/15/2016	31331KEK2	FFCB	3/24/2011	1,000,000.00	1,032,980.00	1,002,379.04	685	2.265	
FFCB 4.55 3/4/2015	31331SNP4	FFCB	6/18/2010	1,000,000.00	1,036,750.00	1,018,223.93	308	2.260	
FFCB 4.75 9/30/2015	31331GCR8	FFCB	9/30/2010	1,000,000.00	1,062,440.00	1,043,953.41	518	1.520	
FFCB 5.125 11/15/2018	31331YE5	FFCB	12/26/2013	760,000.00	872,016.40	867,430.36	1660	1.856	
FHLB 0.7 12/19/2016	3130AHC71	FHLB	12/19/2013	1,455,000.00	1,454,228.85	1,455,000.00	964	0.700	
FHLB 1.375 12/11/2015	313371NW2	FHLB	12/29/2010	1,000,000.00	1,016,740.00	985,057.47	590	2.360	
FHLB 1.375 3/9/2018	313378A43	FHLB	3/28/2013	3,000,000.00	2,998,650.00	3,055,603.65	1409	0.883	
FHLB 1.375 3/9/2018	313378A43	FHLB	12/26/2013	2,000,000.00	1,999,100.00	1,989,473.83	1409	1.516	
FHLB 1.625 12/11/2015	313371VF0	FHLB	12/29/2010	1,000,000.00	1,021,770.00	988,924.45	590	2.355	
FHLB 1.625 12/9/2016	313371PV2	FHLB	12/29/2011	1,500,000.00	1,532,925.00	1,517,643.19	954	1.160	
FHLB 1.625 9/28/2015	3133716Z4	FHLB	9/30/2010	1,000,000.00	1,019,470.00	1,001,137.24	516	1.541	
FHLB 1.63 8/20/2015	31337ONE4	FHLB	3/24/2011	1,000,000.00	1,018,670.00	996,012.16	477	1.950	

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
FHLB 1.75 12/14/2018	313376BR5	FHLB	12/26/2013	895,000.00	896,378.30	891,416.69	1689	1.841
FHLB 1.75 9/11/2015	313370IB5	FHLB	9/30/2010	1,000,000.00	1,020,625.00	1,002,946.50	499	1.525
FHLB 2.3 12/8/2016	313371ZU3	FHLB	12/29/2011	500,000.00	519,230.00	513,753.59	953	1.210
FHLB 2.5 6/13/2014	3133XWE70	FHLB	6/7/2012	3,000,000.00	3,006,093.75	3,007,622.28	44	0.382
FHLB 3.125 3/11/2016	3133XXP43	FHLB	3/24/2011	3,000,000.00	3,154,260.00	3,043,833.27	681	2.291
FHLB 3.25 9/12/2014	3133XUMR1	FHLB	6/18/2010	1,000,000.00	1,011,550.00	1,004,188.75	135	2.060
FHLB 4 6/16/2015	3133XTVD2	FHLB	9/30/2010	1,000,000.00	1,042,870.00	1,027,306.98	412	1.485
FHLMC 1 7/28/2017	3137EADI5	FHLMC	12/20/2013	1,500,000.00	1,497,555.00	1,497,136.55	1185	1.060
FHLMC 2 8/25/2016	3137EACW7	FHLMC	8/31/2011	3,000,000.00	3,098,580.00	3,054,110.92	848	1.197
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	5/25/2011	5,000,000.00	5,206,850.00	5,043,578.85	758	2.055
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	6/1/2011	2,500,000.00	2,603,425.00	2,529,534.75	758	1.900
FHLMC 2.5 5/27/2016	3137EACT4	FHLMC	5/25/2011	3,000,000.00	3,124,110.00	3,026,221.25	758	2.054
FHLMC 3 7/28/2014	3137EACD9	FHLMC	6/18/2010	5,000,000.00	5,035,300.00	5,013,071.32	89	1.880
FHLMC 5 2/16/2017	3137EAMM1	FHLMC	2/16/2012	5,000,000.00	5,577,950.00	5,537,598.54	1023	1.048
FNMA 0.5 5/7/2015	3135G0KM4	FNMA	6/29/2012	3,000,000.00	3,010,800.00	3,000,318.92	392	0.490
FNMA 0.875 5/21/2018	3135G0WJ8	FNMA	12/20/2013	1,500,000.00	1,464,465.00	1,461,824.49	1482	1.526
FNMA 0.875 8/28/2017	3135G0MZ3	FNMA	2/3/2014	2,000,000.00	1,985,740.00	1,987,914.72	1216	1.060
FNMA 1.06 5/29/2018	3136G0SG2	FNMA	12/20/2013	500,000.00	491,665.00	490,559.96	1490	1.540
FNMA 1.125 4/27/2017	3135G0IA2	FNMA	5/31/2012	2,000,000.00	2,011,360.00	2,008,624.45	1093	0.977
FNMA 1.25 1/30/2017	3135G0GV3	FNMA	1/24/2012	3,000,000.00	3,036,150.00	3,002,601.44	1006	1.217

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
FNMA 1.25 9/28/2016	3135G0CM3	FNMA	9/29/2011	5,000,000.00	5,075,200.00	4,994,756.79	882	1.295
FNMA 1.375 11/15/2016	3135G0ES8	FNMA	12/29/2011	2,000,000.00	2,033,460.00	2,008,867.08	930	1.195
FNMA 1.75 1/30/2019	3136FTZ25	FNMA	2/3/2014	2,595,000.00	2,605,276.20	2,605,614.51	1736	1.660
FNMA 2.375 7/28/2015	31398AU34	FNMA	9/30/2010	1,000,000.00	1,027,230.00	1,010,703.27	454	1.480
FNMA 2.375 7/28/2015	31398AU34	FNMA	3/24/2011	2,000,000.00	2,054,460.00	2,010,050.94	454	1.951
FNMA 4.625 10/15/2014	31359MW18	FNMA	6/18/2010	1,000,000.00	1,020,680.00	1,011,638.36	168	1.972
Sub Total / Average				85,705,000.00	87,681,946.00	86,713,038.14	777	1.405
LAIF - Public Safety Facility Bonds								
LAIF LGIP	LGIP7018	LAIF	6/30/2011	50,532.64	50,532.64	50,532.64	1	0.233
Sub Total / Average				50,532.64	50,532.64	50,532.64	1	0.233
Money Market Account								
Bank of America MM	MM0555	Bank of America	5/31/2011	4,413,187.53	4,413,187.53	4,413,187.53	1	0.200
Sub Total / Average				4,413,187.53	4,413,187.53	4,413,187.53	1.00	0.200

Tracker
 City of Escondido
 Portfolio Holdings
 Investment Portfolio - by Asset Class
 Report Format: By Transaction
 Group By: Asset Class
 Average By: Face Amount / Shares
 Portfolio / Report Group: All Portfolios
 As of 4/30/2014

Description	CUSIP/Ticker	Issuer	Settlement Date	Face Amount/Shares	Market Value	Book Value	Days To Maturity	YTM @ Cost
Negotiable Certificate of Deposit								
Capital One Bank 0.6 10/30/2015	140420NCO	Capital One Bank	10/30/2013	246,000.00	246,365.11	246,000.00	548	0.600
Celtic Bank 1.25 12/20/2017	15118RL2	Celtic Bank	12/20/2013	246,000.00	245,803.27	246,000.00	1330	1.250
G E Capital 1.85 2/7/2019	36157PWB1	G E Capital	2/7/2014	246,000.00	247,544.14	246,000.00	1744	1.850
Gold Coast Bank 1.2 10/30/2017	38058KCS3	Gold Coast Bank	12/30/2013	246,000.00	245,683.79	246,000.00	1279	1.200
Susquehanna Bank 0.2 8/7/2014	86910RBW7	Susquehanna Banl	2/7/2014	249,000.00	248,993.10	249,000.00	99	0.200
SYNOVUS 0.2 10/14/2014	87164DDV9	SYNOVUS	2/11/2014	249,000.00	248,930.65	249,000.00	167	0.200
Sub Total / Average				1,482,000.00	1,483,320.06	1,482,000.00	858	0.881
Treasury Coupon Securities								
T-Bond 0.25 8/31/2014	912828TL4	Treasury	3/28/2013	2,500,000.00	2,501,562.50	2,500,402.52	123	0.201
T-Bond 2.125 5/31/2015	912828NF3	Treasury	6/18/2010	1,000,000.00	1,021,520.00	1,001,505.81	396	1.978
Sub Total / Average				3,500,000.00	3,523,082.50	3,501,908.33	152	0.400
Total / Average				114,855,315.20	116,856,663.76	115,865,261.67	577	1.089

Tracker
City of Escondido
Transactions Summary
Transaction Summary Report - by Action
Group By: Action
Portfolio / Report Group: All Portfolios
From 4/1/2014 To 6/30/2014

Description	CUSIP/Ticker	Settlement Date	Face Amount/Shares	Principal	Total
Matured					
FFCB 0 6/10/2014	313313XX1	6/10/2014	2,000,000.00	2,000,000.00	2,000,000.00
FHLB 2.5 6/13/2014	3133XWE70	6/13/2014	3,000,000.00	3,000,000.00	3,000,000.00
Sub Total / Average			5,000,000.00	5,000,000.00	5,000,000.00

CITY OF ESCONDIDO
FUNDS MANAGED BY OUTSIDE PARTIES
June 30, 2014

Type of Funds / Institution	Market Value	Interest Rate	Type of Investment
<u>BOND FUNDS</u>			
BANK OF NEW YORK MELLON TRUST COMPANY, N.A. :			
1993 Vineyard Golf Course Certificates of Participation	673,137	0.193%	Money Market/ U.S. Agency Bond
2007 COP - Water Project (Certificates Issued September 2007)	7,179,208	0.010%	Money Market
2004A Wastewater Bond (1996 Wastewater Refunding)	2,020,555	0.202%	Money Market/ U.S. Agency Bond
2004B Wastewater Bond - Brine Project	3,585,095	0.057%	Money Market/ U.S. Agency Bond
2006 Community Facility District (Eureka Ranch)	1,217,268	0.201%	Money Market/ U.S. Agency Bond
1986-1R/98 Auto Parkway Assessment District	335,379	0.201%	Money Market/ U.S. Agency Bond
1998-1 Rancho San Pasqual Assessment District	341,543	0.201%	Money Market/ U.S. Agency Bond
2012 JPFA Revenue Bonds (Water System Financing)	20,011,392	0.228%	LAIF/Money Market
2012 JPFA Revenue Bonds (Wastewater System Financing)	25,014,240	0.228%	LAIF/Money Market
2013 CFD 2000-01 Hidden Trails Special Tax Refunding Bonds	9,999	0.060%	Money Market / Cash
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	60,387,816		

ORDINANCE NO. 2014-15

**AN ORDINANCE OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
AMENDING ESCONDIDO ZONING CODE
ARTICLE 16 PERTAINING TO COMMERCIAL
ZONES**

Planning Case No. AZ 14-0001

WHEREAS, the Escondido General Plan was adopted on May 23, 2012, by the City Council, and includes commercial land use policies and designations, and

WHEREAS, the City Council desires to facilitate the attraction, retention and expansion of businesses, stimulate the creation of jobs and improve median income, and

WHEREAS, the City Council desires to adopt Zoning Code designations implementing the General Plan and updates to the Commercial Zones permitted use matrix.

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

SECTION 1. That proper notices of a public hearing have been given and public hearings have been held before the Planning Commission and City Council on this issue.

SECTION 2. That the City Council has reviewed and considered the Notice of Exemption prepared for this project and issued on July 14, 2014, in conformance with Title 14 California Code of Regulation, California Environmental Quality Act ("CEQA") Section 15061(b) "General Rule", and has determined that all environmental issues

CITY COUNCIL

For City Clerk's Use:

☐ **APPROVED** ☐ **DENIED**

Reso No. _____ File No. _____

Ord No. _____

Agenda Item No.: 10

Date: August 13, 2014

TO: Honorable Mayor and Members of the City Council

FROM: Christopher W. McKinney, Director of Utilities

SUBJECT: Declaration of Response Level Two – Water Alert Condition

RECOMMENDATION:

The Utilities Department requests that Council adopt Resolution No. 2014-122 declaring a Response Level Two – Water Shortage Alert Condition.

FISCAL ANALYSIS:

No additional funds will be used to support this declaration.

PREVIOUS ACTION:

Although previous droughts have required similar actions, no previous Council action has been taken concerning this drought.

BACKGROUND:

On January 17, 2014, the Governor issued Proclamation No. 1-17-2014, declaring a State of Emergency for California due to severe drought conditions. On April 25, 2014, the Governor issued an Executive Order which called on Californians to increase their efforts to conserve water. Many agencies declared a Level One – Water Shortage Watch Condition. This level encourages customers to conserve voluntarily and increases the agencies' water conservation outreach. The City of Escondido's Water Conservation Ordinance already lists ten water restrictions and measures that are enforced at all times regardless of a current drought condition; therefore, no additional action was taken by the City at that time.

Water Code Section 1058.5 grants the State Water Board the authority to adopt emergency regulations in drought years. Therefore, on July 15, 2014, the State Water Board adopted an emergency regulation which requires water suppliers to institute mandatory outdoor irrigation restrictions.

The Department requests that Council declare a Response Level Two – Water Shortage Alert Condition, in which additional outdoor restrictions are mandatory. This increased response level

allows water customers to irrigate three times per week (Resolution No. 2014-122 specifies days) for no more than ten minutes per watering station.

Current water conservation restrictions that are in effect at all times:

- The loss or escape of water by means of breaks, leaks, or other malfunctions in the water user's plumbing or distribution system must be repaired within five (5) days of notification by the Utilities Department, or within such other time as determined by the director of utilities or designee.
- Watering or irrigating lawns or landscape areas in a manner causing significant runoff is prohibited.
- Golf courses, parks, school grounds, landscapes, and recreational fields must only be watered between the hours of 6:00 p.m. and 10:00 a.m., except for very short periods of time for the express purpose of adjusting or repairing the irrigation system. Tees and greens may be watered at any time. New plantings, including grass, may be watered as needed until established.
- Operating a fountain or other water feature that does not recirculate water is prohibited.
- Washing any vehicle with a hose not having a water shut-off nozzle is prohibited. Allowing water to run continuously from a hose while washing any vehicle is also prohibited.
- Washing driveways, sidewalks, parking areas, patios, or other hardscape areas with water from a pressurized source, such as a garden hose, except when necessary to alleviate safety or sanitation hazards, is prohibited.
- Recycled water must be used, after the department has provided to the customer an analysis showing that recycled water, if available, is a cost-effective alternative to potable water and the customer has had a reasonable amount of time, as determined by the director or the director's designee to make the conversion to recycled water.
- Using water (unnecessarily) for construction operations receiving water from a construction meter or water truck for any purpose other than those required by regulatory agencies is prohibited.
- A hotel or motel must provide guests the option of refusing daily laundering of towels and linens. The hotel or motel shall prominently display notice of this option in each bathroom and sleeping room using clear and easily understood language.
- Restaurants or other public places where food is served, sold, or offered for sale, will not serve drinking water to any customer unless expressly requested by the customer.

Additional restrictions imposed by response level two declaration:

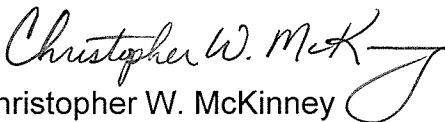
- Homes with odd-numbered addresses may water outdoor landscapes on Sunday, Tuesday, and Thursday. Homes with even-numbered addresses may water Saturday, Monday, and Wednesday.

Level II – Water Shortage Alert Condition
August 13, 2014
Page 2

- Apartments, condos, and businesses may water outdoor landscape on Monday, Wednesday and Friday.
- Water customers are not to water more than 10 minutes per watering station. Watering stations are also known as zones controlled by an irrigation system.

A drought level two declaration is consistent with declarations from other water suppliers within San Diego County. Assuming Council adopts Resolution No. 2014-122; City staff will notify customers of the changes to Escondido's water shortage response through utility bill inserts, the City's website, and social media.

Respectfully submitted,


Christopher W. McKinney

RESOLUTION NO. 2014-122

A RESOLUTION OF THE CITY COUNCIL OF
THE CITY OF ESCONDIDO, CALIFORNIA,
DECLARING A RESPONSE LEVEL TWO –
WATER SHORTAGE ALERT CONDITION

WHEREAS, the City Council previously adopted Escondido Municipal Code Chapter 31, Article 5, Section 31-232 as part of the Escondido Municipal Code in 2008 authorizing the City Council to declare Water Alert Conditions in response to water shortages within Southern California by duly adopted resolution; and

WHEREAS, since that time, basic conservation measures have been in force at all times that help to preserve water – a precious resource; and

WHEREAS, the State Water Resources Control Board on July 15, 2014, approved emergency regulations to ensure agencies increase their water conservation efforts in response to California's drought emergency; and

WHEREAS, declaring a "Water Shortage Response Level Two – Water Shortage Alert Condition" will meet the requirements of the emergency regulations by reducing outdoor water use by imposing specific days and maximum duration for the watering of landscape.

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

1. That the above recitations are true.
2. That the City Council hereby declares a Response Level Two – Water Shortage Alert Condition pursuant to the terms therein Escondido Municipal Code Chapter 31, Article 5, Section 31-232.

3. That the limits imposed by Section 31-232(b)(3)(A) on outdoor landscape watering will be set as follows:

a. Homes with odd-numbered addresses may water outdoor landscapes on Sunday, Tuesday, and Thursday. Homes with even-numbered addresses may water Saturday, Monday, and Wednesday. Homes are not to water more than 10 minutes per watering station. Watering stations are also known as zones controlled by an irrigation system.

b. Apartments, condos, and businesses may water landscapes not more than 10 minutes per watering station on Monday, Wednesday and Friday. Watering stations are also known as zones controlled by an irrigation system.

FUTURE CITY COUNCIL AGENDA ITEMS
August 7, 2014

*AGENDA ITEMS AND COUNCIL MEETING DATES ARE SUBJECT TO
CHANGE. CHECK WITH THE CITY CLERK'S OFFICE AT 839-4617*

August 20, 2014
4:30 p.m.

CONSENT CALENDAR

Resolution Establishing the Property Tax Rate and Fixed Charge Assessments for Bonded Indebtedness for Fiscal year 2014-15

(S. Bennett)

Each year, a property tax rate is established to generate an amount of revenue from the property tax base that is sufficient to pay the General Obligation Bond debt service (principal and interest) for the current tax year.

Write-Off Uncollectible Receivables

(S. Bennett)

The City has reviewed its outstanding receivables in order to ensure that resources are used efficiently and not devoted to the recovery of uncollectible receivables. As a result, certain outstanding loans have been deemed uncollectible where collection efforts have been exhausted and should therefore be removed from the City's general ledger.

Adoption of Amended Policy Regarding Uncollectible Receivables

(S. Bennett)

The proposed policy has been amended to reflect the reorganization of the Finance Department. This policy will allow the Assistant Finance Director to approve write-offs under \$5000 after a diligent effort to collect. All amounts over \$5000 will be submitted to the City Council as a group at least once a fiscal year.

Adopt Resolutions Updating the Salary Plans for the Unclassified Clerical/Technical Group, Salary Bands for the Management Group, the Unclassified Service Schedule List and the Part-Time Hourly Compensation Plan

(S. Bennett)

The City is required to update positions and salaries with the Management and Unclassified Clerical/Technical Groups, as well as maintain an updated listing of all unclassified employee titles.

Lease Agreement with SANDAG for a Park and Ride at Kit Carson Park

(C. Grimm)

SANDAG has been temporarily using a lot at Kit Carson Park for its van pool Park & Ride under a License Agreement. After construction of the Del Lago Transit Station was completed, SANDAG realized a need for additional van pool user Park & Ride spaces and is now requesting a lease agreement to continue the use of Kit Carson Park for a longer term.

CONSENT CALENDAR Continued

Emergency Property Use Agreement with CALFIRE at Kit Carson Park
(C. Grimm)

CALFIRE has utilized Kit Carson Park for staging of its base camp in connection with emergency firefighting efforts in the past. The City and CALFIRE desire to enter into a three (3) year, as-needed agreement to formalize the terms of future use and compensation provisions.

FY 2014 U.S. Department of Justice Edward Byrne Memorial Justice Assistance Grant – Local Solicitation
(C. Carter)

The Escondido Police Department received a \$46,995 FY 2014 Edward Byrne Memorial Justice Assistance Grant (JAG) from the U.S. Department of Justice. The Department proposes to use this allocation to pay salary and expenses for part-time Narcotics Enforcement Officers.

Target Corporation Grant for 2014 National Night Out Against Crime
(C. Carter)

The Escondido Police Department has been allocated a Target Corporation Grant in the amount of \$500. The grant will assist the Police Department in funding the 2014 National Night Out Against Crime event on August 5, 2014. National Night Out is a community oriented program that invites the public to take a stand against crime and improve their community.

City Holiday Closure Schedule for Year 2015
(S. Bennett)

In compliance with the City of Escondido's various Memorandum of Understandings, each year the City Council is required to adopt a resolution which establishes the holiday closure schedule for the following year.

Citracado Parkway Extension – Design Reimbursement Agreement with Rincon Del Diablo Municipal Water District
(E. Domingue)

As a part of the Citracado Parkway Extension Project certain potable and recycled water systems are proposed to be relocated and replaced and/or upsized. A portion of the design costs are the responsibility of Rincon and will be addressed in this agreement. Construction costs that are Rincon's responsibility will be addressed in a subsequent agreement.

Easement Deed to San Diego Gas & Electric Company for the Relocation of an Existing Overhead Electric Facility (APH: 190-080-03)
(C. Grimm)

SDG&E has been requested to relocate an existing overhead electric line to accommodate the applicant, JEB Sand & Gravel. The City has a facility which is served by this line and compensation is not being received for the new easement. SDG&E will quitclaim back to the City the portion of the existing easement which will no longer be needed once the line is relocated.

PUBLIC HEARINGS

Short-Form Rent Review Board Hearing for Valley Parkway Mobile Home Park
(B. Redlitz)

Valley Parkway Mobile Home Park has 144 spaces with 140 spaces subject to rent control. The owner is requesting a rent increase for 140 spaces. The application meets all the eligibility criteria for submittal of a short-form rent increase application. The amount requested covers a 24-month period of consideration from December 31, 2011 through December 31, 2013. Seventy-five per cent (75%) of the change in the Consumer Price Index for the 24-month period is 2.460%. The average space rent for the 140 spaces subject to the rent increase is \$454.17. The average requested increase per space is approximately \$11.17.

August 20, 2014
Continued

PUBLIC HEARINGS Continued

Short-Form Rent Review Board Hearing for Mobile Park West Mobile Home Park
(B. Redlitz)

The application meets all the eligibility criteria for submittal of a short-form rent increase application. The amount requested covers a 24-month period of consideration from December 31, 2011 to December 31, 2013. Seventy-five per cent (75%) of the change in the Consumer Price Index for the period is 2.460%. The average space rent for the 314 spaces subject to rent control is \$447.36. The average requested increase per space is approximately \$11.01.

CURRENT BUSINESS

Future Agenda Items (D. Halverson)

August 27, 2014
4:30 p.m. Town Hall Meeting

City Manager's WEEKLY UPDATE to City Council

August 6, 2014

ECONOMIC DEVELOPMENT

- Attached is the fiscal year report for Visit Escondido! This covers activity from July 2013 through June 2014. A copy of this will be placed on the City website.
- Neighborhood Transformation Project (NTP) Business Meeting
Representatives from the Police Department, Neighborhood Services, Economic Development and Escondido Education COMPACT held a lunch meeting at City Hall on July 30 for business owners in the current NTP area (South Escondido Boulevard from 2nd to 13th). This was the 2nd NTP meeting held; the first was targeted toward residents. 15 business owners attended. Chief Carter gave an overview of the NTP and successes PD has had to date in that area. Gary McCarthy gave an update on the dilapidated property at 3rd and S. Escondido Blvd as it has been a topic of concern for many businesses. Mayor Abed shared his personal experience regarding the success of organizing the East Valley Business Association. Bill de la Fuente, founder of Comerciantes Latinos Asociados, talked about the benefits of creating a business association. Michelle Geller shared City resources for businesses and the meeting wrapped up with COMPACT staff leading a discussion on next steps. The consensus by the businesses was that they wanted to organize in order to better effect positive change in their area as far as appearance and crime, and another meeting will be held in approximately one month to get them started.
- Escondido Business Walk
The City of Vista has held a "Business Walk" annually since 2011. It's a one day event co-sponsored by the City and Chamber of Commerce at which dozens of trained volunteers from the community visit local businesses and collect information (i.e. number of employees, satisfaction level, etc.) Typically they're able to gather information from 100 businesses which is synthesized into a report used to guide City business retention/expansion efforts. To capitalize on our regional collaboration, the cities of San Marcos, Oceanside and Escondido are planning to conduct similar events all on the same day as Vista's: September 25. The Escondido Chamber of Commerce will be engaged as a partner, and the data collected from all four cities will be shared regionally. The event will be coordinated by City Economic Development staff, but City staff from all departments, especially those in leadership roles, are encouraged to participate as "volunteer" business liaisons for the day. More information will be forthcoming as details are worked out.
- Transient Occupancy Tax Update
Historically July and August are the highest grossing months for the City of Escondido Transient Occupancy Tax (TOT) cash receipts. July 2013 has increased from July 2012 by 7.2% and August 2013 has increased from August 2012 by 9.8%. TOT revenue has increased steadily over the previous three fiscal years. In Fiscal Year 2012/2013

City Manager's WEEKLY UPDATE to City Council

revenue was up 9.0% compared to the previous fiscal year. TOT revenue at the end of Fiscal Year 2013/2014 also increased by 9.0% compared to the prior fiscal year.

- This weekend, August 9-10, Ryan Park will be hosting Cal South Regional league games. Teams will be traveling in from all over the western region of the United States to compete at the youth premier level for soccer. They will be using all 8 fields from 8 a.m. to 7 p.m. on both Saturday and Sunday. We can expect a very high level of play out of the 65 teams. It is estimated that we will have about 3,000 players and spectators in the Ryan Park area over the weekend.

COMMUNITY DEVELOPMENT

Planning:

- The ACLU has filed an appeal on behalf of Southwest Key Programs challenging the Planning Commission's decision to deny the proposed government services operation of a facility for unaccompanied minors at 1817 Avenida Del Diablo. Staff has also sent a letter to Southwest Key Programs responding to their letter advising the City of their intent to lease the Quality Inn Motel at 555 N. Centre City Parkway and the Howard Johnson Motel at 515 Washington for a similar facility. In the letter, staff has advised the applicant that the proposed use is not a type of government service that is currently allowable within the General Commercial zone.
- Major Projects Update:
 - Oak Creek (NUW) – Staff continues to meet regularly with the applicant's team to address issues as they arise. The Draft EIR is anticipated to be available for public review beginning August 15th.
 - Amanda Lane (NUW) – The application remains incomplete, pending submittal of the necessary letters of permission and easements for offsite improvements, to avoid potential condemnation issues.
 - Centerpointe 78 Commercial: – Staff continues to coordinate with the applicant's traffic consultant regarding the traffic impacts and mitigation measures in order to finalize the traffic study for inclusion in the Draft EIR.
 - North Broadway Deficiency Area Projects: – The proposed Pickering annexation, 13-lot subdivision and associated MND are scheduled for Planning Commission hearing on August 12th. The application for the Zenner annexation and the associated 40-unit subdivision at Vista Ave. and Lehner Ave. remains incomplete, pending submittal of letters of permission for offsite improvements, to avoid condemnation issues.
 - San Diego Veterans Village: Staff has completed review of the initial submittal and provided comments of the proposed Planned Development application for a mixed-use project at 1556 S. Escondido Boulevard. The proposal involves 1.8 acres, 64 multi-family units and 1,690 SF for retail along Escondido Blvd, and includes retention of the adobe office (former offices of Weir Brothers

City Manager's **WEEKLY UPDATE** to City Council

Construction, which used adobe blocks as their signature building material) and demolition of the adobe residences. On August 5th, the Historic Preservation Commission conducted a preliminary review of the proposed project and the associated Historic Evaluation Report, and recommended redesign of the project to retain more of the historic adobe structures.

Building Division:

- The monthly Building Activity Report for July is attached.
- The Building Department had busy week, issuing 59 permits for the week with a total valuation of \$3,349,572. Inspections and counter contacts were steady with average daily inspections of 25 with 20 on Friday and average daily counter contacts of 32 with 22 on Friday.
- 19 Photovoltaic permits were issued last week, with 367 so far this year. 94 photovoltaic permits were issued for the month of June.
- Permits were issued for the San Diego County Health and Human Services tenant space at 649 W. Mission Ave.
- Permits were issued for exterior modifications to the former Fresh and Easy store at 385 N. Escondido Blvd.

Code Enforcement:

Transient have moved onto the property at 430 W. Washington (across from Latitude 33), and have occupied the abandoned structures, resulting in a lot of Police activity last night. Code Enforcement is working closely with the Police Department to have the owner of the property demolish the structures immediately.

PUBLIC WORKS UPDATE

Capital Improvement Projects:

2013/2014 Street Maintenance Project:

The first day of construction was July 28, 2014 with the contractor having 40 days to complete the project. This week the contractor will be mobilizing to perform crack filling operation on selected streets.

Red Flex Camera Removal:

The project has entered the punch list phase with project completion expected in two weeks.

Maple Street Pedestrian Plaza Modifications:

The project bid opening is scheduled for Thursday August 28; the project consists of the modification of the water fountain to control system water from leaving the water feature area. Repair and replacement of 180 damaged paver tiles within the plaza and the modification of the 4 pedestrian ramps located at Grand Avenue and Valley Parkway.

City Manager's WEEKLY UPDATE to City Council

Private Development

Lincoln Avenue @ Goldenrod Street 16" Gas Main Inspection:

SDG&E has permits to start excavation of a launch pit on Goldenrod Street on Monday, August 11. The work will require a day time closure of Goldenrod Street between Lincoln Avenue and Iris Lane. The work involves the inspection of the interior portion of the 16" pipeline between Escondido and Carlsbad with the use of a robotic camera system. The work is expected to take 4 weeks to complete.

Classical Academy: Westbound Valley Parkway roadway improvements

The roadway improvements along Valley Parkway between Juniper Street and Kalmia Street were completed this past Friday. All off site public improvements are scheduled for completion within two weeks.

Rincon del Diablo Recycled Water Main Extension:

Construction of a 3300' section of 4" recycled water main began on Monday, July 7 along Gary Lane at Nutmeg Street in the Country Club area. All pipeline material is installed and tested with the tie ins to the operating system by Tuesday, August 5.

Operations:

- There were 646 service requests generated in July for the removal of graffiti. 348 of those service requests originated from City employees (315 of the 348 from the Graffiti Eradication Team). 643 of the service requests received in July were closed in July.
- In the last week of July, 95 pothole repairs were completed.
- City owned underground utilities were located at 238 locations city wide as a result of Dig Alert requests.
- The Storm Water maintenance crew inspected 176 storm drain inlet boxes and cleaned 22 of the boxes of silt and debris.
- Sidewalks were cleaned on the north side of Grand Ave between Broadway and Maple Plaza and on the south side of Grand from Maple Plaza to approximately two-thirds the distance to Broadway. The total area cleaned is approximately 9,200 square feet.
- 4 dead trees were removed from the vicinity of 520 Ranch Lane.
- The Concrete Crew completed the removal and replacement of uneven sidewalk on the north side of Felicita between Juniper and Maple. This work also included sidewalk removal and replacement on the west side of Juniper north of the Felicita intersection.

City Manager's WEEKLY UPDATE to City Council

- The Debris Crew removed 30 cubic yards of vegetation and 10 cubic yards of debris during the last week of July in various locations throughout the City.

Recycling/Waste Management:

San Diego County Fair

Recycling attended "Escondido Day," organized by the Escondido Chamber, at the San Diego County Fair on June 21, from 9 am to 5 pm. They had a steady stream of participants throughout the day, many of whom were Escondido residents. They "participated" by spinning the recycling wheel and answering a question from the category the wheel lands on. The categories include composting, how to handle e-waste, water conservation and HHW. We have a selection of prizes for winners to choose. Magnets with "green" cleaning recipes, pens, flexible rulers, computer screen cleaners, jar openers and sponges. The final tally of participants was 150 people.

Composting Workshop

A composting workshop was held on July 19, from 8:30 to 10 am at the Community Garden. Laura and Lori were joined by Lynn Russell, "The Worm Lady." Lynn has a long history with the garden and Kathy Winn, so she prefaced her presentation on worm composting by recognizing Kathy's pivotal role in establishing the garden and the composting workshop. In addition to worm composting, they discussed and demonstrated backyard composting at the Boy Scout-built composting center in the garden. About 20 people attended this quarterly event. 10 composting bins were sold to enthusiastic participants and each person left with a composting bucket filled with city information on composting and recycling, and a gallon baggie of city-produced compost.

PUBLIC SAFETY

Police:

- Facebook is up to 3591 likes and Twitter is at 3393 followers
- The San Diego Deputy Sheriff Association hosted a fundraiser BBQ Fundraiser for the daughter of Officer Perez at the San Marcos Station.
- National Night Out was held on Tuesday, August 5.
- Officer Perez' memorial service was held on August 4 at Cal State San Marcos with over a thousand in attendance and representatives from law enforcement agencies from all over the state.

Fire:

- Last weekend proved to be fairly busy due to the vegetation fires throughout the State. We currently have 10 fire personnel assigned to fires in Central and Northern California. OES 8632 with (4) personnel was dispatched on Friday night to the French Fire in Madera County. It is over 13,700 acres and 40% contained. On Saturday, Fire Captain Dave Loop was sent to the Oregon Gulch Fire in Siskiyou County as a Staging Area

City Manager's WEEKLY UPDATE to City Council

Manager, that fire was 36,586 acres and 20% contained as of last night. On Sunday night, Brush 1363 with (3) personnel was sent to the Little Deer Fire in Siskiyou County which is 5,279 acres and 60% contained. Finally, BC Mike Bertrand and Captain Dennis Boyer were sent as Strike Team Leader and Trainee with an OES Type I Engine Strike Team on Sunday night to the Eiler Fire in Shasta County. The Eiler Fire was at 28,600 acres and 20% contained as of Tuesday morning.

- On a Zone Chiefs conference call (Monday morning) with the other fire departments in the Zone, Chief Lowry informed the chiefs that Escondido could not send out any additional resources. We would only be able to help our neighboring departments if a fire occurs here locally. During the conference call we were informed that the resources that have been sent out of County could be gone for quite some time. We would not be surprised if some of our resources are committed for at least two weeks and go to other fires in the state. Of course, all of our units were sent out on the State Master Mutual Aid agreement, so we will be reimbursed for their time and travel. Currently all of our stations and units are fully covered for emergency responses.
- PulsePoint is a smart phone application that alerts users that someone maybe having a heart attack nearby in a public location. The idea behind the app is to notify possible rescuers (CPR certified citizens) that may be nearby to where someone is having a heart attack at the same time Fire and EMS personnel are dispatched, so that CPR can be initiated early on. The app also notifies the rescuer of the closest Automatic External Defibrillator (AED) so that if indicated a shock mat be administered to the patient. PulsePoint was brought to the County by one of the County Supervisors who paid the initial startup and first year cost. All of the Fire Communication Centers have been able to roll out the program except for Escondido and CAL Fire. Escondido is waiting for Department of Justice (DOJ) approval because our dispatch system is combined Police and Fire. CAL Fire has been delayed for other reasons. Once we receive DOJ approval our IT department will update our system and make the app available here in Escondido as well.

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Visit Escondido

Year-End Report: July 2013 – June 2014

2013-14 has been a very successful year for Visit Escondido's tourism marketing efforts.

Our primary goal for this year was to connect with our community organizations and visitor-serving businesses, bring them together in partnership with Visit Escondido to promote our diverse attractions and build Escondido's brand as a viable and competitive tourism destination within the Southern California travel industry. Developing these relationships gives us an effective mode of collaboration with a large group of stakeholders, and many are now actively engaged with Visit Escondido.

With the opening of the Visitor Center on Grand Avenue, growth of new and sustained industry partnerships, updated branding across all platforms, targeted marketing and substantial engagement in social media, Visit Escondido has developed a comprehensive foundation to continue moving forward in its efforts to attract visitors, stimulate increased spending for local businesses (by residents and visitors), and support the marketing efforts of tourism related businesses, organizations and events.

We are fortunate to be the home of two of the top three tourism attractions in North County, which provide us with great visitor traffic and effective marketing content to partner alongside.

#1 San Diego Zoo Safari Park

#3 Stone Brewing Co., Stone Brewing World Bistro & Gardens, and Stone Farms

Economic Development relies on tourism as one of its primary industry clusters. The work we're doing always keeps that in mind. And in the bigger picture, the Visit California and Visit San Diego tourism brands are flourishing with the launch of nationwide and global campaigns – giving us more ways to partner, take advantage of membership benefits and generate visibility.

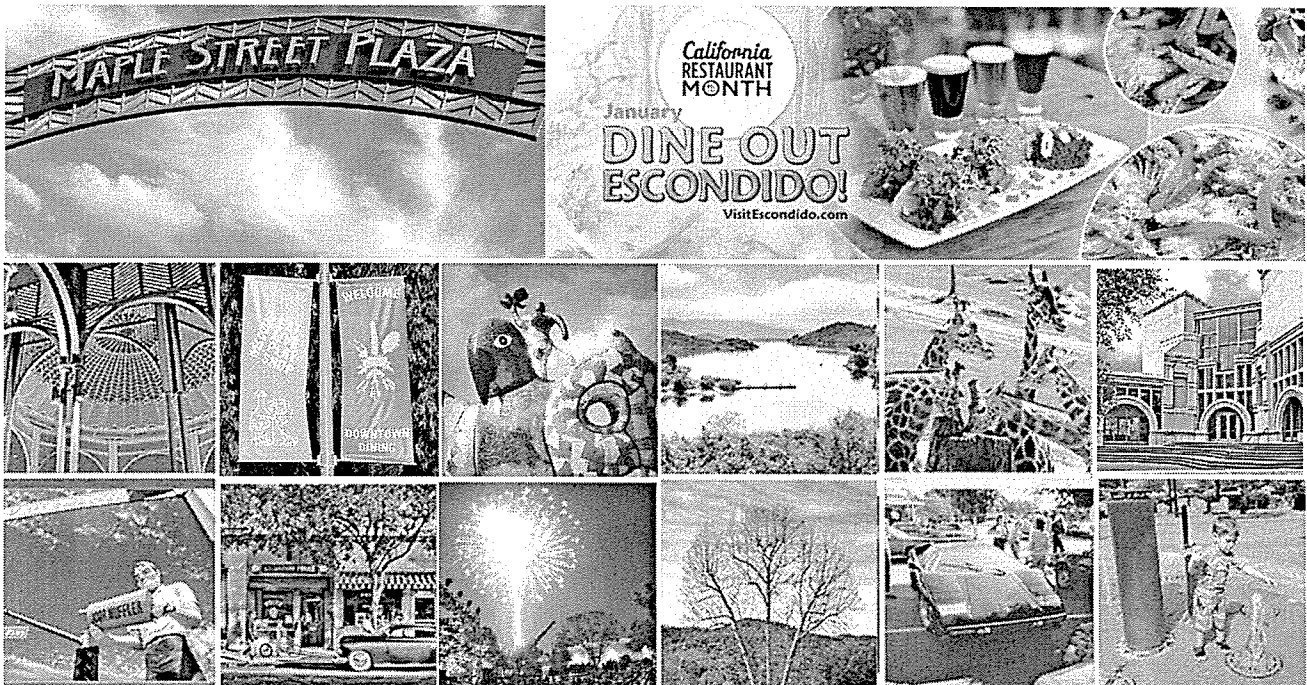
This report serves to highlight our marketing efforts over the past fiscal year.

Submitted by Katherine Zimmer, Tourism & Marketing Administrator



Visitor Center
235 East Grand Ave
Tue-Fri 10am-4pm
760.839.4777

VisitEscondido.com
 /VisitEscondido
 @VisitEscondido
 #Escondido



VISITOR CENTER

The new Visitor Center at 235 E. Grand Avenue welcomed over 445 guests representing 7 countries in its first year. As we've improved directional signage, increased local awareness of the location, and enhanced browser search engine optimization (SEO), the traffic has steadily increased. Visitors typically ask for things to do, maps, dining suggestions, hiking locations and other outdoor activities, wineries/breweries, arts/theater, and public transportation information.



Many locals and new residents come in to see what we have, learn about things to do and find specific businesses or services. Downtown event traffic brought about 500 additional people into the VC this year.

From the Visit California Research Dashboard for May, 2014: "At Visit California's 19 welcome centers, over 110,000 visitors walked through the doors in April, +6.3% over a year ago. The gain is the 7th consecutive month of yr/yr growth in CWC traffic, a strong sign that visitor's interest in printed collateral and face to face interaction is still alive."

"Good Afternoon! Just got the package in the mail today. Thank you so much for all the great reading material on your fun city! Looking forward to visiting in August!" ~Shelley (email)

Volunteers

We've utilized the assistance of three volunteers with a total of 237 hours of work (over six months) primarily focused on website calendar event postings, e-newsletter content, and Escondido Magazine event listing content. The large volume of events to manage over these three

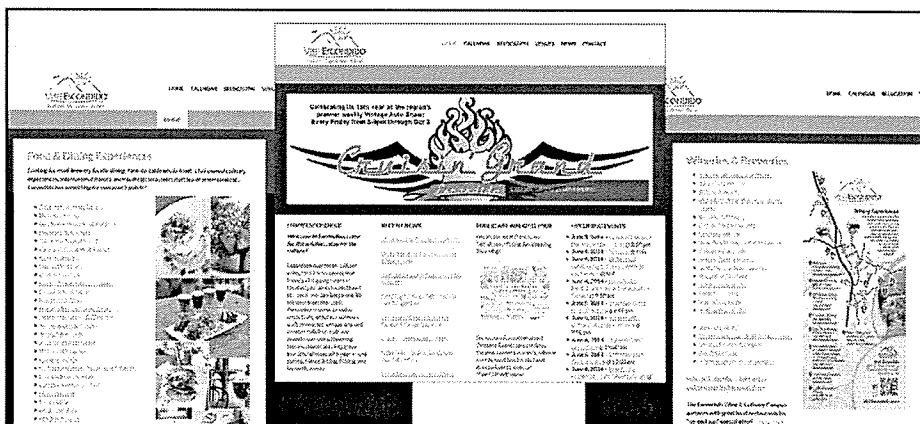
channels supports 8-12 hours of volunteer time per week.

DIGITAL MARKETING

Website

VisitEscondido.com is attracting excellent traffic and is steadily increasing on all metrics. A lot of site enhancements have been completed including imagery, updating content, and adding new stakeholders and relevant resources.

- The top page draw is the event calendar, which averages over 80 events/things to do posts each month... July has 132 calendar postings
- 13 ongoing weekly events and 20 major annual events are maintained in side navigation
- Unique visits/last 30 days: 8,861
- Page views/last 30 days: 33,730
- News/blog posts/12 mos: 96 / avg 8 per month



"I've lived here all my life and just discovered this website. I found out about it from the Grand Tea Room's e-mail that Louisa sent me. Thank you for having this website!" ~ Rosalia (email)



Enjoy Escondido! E-newsletter

The monthly "Enjoy Escondido!" e-newsletter is going out to 1,531 subscribers and has an average open rate of 30.4%, which is well above the industry average of 11.8%. Each issue includes 5-6 news posts, about 30 of the top events for that month, as well as the ongoing weekly events and an area map at the bottom.

Social Media

At the start of this year we had slow organic growth in social media numbers with not much interactive engagement and several social platforms needed to be updated with new branding and content.

During this year our Facebook and Twitter efforts have gained substantial increases in engagement numbers of total reach, sharing, comments, and impressions. Updated branding and content has been completed on Pinterest, YouTube and Google+.

Facebook:

- Likes are up 278% (current: 1,221 people + 153 businesses = 1,374)
- Average weekly total reach/posts: 25,256
- Average weekly total impressions/all content: 68,186

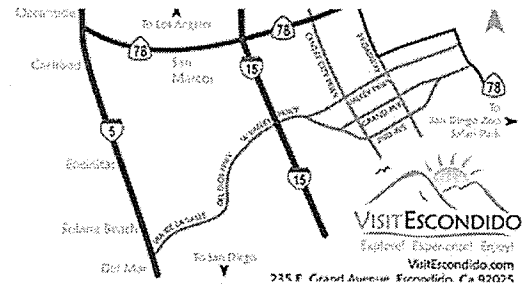
Twitter:

- Followers are up 380% (currently 591 followers; 1,625 updates)
- Average monthly retweets/mentions: 48

 lululemon athletica North County Fair Pop-up Shop shared a link.
May 3 · 🌐

So many awesome happenings in the n
Escondido! We can not wait to open ou
9th and join this amazing community. **Enjoy Escondido
enews FB share...**

<http://us5.campaign-archive1.com/?u=8471e437fcb188734b3e27da8&id=0137bbd5b38e=0b047395a>
c



Enjoy Escondido! - Celebrate Moms, Tigers, Festivals and Biking!
us5.campaign-archive1.com

Welcome to May... celebr

People Who Shared This



California Center for the Arts, Escondido via **Visit Escondido**

Congrats to Vesper Vineyards and BK Cellars on the impending opening of new tasting rooms this Saturday in #Escondido! We are thrilled that Vesper vino will be featured at our Feb. 15 wine-pairing dinner, which will precede Intimate Classics series concert by famed Icelandic cellist Sæunn Thorsteinsdóttir. Learn more here: www.artcenter.org/performances/1214intimate



2 Urban Winery/Tasting Rooms Open in Escondido!
January 11

visitescondido.com

After almost a year without a tasting room venue, Vesper Vi

Visit Escondido,
Your Tweet got a reply!



Visit Escondido @VisitEscondido

lemur fun! RT @sdzsafaripark: Ever wanted to "move it move it" w
lemur? Here's your chance. ow.ly/m4kaH #LemurWalk



San Diego Zoo Safari
@sdzsafaripark

@VisitEscondido Thanks for the mention guys!

11:41 AM - Jun 11

Insights

Your Posts Talking About This Reach

7,532 people reached
9/5-9/11
2013

Insights on a
Cruisin' Grand
post



101 Things To Do San Diego
about an hour ago

Where else can you enjoy beautiful wildlife, serene v
breweries, golf, hiking, biking, unique arts and theat
lakes, and even casino resorts? You guessed it.. Esc
Check out Visit Escondido to plan a fun weekend get
trip! <http://bit.ly/17SuNj8>



ExperienceSD

Jun 14, 10:04am via Twitter for iPhone

We have some @ExperienceSD fans
visiting from Los Angeles! We're going to
@VisitEscondido and spend the #Calatoday
at the @sdzsafaripark!



DineVintana

Jun 13, 4:16pm via Hootsuite

@VisitEscondido Thank you so much for
recommending us!

Hide conversation



TheCentreTweets: Escondido has
great public art: use this map to take a
self-guided Public Art walking tour! h/t
@VisitEscondido <http://t.co/PL3G2oaF>
5:37am, Mar 25 from Sprout Social



PacPrinting: @TheCentreTweets
@VisitEscondido that's a meaty eye
opening map. My dad lives in Escondido
hills.

8:05am, Jun 06 from Twitter for iPhone



TheCentreTweets: @sparkish
@VisitEscondido Eye opening indeed!
Have you see any of the artwork from
the tour? We'd love to know how you
enjoyed it.

11:28am, Jun 06 from Sprout Social



PacPrinting: @TheCentreTweets
@VisitEscondido Right now I'm in Asia so
when I get back to the US... I'll definitely
do a date drive!

3:21pm, Jun 06 from TweetDeck



VisitEscondido: @PacPrinting
@TheCentreTweets Great! Ck out The
Centre and @DineVintana on your date
too!

10:10am, Jun 12 from Hootsuite



DineVintana: @VisitEscondido Thank
you so much for recommending us!



California Picks

@BastoCA

Stone Brewing World Bistro & Gardens is buzzing:
sch.mp/orNnfa - RT @VisitEscondido Here's an
idea.... "Happy Father's Day Dad...."

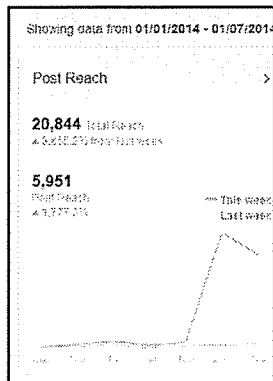
01:07 AM - Jun 11

"DINE OUT ESCONDIDO!" – CA RESTAURANT MONTH

As a new California Restaurant Month program participant in 2014, "Dine Out Escondido!" in January was a huge success drawing attention and business to 25 of our best restaurants. Visit California was instrumental in supporting our inaugural year by providing statewide online presence, marketing support and social media. This program was also a great way to bring our restaurateurs together and they all look forward to 2015.

Program Highlights:

- The official DineInCA Facebook post dedicated to Escondido received over 18,336 views and 37 shares on Jan 3. Another post on Jan 16 featured an Escondido dish (from Intertwined Bistro) and received 16,184 views, 772 likes and 47 shares
- The Visit Escondido boosted FB post received 10,440 views
- Facebook total reach for the month: 784,591 views
- Twitter: 159 retweets/mentions
- Publicized in 12 organizational e-newsletters (50,000+ impressions)
- Listed on 7 major websites with editorial coverage on U-T San Diego, PR Newswire, and 101 Things To Do San Diego
- 4,665+ unique visitors to the VisitEscondido.com DOE post
- Collateral: 95 posters and 3,000 flyers were distributed
- Certificates of Recognition from the office of Assemblymember Marie Waldron were awarded to each participating restaurant

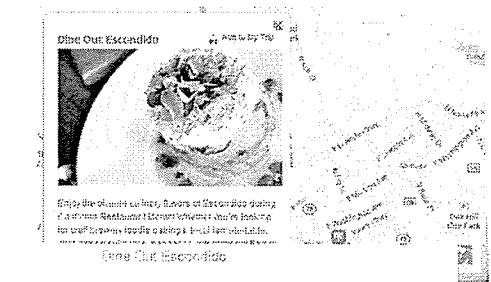
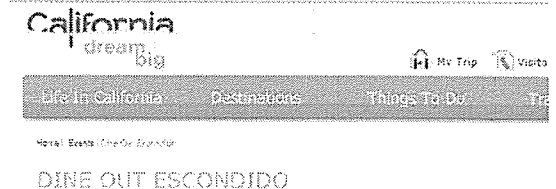


Things To Do This Weekend



Dine Out Escondido

Savor the diverse culinary flavors of Escondido during the month of January by taking advantage of this fantastic opportunity to visit your favorite restaurants and create new experiences! Enjoy a showcase of seasonal foods and the creativity of our fantastic chefs and restaurateurs. Whether you're looking for craft brewery food pairings, local farm-to-table delights, one-of-a-kind culinary experiences, international flavors, wine pairings on a patio or such a view, high tea or home cooking... Escondido's fantastic restaurants have something for everyone's palate and nutritional preferences! See info...



Dates: Wednesday, January 1, 2014 - Friday, January 31, 2014

Event Location: Various locations Escondido, CA

Website: <http://visitescondido.com/2392/dine-out-escondido/> twitter.com/VisitEscondido <https://www.facebook.com/VisitEscondido>

Enjoy the diverse culinary flavors of Escondido during California Restaurant Month! Whether you're looking for craft brewery food pairings, local farm-to-table, chef-owned culinary experiences, international flavors, wine pairings on a patio or with a view, high tea or home cooking... Escondido has something for everyone's palate and nutritional preferences! Back in the warm Southern California sun and create a fantastic dining experience... you'll find amazing California cuisine as well as French, Italian, Salvadorian, Mexican and more! Each restaurant is providing specials on their signature dishes and chef's menus and they're ready to welcome you! Dine Out and Enjoy Escondido!



wellkresorts
8:55am via HotSuite

Excited to be a part of Dine Out Escondido thanks to @VisitEscondido & @DineInCA for the month of January! owlyskdXp

ENTS!
See during the weekend

U-T
San Diego

ESCONDIDO EATERIES HOP ON BOARD FOR INAUGURAL "RESTAURANT MONTH" EVENT
www.utahsaniego.com

Now that the holidays are behind us, it's time to dine out. At least, that's what the entrepreneurs behind 24 Escondido restaurants are hoping, as

Visit Escondido shared a link.
January 6

Dine out in #Escondido thru January! 25 fantastic restaurants are ready to welcome you with specials. Cheers! #DineInCA



Dine Out Escondido! | January Restaurant Month
visitescondido.com

Savor the diverse culinary flavors of Escondido during the month of January by taking advantage of this fantastic opportunity to visit your favorite restaurants and discover new ones! Craft breweries, Italian, French, Salvadorian, Fresh California Cuisine, Mexican, Filipino...

Like · Comment · Share

Erin Kelly Schnee, Eva Stoddard, Rosie Barnett and 67 others like this.



Barbara Emison Just in time for post holiday diet month. 😊

Yesterday at 11:00am via mobile · Unlike · 👍 1



Visit Escondido No weight-loss resolutions until February! 😊

Yesterday at 11:05am · Like · 👍 1

Write a comment...

10,440 people saw this post

"DINE OUT ESCONDIDO!" JANUARY RESTAURANT MONTH continued

VISITORS | MEETING PLANNERS | TRAVEL TRADE | PRESS

January Members Escondido Chamber of Commerce Dine Out Escondido January 2014

Dine Out Escondido! January Restaurant Month

Dine Out Escondido!

HOTELS | PACK

Check in:

Dine Out Escondido!

760.329.4777
http://visitescondido.com

Region: North County

Date: January 1 - 31, 2014

Price: Various specials.

Contact: katherine@visitescondido.com

Follow Us On: [f](#) [t](#) [in](#)

Savor the diverse culinary flavors of Escondido during the month of January by taking advantage of this fantastic opportunity to visit your favorite restaurants and explore new ones!

"EVERYONE! We are stoked to announce we're participating in Dine Out Escondido! for January restaurant month... and you thought Christmas was over!"

~Offbeat Brewing Company/FB

"We are proud participants in #DineInCA January restaurant month... Dine Out Escondido at A Delight of France!" FB

"Did you know, that as part of Visit Escondido's Dine Out Escondido, we are extending both our Anniversary Week and SD Restaurant Week menus through the end of the month!?" ~Vintana Wine + Dine/FB

visitalifornia.com

INDUSTRY MEDIA TRAVEL TRADE COMMUNITY

visit California

Industry Community
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Marketing Insights

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Visit Escondido finishes month-long CRM program today that brought together 25 restaurant

Katherine Zimmer, Visit Escondido's Tourism and Marketing Administrator, joined CRM to help restaurants do business but to also unite the restaurant community in a new way. It is working!

Amy Parritt · yesterday · 👍 2 · 🗨 6

California Month Restaurant liaison committee escondido katherine kelly kimmers program wells

Like · Comment · Share · Avg 0/5 (0 votes)

January DINE OUT ESCONDIDO!

PRINT COLLATERAL & DISPLAY MARKETING

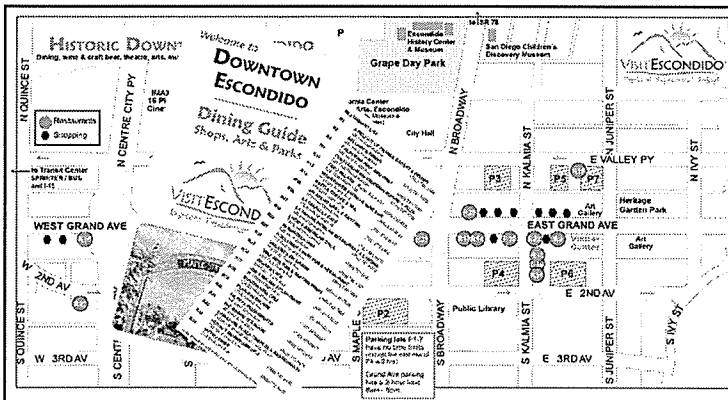
Marketing Brochure & Cards

A beautiful 4-panel brochure was produced with 25,000 printed pieces distributed throughout San Diego County to major hotels, visitor centers, airport, rental car agencies, and the San Diego Convention Center. All of our marketing collateral pieces are also distributed at local Escondido and Rancho Bernardo hotels.

Additionally, the brochure is located at many local stakeholder businesses and is available on VisitEscondido.com. The business-card size marketing card has a smaller footprint for easy distribution on counters and at events. This piece is widely distributed and pushes traffic to the website and social media.

Downtown Dining Guide

A comprehensive and popular Downtown Dining Guide is distributed through the Visitor Center, VisitEscondido.com, at Community Services at City Hall, local hotels, and many other stakeholder locations. The guide features 24 restaurants, parks, art galleries, City Hall, CCAE, History Center, SDCDM and downtown parking information. It will eventually be updated to include shopping detail.



Wine Map

An updated wine map was created on the back of the new 4-panel brochure and is also printed as a stand-alone piece. The wineries love it and it's also available on VisitEscondido.com.

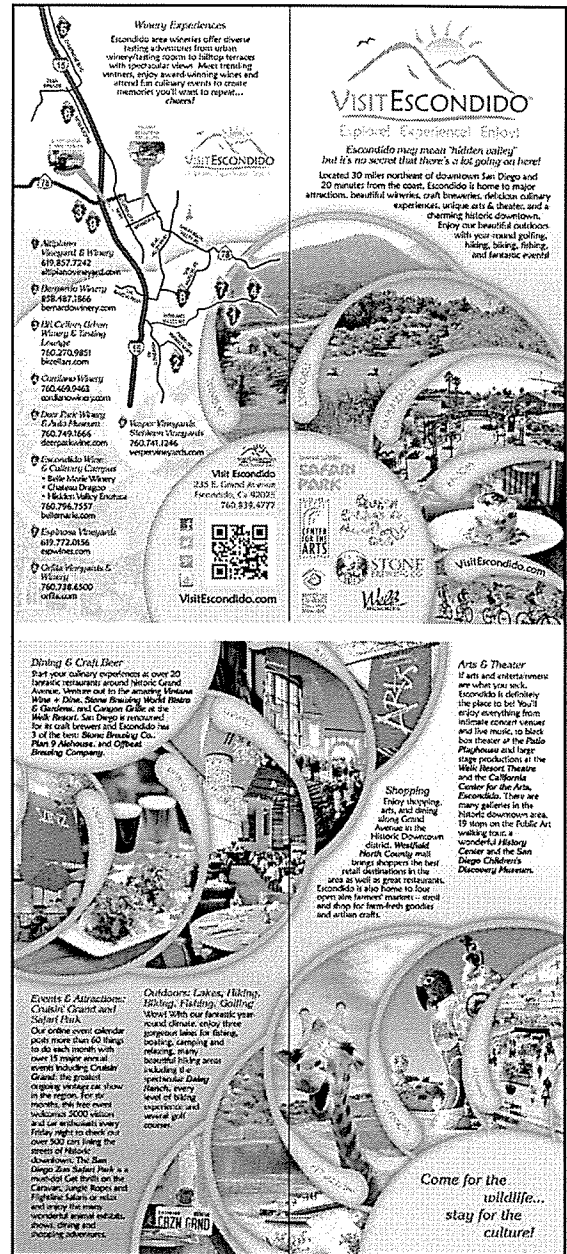
Farmers Markets

A rack card size brochure featuring our four unique farmers markets helps promote all of them "at-a-glance." Having four distinctive markets adds to the attractions and things to do that keep visitors here, enjoying an open air "locals" experience.

Tourism Map

The current edition of the area Tourism Map is still in circulation locally at hotels and attractions such as the SD Zoo Safari Park. A Neighborhood Reinvestment Program (NRP) County grant for \$5,000 was awarded to produce a new area tourism map. In addition to the wide overall area map, the flipside will include insets of the downtown dining guide, a wine/brewery map, and a special biking routes guide. The new map is on schedule to be printed and start distribution early in September.

Sports Park Display Opportunity: There are several excellent locations to provide map displays and a push to VisitEscondido.com at Ryan Park and Kit Carson Park. See more under Escondido Recreation.



Downtown Self-Guided Public Art Walking Tour Map

The City's Planning Division created a beautiful tri-fold brochure with 19 locations of public art and points of interest in the downtown area.

Seasonal Event Flyers

Summer Camps & Activities, Fall/Holiday Events & Activities

These consolidated seasonal event flyers are very popular online and with local residents.

Light Gallery Display Cases: We now have access to the four display cases in front of the Light Gallery building (Grand Ave at Kalmia) to post event flyers, posters, and Visit Escondido information.

VISITORS GUIDE – Projected distribution: Spring 2015

The production of the first *"This Is Escondido"* Visitors Guide has been contracted to a local vendor who will work closely with us to produce a high-quality guide through advertising sales and will include professional editorial and imagery. Ad sales will start in January 2015 and the guide should be ready for distribution in early spring - in print and online.

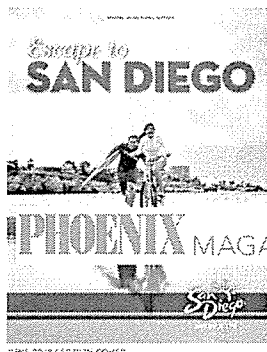
ADVERTISING

San Diego Tourism Authority's Official Visitor Planning Guide

The SDTA has produced three bi-annual Guides to date and each one has increasingly grown in exposure for North County and specifically the Escondido inland area. By placing a one-third page ad consistently in each issue and aggressively lobbying for a presence in each issue's maps section, our editorial coverage has grown and the results are excellent for our stakeholders.

101 Things To Do - San Diego

101TTD is an excellent advertising partner. They provide an economical internet-only marketing avenue that gives us exceptional exposure through their website, social media, and eblast channels.



Phoenix Magazine

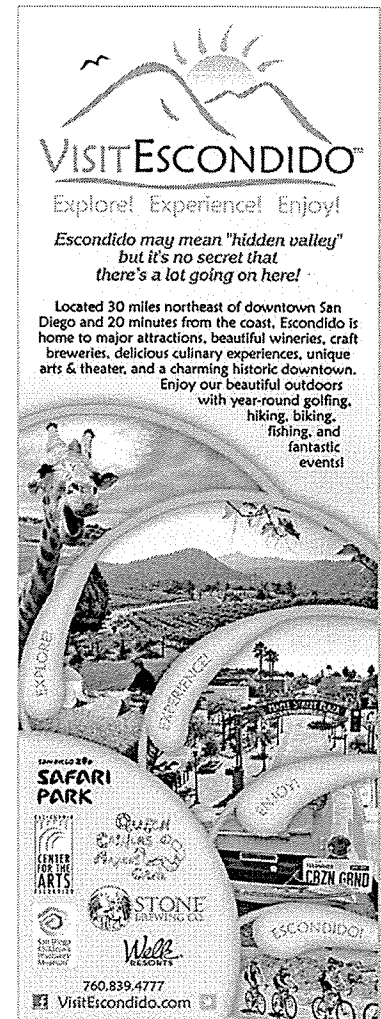
Phoenix Magazine partners with the San Diego Tourism Authority to offer members ad space in two special San Diego travel sections in June and September. Visit Escondido ran a one-third size ad in each publication with very high placement visibility. Circulation: 204,045 active, affluent readers nationwide, primarily in the western region.

The Escondido Magazine

Visit Escondido continues to be our partner for a VE branded quarterly Event Calendar, which features the top events over three months covered on 8-12 pages of each issue. We reach out to a list of over 80 contacts to curate the events that are publicized in the magazine. The magazine recently went through a complete redesign and is thriving as the top local publication with print circulation at 15,000 and substantial online views.

Other notable advertising channels:

Sunset Magazine; California Official Visitors Guide; Escondido CITY Magazine; Facebook



EDITORIAL HIGHLIGHTS

Visit California:

- Industry Community website: Dine Out Escondido was one of the first case study blog posts to launch the industry/trade community website
- Printed collateral piece promoting the Industry Community website featured a pull out graphic of the Dine Out Escondido logo and blog posting as a sample for industry exposure opportunities
- Opportunities throughout the year to submit editorial

Interval World magazine: We hosted a travel writer in February with an assist from Visit San Diego. He spent an evening at Stone and the next day biking at Daley Ranch, lunch at Plan 9 Alehouse, tour of Queen Califia, and strolling the Tuesday Farmers Market.

The feature ran in the Summer 2014 issue with a call out on the cover and a 5-page feature mid-book that starts out with this pull quote: *"It's a simple geographical fact that Escondido, California, serves as the perfect base camp for a visit to everything San Diego County has to offer."* Interval International is a vacation exchange membership club with hundreds of properties in 80 countries. The magazine's circulation is 1.2 million.

Other notable editorial channels:

San Diego Visitors Guide
Westways – AAA Magazine
Fodor's Travel Guide
101 Things To Do in San Diego
Coast News, Inland Edition
U-T San Diego
The Times Advocate - Valley Center
SHARE – San Elijo Hills
Edible San Diego
NCTD / MTS
San Diego Family Magazine
My North County, blog & FB
Video: CGI Communications

NETWORKING GROUPS, EVENTS & SPONSORSHIPS

San Diego Visitor Network

This valuable networking group is a no cost, dynamic collaboration of 35+ entities consisting of visitor center directors and major attraction affiliates throughout San Diego County and Tijuana. The monthly lunch meetings are held at different locations to enable everyone to see the sites and learn about programs. Even though we are not part of the San Diego TMD, this group has enthusiastically included us and gives us the opportunity to share what's happening in this area, get to know tourism managers and front-line staff county-wide, and share information throughout the month via email.

Visit Escondido hosted the June SDVN meeting at Vinz Wine Bar's new Tasting Room. It was the first time in years that many of the network representatives had been to Escondido and some took the afternoon off to spend more time around downtown.

Overall SD Visitor Center Impact: The visitor centers serve more than 3,332,000 visitors annually. Economically speaking, that day-to-day contact gives Visitor Services front-line staff and volunteers the opportunity to influence how and where \$996 million in tourist dollars are spent in the San Diego Region each year. San Diego's total visitor spending averages over \$8 billion annually. (Source: SDTA)

Other notable Networking Groups, Events & Partners

- Visit San Diego / SDTA
- Visit California
- San Diego Concierge Association
- San Diego Professional Tour Guide Association
- San Diego Convention Center Corp.
- SDG&E
- City of Escondido: Recreation, Dixon Lake, Community Services, Special Events & Library
- Escondido Chamber of Commerce
- Escondido Downtown Business Association
- SDNEDC
- Wine & Craft Beer orgs & events such as the San Diego Craft Beer Hospitality & Tourism Economic Summit, which is held twice a year



San Diego Tourism Authority's Annual Membership Meeting. San Diego Mayor Kevin Faulconer said *"...is tourism back? It never left, but now we have a community that is working together!"* Great marketing efforts are happening to promote San Diego nationally and globally.

Sponsorships & New Business Support

- Grand Opening support for new restaurants as Taco Caliente, Cheesecake Factory, and Carin de Ria
- Cruisin' Grand Escondido
- 1st Annual Zombie Food Truck Festival
- The Wedge
- Escondido Chocolate Festival
- Fashion Week San Diego at Harrah's SoCal Resort
- Escondido Day at the SD County Fair
- Video PSA's produced by Jim Beck on local attractions/events



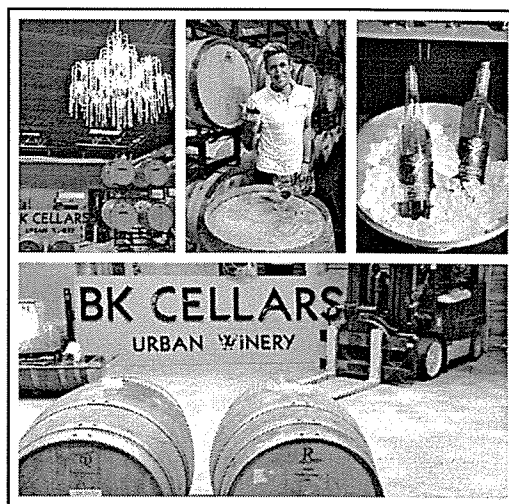
WINERIES & BREWERIES

Wineries

Our wineries are more active in their marketing this year across the board. They push information to Visit Escondido and are always willing to collaborate on promotions.

Some highlights for the year:

- Wine Map has 9 locations and is distributed County-wide with the primary brochure through Certified Folder, at many local businesses and at the wineries.
- Assisted the launch openings and ongoing ramp-up marketing for the two new urban wineries – Vesper and BK Cellars. They are both grateful for the assist and actively engaged with us.
- Hosted a wine tour of 4 winemakers visiting 4 other wineries. This helped in our efforts to connect the winemakers and tasting room staff with their industry partners to build collaboration, share best practices, and work towards a possible organized association in the future.
- Connecting with new wineries due to open this fall, such as Highland Valley Vineyards.

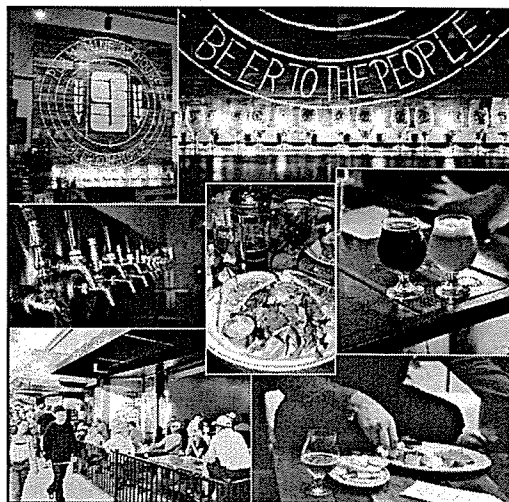


Craft Beer

San Diego is successfully positioning itself as the “Craft Beer Capital” of the nation and North County is a key player in this success. According to Vince Vasquez, senior policy analyst for National University, “*The North County craft brewing industry supports 1,687 jobs and contributes \$273.3 million to the region.*” In a North County craft brewing industry that generates overall, \$423.7 million in sales, supporting sectors are becoming a more prominent piece of the craft brew puzzle, such as the equipment manufacturing and installation services from Premier Stainless in Escondido and the hops farms towards the east in Valley Center, Ramona, and Julian.

Visit Escondido is staying connected and promoting the craft beer scene through:

- Social Media
- Attending craft beer industry symposiums and networking events
- Assisting our three local breweries with their marketing and promotion efforts
- Promoting the larger San Diego events with the San Diego Brewers Guild and Visit San Diego



HOTEL OCCUPANCY

Hotel Transient Occupancy Tax (TOT) Receipts on upswing:

Historically July and August are the highest grossing months for the City of Escondido TOT cash receipts.

- July 2013 has increased from July 2012 by 7.2% and August 2013 has increased from August 2012 by 9.8%.
- Overall TOT revenue in Fiscal Year 2012/2013 was up 9.0% compared to the previous fiscal year.
- TOT revenue at the end of Fiscal Year 2013/2014 also increased by 9.0% compared to the prior fiscal year.

The Stone Hotel new construction project is on hold while Stone Brewing Co. pursues plans to open facilities on the East Coast and in Berlin, Germany.

SPORTS

Escondido Recreation – Sports Tournaments

Francis Ryan Park and Kit Carson Park hosted over 36 soccer and softball tournaments this year. Additionally, Ice-Plex hosts 3-4 tournament events each year. A typical major tournament utilizing all fields will draw over 90 teams with thousands of players and spectators.

This segment of our tourism market can be capitalized on through marketing efforts such as Visit Escondido information and map signage at the parks. A study is under way on the best locations and costs to complete this project during the 2014-15 fiscal year. Map graphics from the new tourism printed map can be utilized in the signage.

Escondido has increased location competition for these events with the completion of Oceanside's new SoCal Sports Complex which includes 22 soccer/multipurpose fields (<http://ow.ly/yYpnC>).

2014-15 PRIORITY PROJECT GOALS:

- Create and distribute the new county grant-funded Tourism Map
- Produce the new Visitors Guide – print and online
- Launch a 2nd Annual “Dine Out Escondido!” program in conjunction with Visit California’s January Restaurant Month
- Enhance the website with new/updated information including a “getting around” transportation section, interactive biking map and other specific maps, weddings/venues enhancement, resources, more imagery and start sourcing a new calendar widget/program to streamline input, enhance functionality and aesthetics



Enjoy Escondido!



Samples of website “featured” news post banner images.

CITY OF ESCONDIDO MONTHLY ACTIVITY REPORT JULY 2014

DESCRIPTION	MTD UNITS	MTD PERMITS	CURRENT YEAR MTD VALUE	PRIOR YEAR MTD VALUE	YTD UNITS	PRIOR YEAR YTD UNITS	YTD PERMITS	PRIOR YEAR YTD PERMITS	CURRENT YEAR YTD VALUE	PRIOR YEAR YTD VALUE
RESIDENTIAL										
Single Family Dwelling					14	1	14	1	2,429,941	210,233
Townhouse				2,041,162	25	37	4	6	2,682,072	4,169,567
Duplex	4	2	443,486		10		10		1,108,715	
Triplex										
Four Units										
Five or more Units					1		1		6,572,596	
Condominiums										
Mobilehome Parks										
TOTAL RESIDENTIAL	4	2	\$ 443,486	\$ 2,041,162	50	38	29	7	\$ 12,793,324	\$ 4,379,800
COMMERCIAL										
Amusement & Recreation										
Churches/Religious Buildings										
Industrial Buildings						1		1		30,625
Parking Garages (Public)				\$ 11,200		1		1		11,200
Service Stations & Repair Garages					2		2		\$ 80,734	
Hospitals & Other Institutions										
Office, Bank & Professional Buildings					1	1	1	1	10,260	12,722
Schools										
Stores & Other Mercantile Buildings				\$ 230,275	2	3	2	3	\$ 578,287	\$ 4,792,123
Hotels, Motels										
TOTAL COMMERCIAL				\$ 241,475	5	6	5	6	\$ 669,281	\$ 4,846,670
MISCELLANEOUS										
Residential Alterations & Additions		35	\$ 206,555	\$ 190,821			225	209	\$ 3,318,849	\$ 1,738,224
Commercial Alterations & Additions		13	\$ 4,382,357	\$ 2,789,073			108	137	\$ 15,915,675	\$ 12,009,263
Mobilehome Awnings, etc		1		\$ -			6	4		\$ -
Structures other than Buildings		11	\$ 98,825	\$ 130,478			100	95	\$ 1,507,605	\$ 822,114
Demolition, Residential				\$ -				3		\$ -
Demolition, Other		2		\$ -			15	2		\$ -
Detached Carports, Garages			\$ 4,032				5	1	\$ 23,915	\$ 20,700
Mobilehome Setups		4					24	15		\$ -
TOTAL MISCELLANEOUS		66	\$ 4,687,737	\$ 3,110,372			483	466	\$ 20,766,044	\$ 14,590,301
GRAND TOTALS	4	68	\$ 5,131,223	\$ 5,393,009	55	44	517	479	\$ 34,228,649	\$ 23,816,771