

AGENDA OF A REGULAR MEETING - NATIONAL CITY CITY COUNCIL/
COMMUNITY DEVELOPMENT COMMISSION – HOUSING AUTHORITY OF
THE CITY OF NATIONAL CITY



COUNCIL CHAMBERS
CIVIC CENTER
1243 NATIONAL CITY BOULEVARD
NATIONAL CITY, CALIFORNIA
TUESDAY, DECEMBER 5, 2017 – 6:00 PM

RON MORRISON
Mayor

ALBERT MENDIVIL
Vice Mayor

JERRY CANO
Councilmember

MONA RIOS
Councilmember

ALEJANDRA SOTELO-SOLIS
Councilmember

*1243 National City Blvd.
National City
619-336-4240*

*Meeting agendas and
minutes available on web*

WWW.NATIONALCITYCA.GOV

ORDER OF BUSINESS: Public sessions of all Regular Meetings of the City Council / Community Development Commission - Housing Authority (hereafter referred to as Elected Body) begin at 6:00 p.m. on the first and third Tuesday of each month. Public Hearings begin at 6:00 p.m. unless otherwise noted. Closed Sessions begin at 5:00 p.m. or such other time as noted. If a workshop is scheduled, the subject and time of the workshop will appear on the agenda. The Mayor and Council members also sit as the Chairperson and Members of the Board of the Community Development Commission (CDC).

REPORTS: All open session agenda items and reports as well as all documents and writings distributed to the Elected Body less than 72 hours prior to the meeting, are available for review at the entry to the Council Chambers. Regular Meetings of the Elected Body are webcast and archived on the City's website www.nationalcityca.gov.

PUBLIC COMMENTS: Prior to the Business portion of the agenda, the Elected Body will receive public comments regarding any matters within the jurisdiction of the City and/or the Community Development Commission. Members of the public may also address any item on the agenda at the time the item is considered by the Elected Body. Persons who wish to address the Elected Body are requested to fill out a "Request to Speak" form available at the entrance to the City Council Chambers, and turn in the completed form to the City Clerk. The Mayor or Chairperson will separately call for testimony of those persons who have turned in a "Request to Speak" form. If you wish to speak, please step to the podium at the appropriate time and state your name and address (optional) for the record. The time limit established for public testimony is three minutes per speaker unless a different time limit is announced. Speakers are encouraged to be brief. The Mayor or Chairperson may limit the length of comments due to the number of persons wishing to speak or if comments become repetitious or irrelevant.

WRITTEN AGENDA: With limited exceptions, the Elected Body may take action only upon items appearing on the written agenda. Items not appearing on the agenda must be brought back on a subsequent agenda unless they are of a demonstrated emergency or urgent nature, and the need to take action on such items arose after the agenda was posted.

CONSENT CALENDAR: Consent calendar items involve matters which are of a routine or noncontroversial nature. All consent items are adopted by approval of a single motion by the City Council. Prior to such approval, any item may be removed from the consent portion of

the agenda and separately considered upon request of a Councilmember, a staff member, or a member of the public.

Upon request, this agenda can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please contact the City Clerk's Office at (619) 336-4228 to request a disability-related modification or accommodation. Notification 24-hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

Spanish audio interpretation is provided during Elected Body Meetings. Audio headphones are available in the lobby at the beginning of the meeting.

Audio interpretación en español se proporciona durante sesiones del Consejo Municipal. Los audífonos están disponibles en el pasillo al principio de la junta.

Spanish to English interpretation services are available to members of the public who wish to speak to the City Council during the meeting. "Request to Speak" forms requesting interpretation must be filed within the first two hours of the meeting.

Español a los servicios de interpretación Inglés de audio está disponibles para los miembros del público que desean hablar con el Ayuntamiento durante del Consejo Municipal. "Solicitud para hablar de" formas solicitud de interpretación deben ser presentadas dentro de las dos primeras horas del Consejo Municipal.

COUNCIL REQUESTS THAT ALL CELL PHONES AND PAGERS BE TURNED OFF DURING CITY COUNCIL MEETINGS.

OPEN TO THE PUBLIC

A. CITY COUNCIL

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE TO THE FLAG

PUBLIC COMMENTS (THREE-MINUTE TIME LIMIT)

PROCLAMATIONS

AWARDS AND RECOGNITIONS

PRESENTATIONS

1. [2018 Storm Water Calendar Presentation. \(Tirza Gonzales, Executive Secretary\) \(Engineering/Public Works\)](#)
2. [SDG&E Rate Reform Update. \(Laura Welty, Outreach Supervisor\)](#)

INTERVIEWS / APPOINTMENTS

CONSENT CALENDAR

3. [Motion of the City Council of the City of National City approving the waiving of the reading of the text of the Ordinances considered at this meeting and providing that such Ordinances shall be introduced and/or adopted after a reading of the title only. \(City Clerk\)](#)
4. [Approval of the Minutes of the Regular Meeting of the City Council and Community Development Commission - Housing Authority of the City of National City of April 4, 2017 and Adjourned Regular Meetings of the City Council and Community Development Commission - Housing Authority of National City of February 28, 2017 and April 25, 2017. \(City Clerk\)](#)
5. [Resolution of the City Council of the City of National City, 1\) authorizing the Mayor to execute a two-year Agreement with Geosyntec Consultants, Inc. for a not-to-exceed amount of \\$500,000 to provide on-call project support services for National City's Capital Improvement Program \(CIP\), including, but not limited to, environmental engineering, site assessments, characterization and remediation, groundwater monitoring and reporting, and preparation of environmental studies in accordance with the National Environmental Policy Act \(NEPA\) and California Environmental Quality Act](#)

- (CEQA); and 2) authorizing the City Manager to execute any project-specific supplemental agreements, as may be required for grant funded projects. (Engineering/Public Works)
6. Resolution of the City Council of the City of National City approving and adopting the updated Multi-Jurisdictional Hazard Mitigation Plan, and authorizing the City Manager to implement said Plan. (Building/Fire)
 7. Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Nissan Altima, for the Police Department from Mossy Nissan of National City, in the amount of \$18,896.22. (Finance)
 8. Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Toyota Camry LE, for the Police Department from Kearny Mesa Toyota of San Diego, in the amount of \$24,016.74.(Finance)
 9. Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Honda Accord LX, for the Police Department from Pacific Honda of San Diego, in the amount of \$24,228.46. (Finance)
 10. Warrant Register #17 for the period of 10/18/17 through 10/24/17 in the amount of \$1,485,441.46. (Finance)
 11. Warrant Register #18 for the period of 10/25/17 through 10/31/17 in the amount of \$269,109.72. (Finance)

PUBLIC HEARINGS: ORDINANCES AND RESOLUTIONS

12. Public Hearing to Consider Proposed Adjustments to Sewer Service Charges in accordance with Proposition 218 requirements, and the adoption of a Resolution of the City Council of the City of National City approving the proposed rate adjustment. (Engineering/Public Works)
13. Public Hearing on the Introduction of an Ordinance of the City Council of the City of National City repealing Ordinance No. 2003-2226 and adopting an Ordinance establishing Sewer Service Charges for fiscal years 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23. (Engineering/Public Works)
14. Public Hearing on the Introduction of an Ordinance of the City Council of the City of National City amending Title 11, Section 11.16.010 Speed Zones Designated, of the National City Municipal Code establishing speed limits on various roadways based on certified Engineering and Traffic Surveys Default Item. (Engineering/Public Works)

NON CONSENT RESOLUTIONS

15. [Resolution of the City Council of the City of National City authorizing the Mayor to execute a Maintenance & Operating Agreement by and between the City and A Reason to Survive \(ARTS\), consisting of a term of 36 months with an option to extend the term for up to two additional 60 month periods for the city-owned land and building located at 200 East 12th Street in National City. \(Housing & Economic Development\)](#)

NEW BUSINESS

16. [Report from the Civil Service Commission to the City Council of the City of National City. \(Human Resources\)](#)
17. [Discussion regarding City Council Policy #802, "City Support for Special Events, Activities, Programs and Services." \(Finance\)](#)

B. COMMUNITY DEVELOPMENT COMMISSION - HOUSING AUTHORITY

CONSENT RESOLUTIONS - HOUSING AUTHORITY

PUBLIC HEARINGS: RESOLUTIONS - HOUSING AUTHORITY

NON CONSENT RESOLUTIONS - HOUSING AUTHORITY

18. [Resolution of the Community Development Commission-Housing Authority of the City of National City accepting the findings from the analysis completed by Keyser Marston Associates, Inc., of four financial proposals submitted through a Request for Proposals process; selecting the development team comprised of Community HousingWorks, Inc., a California non-profit public benefit corporation, and Mercy Housing California, Inc., a California non-profit public benefit corporation, for the recapitalization and rehabilitation of Kimball and Morgan Towers located at 1317 and 1415 "D" Avenue in National City; and authorizing the City Manager to execute an Exclusive Negotiating Agreement in order to begin negotiations with the selected developer. \(Housing & Economic Development\)](#)

NEW BUSINESS - HOUSING AUTHORITY

C. REPORTS

STAFF REPORTS

MAYOR AND CITY COUNCIL

CLOSED SESSION REPORT

ADJOURNMENT

Regular Meeting of the City Council and Community Development Commission - Housing Authority of the City of National City - Tuesday - December 19, 2017 - 6:00 p.m. - Council Chambers - National City, California.

City Council and Community Development Commission - Housing Authority of the City of National City Meeting Schedule for the Period January 2, 2018 through January 16, 2018:

January 02 - Dispense with Meeting - 6:00 pm
January 16 - Regular Meeting - 6:00 pm

The following page(s) contain the backup material for Agenda Item: 2018 Storm Water Calendar Presentation. (Tirza Gonzales, Executive Secretary) (Engineering/Public Works)

Item _____

12/5/2017

2018 STORM WATER CALENDAR PRESENTATION
TIRZA GONZALES, EXECUTIVE SECRETARY
(ENGINEERING/PUBLIC WORKS)

The following page(s) contain the backup material for Agenda Item: SDG&E Rate Reform Update. (Laura Welty, Outreach Supervisor)

Item # ____

12/05/17

SDG&E RATE REFORM UPDATE

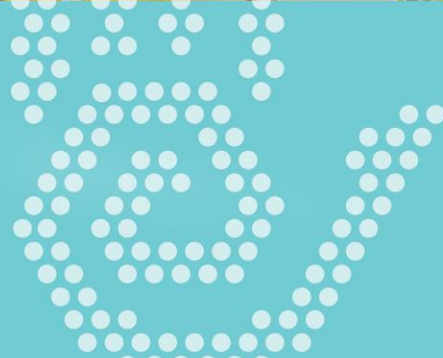
(Laura Welty, Outreach Supervisor)

Rate Reform Update



A  Sempra Energy utility[®]

Presented by Laura Welty, Outreach Supervisor

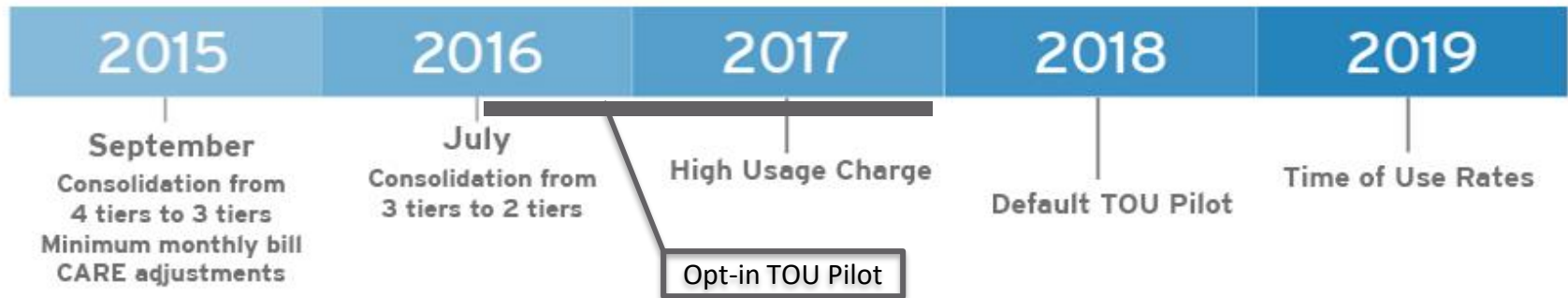


December 5, 2017

Rate Reform Customer Journey



A Sempra Energy utility®



Consolidation of Tiers



Electric rates will be consolidated from four tiers to two tiers, and the differences between the tiers will be reduced -- ultimately with a 25 percent differential between the two tiers.

CARE Adjustments



The effective CARE discount will transition from today's 41 percent to 35 percent by 2020.

Time-of-use Rates



Residential customers will be automatically enrolled into "time-of-use" (TOU) rates. This means the price of electricity will depend on the time of day people use energy. TOU pilots will be conducted with customers in 2017-2018.

Minimum Bill



Customers will have a minimum monthly bill of \$10, and \$5 for customers enrolled in the CARE program.

High Usage Charge



The High Usage Charge (HUC) is intended to encourage energy conservation for customers whose usage is above 400 percent of baseline - meaning double the average customer's usage in their climate zone.

High Usage Charge



A Sempra Energy utility®

Proposed rates effective November 1, 2017 through May 31, 2018

Tier 1 21¢/kWh	Tier 2 37¢/kWh	High Usage Charge 43¢/kWh
-------------------------------------	-------------------------------------	--

134,000 “At-Risk” Customers
(billing history at 350% of baseline)

91,000 “High-Risk” Customers
(billing history at 400% of baseline)

To be a HUCster... **Baseline x 4**

sdge.com/baseline

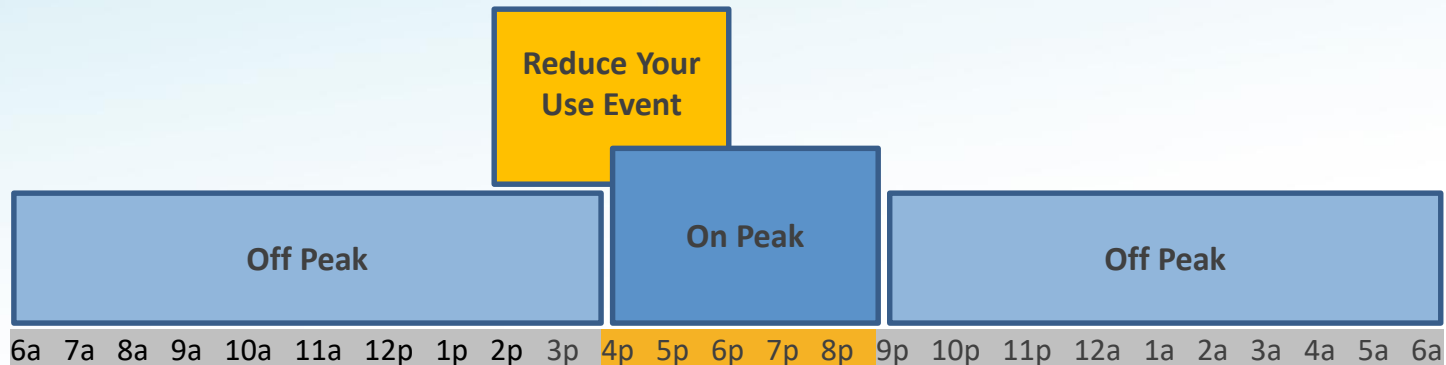
Time of Use Rates – Changes as of 12/1

Pricing plan will change to two period rate structure year round

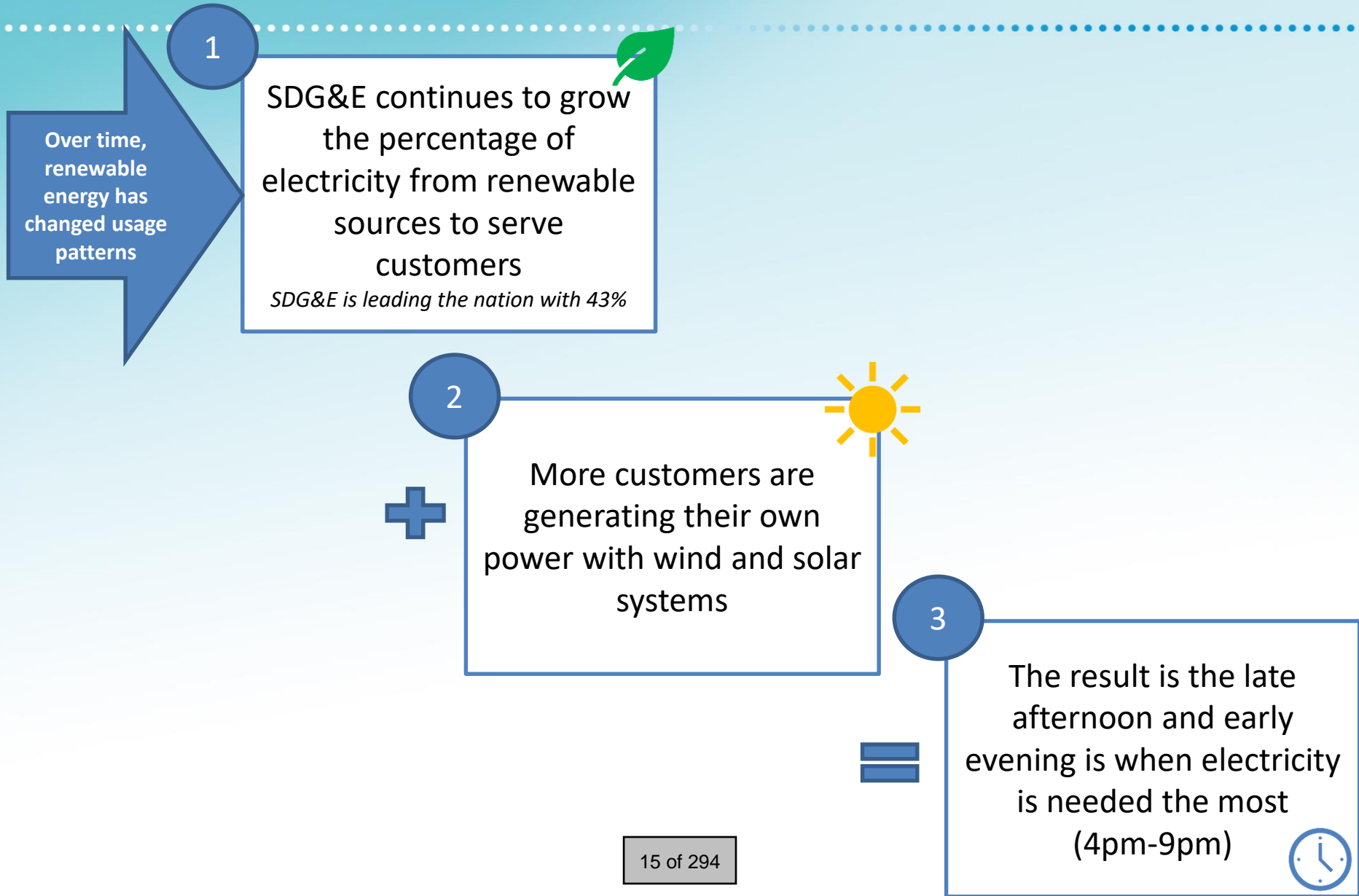
- On-Peak – 4p – 9p (weekdays only)
- Off-Peak – all other hours
- option to move to three period

Event time period for Reduce Your Use will be 2pm – 6pm

May changed to a Winter month



Why is the peak shifting





A  Sempra Energy utility®

It's time to start thinking about energy differently.



PSRST STD
U.S. POSTAGE
PAID
SAN DIEGO CA
PERMIT NO.
213

Starting in January 2018, your bill won't just be based on how much energy you use, but also *when*.

Throughout California, new energy pricing plans are coming in 2018 that are not only based on how much energy you use, but also when you use it. These new plans give you new ways to save on your bill, providing more choice around managing your energy use.

You can find out more about these Time of Use plans at sdge.com/TOUPlans.

Solutions



A Sempra Energy utility®

My Account

Sign up for My Account

You'll be able to do much more than just pay your bill online, you can:



Get an **"at-a-glance"** view of **your energy use.**



Get an **app** to help **analyze your energy.**



Get a **personalized action plan** to manage your energy costs.

Upgrade Programs



Bill Discounts

CARE/FERA
Medical Baseline

30% off
your energy bill,



SDGE Marketplace (res)



Clothes Washers



Electric Water Heaters



Gas Water Heaters



Water & Energy Savings Kit



Pumps



Smart Thermostats



Air Conditioners



Dryers

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Q & A

The following page(s) contain the backup material for Agenda Item: Motion of the City Council of the City of National City approving the waiving of the reading of the text of the Ordinances considered at this meeting and providing that such Ordinances shall be introduced and/or adopted after a reading of the title only. (City Clerk)

Item # ____
12/05/17

**MOTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL
CITY APPROVING THE WAIVING OF THE READING OF THE
TEXT OF THE ORDINANCES CONSIDERED AT THIS MEETING
AND PROVIDING THAT SUCH ORDINANCES SHALL BE
INTRODUCED AND/OR ADOPTED AFTER A READING
OF THE TITLE ONLY.**

(City Clerk)

The following page(s) contain the backup material for Agenda Item: Approval of the Minutes of the Regular Meeting of the City Council and Community Development Commission - Housing Authority of the City of National City of April 4, 2017 and Adjourned Regular Meetings of the City Council and Community Development Commission

Item # 4

12/05/17

**APPROVAL OF THE MINUTES OF THE REGULAR
MEETING OF THE CITY COUNCIL AND COMMUNITY
DEVELOPMENT COMMISSION – HOUSING AUTHORITY
OF THE CITY OF NATIONAL CITY OF APRIL 4, 2017 AND
ADJOURNED REGULAR MEETINGS OF THE CITY COUNCIL
AND COMMUNITY DEVELOPMENT COMMISSION – HOUSING
AUTHORITY OF THE CITY OF NATIONAL CITY OF
FEBRUARY 28, 2017 AND APRIL 25, 2017.**

(City Clerk)

DRAFT DRAFT DRAFT
**MINUTES OF THE REGULAR MEETING OF THE
CITY COUNCIL AND COMMUNITY DEVELOPMENT COMMISSION –
HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY**

April 4, 2017

The Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City was called to order at 6:08 p.m. by Mayor / Chairman Ron Morrison.

ROLL CALL

Council / Board members present: Cano, Mendivil, Morrison, Rios, Sotelo-Solis.

Administrative Officials present: Dalla, Deese, Duong, Eiser, Manganiello, Roberts, Stevenson, Vergara, Williams, Ybarra.

Others present: City Treasurer Mitch Beauchamp and Student Representative Jose Estrada.

PLEDGE OF ALLEGIANCE TO THE FLAG BY MAYOR RON MORRISON

PUBLIC COMMENTS

Jacqueline Reynoso, Chamber of Commerce CEO, extended an invitation to the Chamber's Annual Job Fair on April 12th.

Karen Clayton, Spring Valley, spoke in support of a ban on pet stores.

Lawrence Emerson, National City, provided information on the benefits and programs available for electric vehicles.

Jesus Preciado, National City, spoke in support of developing tourism in National City and suggested efforts begin on locating a cruise ship terminal at 24th Street.

PROCLAMATIONS

PROCLAMATION ADMIN (102-2-1)

1. Proclaiming the month of April, 2017 as "Fair Housing Month"

PRESENTATIONS

**COUNCIL MEETING PRESENTATIONS / AWARDS & RECOGNITIONS 2017
(102-10-12)**

2. The National City Police Department will provide a presentation on the improvements to the Police Facility. The improvements include upgrades to storage, electrical and waterproofing. (Police)

INTERVIEWS / APPOINTMENTS

BOARDS & COMMISSIONS ADMIN (101-1-1)

3. Interviews and Appointments: Planning Commission. (City Clerk)
ACTION: Ballots were distributed for a vacant position on the Planning Commission. Mr. Gonzalo Quintero received four votes (Cano, Morrison, Rios, Sotelo-Solis). David Garcia received one vote (Mendivil). Gonzalo Quintero was declared duly appointed to the Planning Commission.

CITY COUNCIL

CONSENT CALENDAR

ADOPTION OF CONSENT CALENDAR. Item No. 4 (NCCM), Item No. 5 (Minutes), Item Nos. 6 through 13 (Resolution No. 2017-40 through 2017-47), Item No. 14 (TUP), Item No. 15 (Report), Item Nos. 16 through 18 (Warrant Registers). Motion by Sotelo-Solis, seconded by Cano, to approve the Consent Calendar. Carried by unanimous vote.

CONSENT CALENDAR (cont.)

MUNICIPAL CODE 2017 (506-2-32)

4. MOTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY APPROVING THE WAIVING OF THE READING OF THE TEXT OF THE ORDINANCES CONSIDERED AT THIS MEETING AND PROVIDING THAT SUCH ORDINANCES SHALL BE INTRODUCED AND/OR ADOPTED AFTER A READING OF THE TITLE ONLY. (City Clerk)
ACTION: Approved. See above.

APPROVAL OF THE MINUTES

5. APPROVAL OF THE MINUTES OF THE REGULAR MEETINGS OF THE CITY COUNCIL AND COMMUNITY DEVELOPMENT COMMISSION - HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY OF SEPTEMBER 20, 2016 AND JANUARY 17, 2017. (City Clerk)
ACTION: Approved. See above.

FINANCIAL MANAGEMENT 2016-2017 (204-1-32)

6. Resolution No. 2017-40. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING THE APPROPRIATION OF \$110,000 IN THE PLAZA BOULEVARD WIDENING CIP EXPENDITURE ACCOUNT FROM TRANSPORTATION DEVELOPMENT IMPACT FEE (TDIF) FUND BALANCE FOR CONSTRUCTION OF THE PLAZA BOULEVARD WIDENING PROJECT. (Engineering/Public Works)
ACTION: Adopted. See above.

CONSENT CALENDAR (cont.)

CONTRACT (C2017-18)

7. Resolution No. 2017-41. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING THE CITY MANAGER TO EXECUTE A COMPENSATION AGREEMENT WITH THE AFFECTED TAXING ENTITIES PERTAINING TO THE SALE OF A 1.07-ACRE PARCEL OF VACANT LAND LOCATED AT 1640 EAST PLAZA BLVD. IN NATIONAL CITY RETAINED BY THE CITY OF NATIONAL CITY FOR FUTURE DEVELOPMENT PURSUANT TO THE REVISED LONG RANGE PROPERTY MANAGEMENT PLAN. (Housing & Economic Development)
ACTION: Adopted. See above.

EQUIPMENT / VEHICLE PURCHASE ADMIN (209-1-1)

8. Resolution No. 2017-42. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING THE ACCEPTANCE OF THE LOWEST, RESPONSIVE, RESPONSIBLE BID, FOR THE BUILD OUT OF (1) 2017 CHEVROLET SUBURBAN, FOR THE FIRE DEPARTMENT FROM JOHNSON EQUIPMENT OF PERRIS, IN THE AMOUNT OF \$32,325.40. (Finance)
ACTION: Adopted. See above.

MUNICIPAL CODE 2017 (506-2-32)

9. Resolution No. 2017-43. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY APPROVING AND AUTHORIZING THE ISSUANCE OF A WRITTEN REPORT PERTAINING TO A MORATORIUM ORDINANCE PROHIBITING THE ISSUANCE OF MASSAGE TECHNICIAN PERMITS OR LICENSES FOR A PERIOD OF 45 DAYS, AND PROHIBITING NEW MASSAGE ESTABLISHMENTS FROM LOCATING WITHIN THE CITY FOR A PERIOD OF 45 DAYS. (City Attorney)
ACTION: Adopted. See above.

GRANT / PUBLIC SAFETY (206-4-27)

10. Resolution No. 2017-44. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY RATIFYING THE ACCEPTANCE OF THE 3RD DISBURSEMENT FROM THE STATE OF CALIFORNIA AB109 GRANT FUND, ADMINISTERED THROUGH THE CITY OF SAN DIEGO IN THE AMOUNT OF \$75,208.00, AND THE ESTABLISHMENT OF A FISCAL YEAR 2017 APPROPRIATION OF \$75,208.00 AND A CORRESPONDING REVENUE BUDGET FOR MONITORING AND ASSISTING FRONTLINE LAW ENFORCEMENT IN OUR REGION WITH THE PROBLEMS ASSOCIATED WITH THE EARLY RELEASE OF NON-VIOLENT OFFENDERS FROM STATE PRISON. (Police)
ACTION: Adopted. See above.

CONSENT CALENDAR (cont.)

PARKING & TRAFFIC CONTROL ADMIN 2017 (801-2-38)

11. Resolution No. 2017-45. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING INSTALLATION OF A BLUE CURB DISABLED PERSONS PARKING SPACE WITH SIGN IN FRONT OF THE RESIDENCE AT 411 "T" AVENUE (TSC NO. 2017-07). (Engineering/Public Works)

ACTION: Adopted. See above.

PARKING & TRAFFIC CONTROL ADMIN 2017 (801-2-38)

12. Resolution No. 2017-46. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING INSTALLATION OF A BLUE CURB DISABLED PERSONS PARKING SPACE WITH SIGN IN FRONT OF THE RESIDENCE AT 1336 HARDING AVENUE (TSC NO. 2017-08). (Engineering/Public Works)

ACTION: Adopted. See above.

PARKING & TRAFFIC CONTROL ADMIN 2017 (801-2-38)

13. Resolution No. 2017-47. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING INSTALLATION OF A BLUE CURB DISABLED PERSONS PARKING SPACE WITH SIGN ON W. 18TH STREET, WEST OF THE CROSSWALK, IN FRONT OF KIMBALL ELEMENTARY SCHOOL LOCATED AT 302 WEST 18TH STREET (TSC NO. 2017-10). (Engineering/Public Works)

ACTION: Adopted. See above.

TEMPORARY USE PERMITS 2017 (203-1-33)

14. Temporary Use Permit – Halloween retail tent store hosted by Halloween Express at Westfield Plaza Bonita Mall from August 31, 2017 thru November 4, 2017 with no waiver of fees. (Neighborhood Services)

ACTION: Approved. See above.

FINANCIAL MANAGEMENT 2016-2017 (204-1-32)

15. Investment transactions for the month ended January 31, 2017. (Finance)

ACTION: Filed. See above.

WARRANT REGISTER JULY 2016 – JUNE 2017 (202-1-31)

16. Warrant Register #32 for the period of 02/01/17 through 02/07/17 in the amount of \$1,954,554.52. (Finance)

ACTION: Ratified. See above.

WARRANT REGISTER JULY 2016 – JUNE 2017 (202-1-31)

17. Warrant Register #33 for the period of 02/08/17 through 02/14/17 in the amount of \$1,740,252.31. (Finance)

ACTION: Ratified. See above.

WARRANT REGISTER JULY 2016 – JUNE 2017 (202-1-31)

18. Warrant Register #34 for the period of 02/15/17 through 02/21/17 in the amount of \$473,307.79. (Finance)

ACTION: Ratified. See above.

PUBLIC HEARINGS

TRANSPORTATION DEVELOPMENT PLANNING ADMIN (802-3-1)

19. Public Hearing of the City Council of the City of National City to consider amending the previously adopted Transportation Development Impact Fee (TDIF) schedule and annual adjustment to the TDIF, pursuant to National City Municipal Code Section 4.52.100 and consistent with Government Code Section 66017, proposing to increase the TDIF by 2%, as required by San Diego Association of Governments (SANDAG), resulting in the fee adjusting from \$2,357 per new residential dwelling unit to \$2,405 per unit beginning July 1, 2017. (Engineering/Public Works)

RECOMMENDATION: Hold Public Hearing to consider amending the previously adopted TDIF schedule and annual adjustment to the TDIF.

TESTIMONY: None.

ACTION: Motion by Sotelo-Solis, seconded by Cano, to close the Public Hearing. Carried by unanimous vote

ORDINANCES FOR ADOPTION

MUNICIPAL CODE 2017 (506-2-32)

20. Ordinance No. 2017-2434. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AMENDING TITLE 11 OF THE NATIONAL CITY MUNICIPAL CODE BY AMENDING CHAPTER 11.70 REGULATING TAXICAB AND OTHER FOR-HIRE VEHICLES THROUGH ADOPTION OF SAN DIEGO METROPOLITAN TRANSIT SYSTEM (MTS) CODIFIED ORDINANCE NO. 11. (City Attorney)

RECOMMENDATION: Adopt proposed Ordinance.

TESTIMONY: None.

ACTION: Motion by Sotelo-Solis, seconded by Mendivil, to adopt the Ordinance. Carried by unanimous vote

NON CONSENT RESOLUTIONS

TRANSPORTATION DEVELOPMENT PLANNING ADMIN (802-3-1)

21. Resolution No. 2017-48. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AMENDING THE PREVIOUSLY ADOPTED TRANSPORTATION DEVELOPMENT IMPACT FEE (TDIF) SCHEDULE AND ANNUAL ADJUSTMENT TO THE TDIF, PURSUANT TO NATIONAL CITY MUNICIPAL CODE SECTION 4.52.100 AND CONSISTENT WITH GOVERNMENT CODE SECTION 66017, APPROVING AN INCREASE IN THE TDIF BY 2%, AS REQUIRED BY SAN DIEGO ASSOCIATION OF GOVERNMENTS (SANDAG), RESULTING IN THE FEE ADJUSTING FROM \$2,357 PER NEW RESIDENTIAL DWELLING UNIT TO \$2,405 PER UNIT BEGINNING JULY 1, 2017. (Engineering/Public Works)

RECOMMENDATION: Adopt the Resolution.

TESTIMONY: Coyote Moon, National City, spoke in opposition.

ACTION: Motion by Sotelo-Solis, seconded by Cano, to adopt the Resolution. Carried by unanimous vote.

NON CONSENT RESOLUTIONS (cont.)

CONTRACT (C2017-19)

22. Resolution No. 2017-49. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, 1) AWARDING A CONTRACT TO TRI-GROUP CONSTRUCTION AND DEVELOPMENT, INC. IN THE NOT-TO-EXCEED AMOUNT OF \$915,818.00 FOR THE 18TH STREET PEDESTRIAN AND BICYCLE ENHANCEMENTS PROJECT, CIP NO. 16-10; 2) AUTHORIZING A 15% CONTINGENCY IN THE AMOUNT OF \$137,372.70 FOR ANY UNFORESEEN CHANGES; 3) AUTHORIZING THE MAYOR TO EXECUTE THE CONTRACT; AND 4) ESTABLISHING APPROPRIATION OF REVENUES AND EXPENDITURES FOR \$1,025,000.00 IN STATE ACTIVE TRANSPORTATION GRANT FUNDS FOR THE PROJECT. (Engineering/Public Works)

RECOMMENDATION: Adopt the Resolution.

TESTIMONY: None.

ACTION: Motion by Rios, seconded by Cano, to adopt the Resolution. Carried by unanimous vote

SD COUNTY WATER AUTHORITY ADMIN (907-01-12)

23. Resolution No. 2017-50. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY SUPPORTING THE SAN DIEGO COUNTY WATER AUTHORITY'S LONG TERM WATER SUPPLY PLAN AND LITIGATION AGAINST THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA. (City Manager)

RECOMMENDATION: Adopt the Resolution.

TESTIMONY: None.

ACTION: Motion by Rios, seconded by Cano, to adopt the Resolution. Carried by unanimous vote.

NEW BUSINESS

TEMPORARY USE PERMITS 2017 (203-1-33)

24. Temporary Use Permit - 9th Annual Rock the Bay Triathlon sponsored by GranFondo Cycling Tours on Sunday, September 17, 2017 from 6:30 a.m. to 10:00 a.m. with no waiver of fees. (Neighborhood Services)

RECOMMENDATION: Approve the Application for a Temporary Use Permit subject to compliance with all conditions of approval with no waiver of fees or in accordance to City Council Policy 802.

TESTIMONY: None.

ACTION: Motion by Sotelo-Solis, seconded by Cano, to approve staff recommendation. Carried by unanimous vote.

NEW BUSINESS (cont.)

STREET VACATION ADMIN 2011-2020 (902-26-6)

25. A Request to Initiate a Street Vacation of a portion of undeveloped "M" Avenue between East 16th Street and East 14th Street. (Applicant: Ralph Gonzales) (Case File No. 2017-04 SC) (Planning)

RECOMMENDATION: Staff recommends that the City Council initiate the street vacation.

TESTIMONY: None.

ACTION: Motion by Cano, seconded by Rios, to approve staff recommendation. Carried by unanimous vote.

VICE MAYOR APPOINTMENT ADMIN (101-20-1)

26. Continued discussion on establishing a policy for selection of the Vice-Mayor. (City Manager)

RECOMMENDATION: Provide direction to staff.

TESTIMONY: None.

ACTION: Motion by Morrison, seconded by Cano, to adopt a variant of Version #1 of the City of La Mesa. Carried by the following vote, to-wit: Ayes: Cano, Mendivil, Morrison. Nays: Rios, Sotelo-Solis. Abstain: None. Absent: None.

POLITICAL SUPPORT ADMIN - INITIATIVES (102-04-1)

27. City Council Discussion and Direction on Assembly Bill (AB) 805 - County of San Diego: Transportation Agencies (Gonzalez-Fletcher). (City Manager)

RECOMMENDATION: Staff recommends the City Council direct the City Manager to draft a letter expressing the City Council's concerns and opposition to Assembly Bill 805, as currently drafted.

TESTIMONY: Aida Castaneda, representing Assemblywoman Lorena Gonzalez-Fletcher read a letter from the Assemblywoman urging support for her bill, AB 805.

Carolina Martinez, representing the Environmental Health Coalition, spoke in support of AB 805.

Victoria Barba, South Bay Democratic Club, read a letter of support for AB 805.

Alicia Sanchez, National City, spoke in support of AB 805.

Carolina Rodriguez-Adjunta, representing the Climate Action Campaign, spoke in support of AB 805.

Trevor Sepulvida, spoke against the staff recommendation.

Lawrence Emerson, National City, requested delaying action and working to make AB 805 better.

Micah Mitrosky, representing IBEW 569, requested postponing action and not opposing AB 805.

Jose Rodriguez, National City, spoke in support of AB 805 and opposition to staff recommendation.

Randy VanVleck, San Diego, supports AB 805.

Andrew Mckercher, National City, spoke in support of AB 805 and delaying action on the staff recommendation.

NEW BUSINESS (cont.)

POLITICAL SUPPORT ADMIN - INITIATIVES (102-04-1)

27. **ACTION (cont.):** Motion by Sotelo-Solis, seconded by Rios, to postpone taking a vote until some of the questions raised can be addressed.

Substitute motion by Morrison, seconded by Cano, to direct the City Manager to send a letter opposing AB 805 as written unless amended in the areas of voting and leadership positions. Substitute Motion Carried by the following vote, to-wit: Ayes: Cano, Mendivil, Morrison. Nays: Sotelo-Solis. Abstain: Rios. Absent: None.

**COMMUNITY DEVELOPMENT COMMISSION –
HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY**

PUBLIC HEARINGS – HOUSING AUTHORITY

HOUSING AUTHORITY 2017 (404-1-6)

28. Public Hearing – Community Development Commission - Housing Authority of the City of National City (HACNC), Streamlined Annual Plan for Public Housing Agency (PHA) Plan for Fiscal Year 2017-2018, and authorizing submittal of the Plan to the U.S. Department of Housing and Urban Development (HUD). (Housing & Economic Development)

RECOMMENDATION: Conduct the Public Hearing.

TESTIMONY: None.

ACTION: Motion by Sotelo-Solis, seconded by Mendivil, to close the Public Hearing. Carried by unanimous vote.

NON CONSENT RESOLUTIONS – HOUSING AUTHORITY

HOUSING AUTHORITY 2017 (404-1-6)

29. Resolution No. 2017-49, RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION - HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY (HACNC), APPROVING THE STREAMLINED ANNUAL PUBLIC HOUSING AGENCY (PHA) PLAN FOR FISCAL YEAR 2017-2018, AND AUTHORIZING SUBMITTAL OF THE PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD). (Housing & Economic Development)

RECOMMENDATION: Adopt the Resolution.

TESTIMONY: None.

ACTION: Motion by Mendivil, seconded by Cano, to adopt the Resolution. Carried by unanimous vote.

NON CONSENT RESOLUTIONS – HOUSING AUTHORITY (cont.)

HOUSING AUTHORITY 2017 (404-1-6)

30. Resolution No. 2017-50. RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION - HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY (HACNC), APPROVING THE REVISIONS TO THE HOUSING CHOICE VOUCHER PROGRAM'S ADMINISTRATIVE PLAN, AND AUTHORIZING SUBMITTAL OF THE PLAN TO THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD). (Housing & Economic Development)

RECOMMENDATION: Adopt the Resolution.

TESTIMONY: None.

ACTION: Motion by Sotelo-Solis, seconded by Mendivil, to adopt the Resolution. Carried by unanimous vote.

STAFF REPORTS

City Manager Leslie Deese reported that 35 applications for tiles have been received for the Veterans Wall of Honor.

MAYOR AND CITY COUNCIL

Student Council Representative Jose Estrada provided an update on the various briefings he has had and will be having with City departments and staff; extended an invitation to Sweetwater's Cultural Fest on April 7th and extended birthday wished to Sweetwater teacher Ms. Laura Charles on her 70th Birthday.

City Treasurer Mitch Beauchamp shared his concerns about the Plaza and Palm Avenue construction project, traffic circulation issues with "M" Avenue and the potential disruption from Assembly Bill 805.

Vice Mayor Mendivil praised the recent community beautification event at the former H & M Goodies site.

Member Sotelo-Solis shared her family's fun experience at the H & M Goodies event; expressed her disappointment with the outcome of Item No. 27 and invited people to participate in the SUHI Alumni ball game.

Member Rios informed everyone that the Philips family has requested donations be made to Relay for Life in lieu of flowers for Verna Phillips.

CLOSED SESSION REPORT

Interim City Attorney George Eiser stated there was nothing to report from the Closed Session. (See attached Exhibit 'L')

ADJOURNMENT

The meeting was adjourned in honor of Verna Phillips and Rosie Hamlin.

Motion by Sotelo-Solis, seconded by Cano, to adjourn the meeting to the next Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City – Budget Workshop to be held Tuesday, April 18, 2017 at 6:00 p.m. at the Council Chambers, National City, California. Carried by unanimous vote.

The meeting closed at 9:58.

City Clerk

The foregoing minutes were approved at the Regular Meeting of December 5, 2017.

Mayor

BUDGET SCHEDULE - FISCAL YEAR 2018

Budget Workshop - April 25, 2017 - 4:00 p.m.
Budget Hearing - June 6, 2017 - 6:00 p.m.

CITY COUNCIL SUMMER LEGISLATIVE RECESS

July 4, 2017 - City Council Meeting - Dispensed With
July 18, 2017 - City Council Meeting - Dispensed With

EXHIBIT 'L'



AGENDA OF A SPECIAL MEETING

CITY COUNCIL OF THE CITY OF NATIONAL CITY

Main Conference Room
Civic Center
1243 National City Boulevard
National City, California

Special Meeting - Tuesday, April 4, 2017 – 5:00 p.m.

ROLL CALL

CITY COUNCIL

CLOSED SESSION

1. Public Employee Appointment
Title: City Attorney
Government Code Section 54957(b)(1)
2. Conference with Legal Counsel – Existing Litigation
Significant Exposure to Litigation under Paragraph (1) of Subdivision (e) of Government Code
Section 54956.9
One Potential Case

ADJOURNMENT

Next Regular City Council Meeting:
Tuesday, April 4, 2017, 6:00 p.m., Council Chambers, Civic Center

DRAFT DRAFT DRAFT
**MINUTES OF THE ADJOURNED REGULAR MEETING OF THE
CITY COUNCIL AND COMMUNITY DEVELOPMENT COMMISSION –
HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY**

FISCAL YEAR 2018 BUDGET WORKSHOP

February 28, 2017

The Adjourned Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City was called to order at 4:05 p.m. by Mayor / Chairman Ron Morrison.

ROLL CALL

Council / Board members present: Cano (4:09 pm), Mendivil, Morrison, Rios, Sotelo-Solis (4:09 pm).

Administrative Officials present: Dalla, Deese, Eiser, Manganiello, Parra, Raulston, Roberts, Rodriguez, Stevenson, Vergara, Williams, Ybarra.

PLEDGE OF ALLEGIANCE TO THE FLAG

INTRODUCTION

City Manager Leslie Deese gave an overview of the Workshop which is intended to focus on major financial and capital issues. Financial data will address long-term pension liability and other postemployment benefits (OPEB). Engineering data will support capital needs assessment. Funding options will be considered for both.

City Manager Deese said that no formal recommendation is needed from the City Council at this point in the budget process. Next steps will be to present the proposed Preliminary Budget in April with recommendations.

PRESENTATIONS

Staff Presentations were made on the below listed topics:

- Proposed 2017-2022 Strategic Plan
Staff Presenter: Deputy City Manager, Brad Raulston
- Long-Term Pension Liability
Staff Presenter: Finance Director, Mark Roberts
- CALPERS Actuarials and Associated Issues
Staff Presenter: Mary Beth Redding, VP Bartel Associates
- Capital Needs Assessment
Staff Presenter: City Engineer/Public Works Director, Steve Manganiello
- Funding Sources and Options
Staff Presenter: Financial Advisor Craig Hill, NHS Associates

NOTE: All presentation materials are attached as Exhibit "A".

PUBLIC COMMENT

Roberto Garcia, National City, repeated the concerns he expressed at the last workshop regarding the pension issue, addressing the deficit by increasing revenues and bringing in more businesses and including funding for training for city boards and commissions.

ADJOURNMENT

Motion by Mendivil, seconded by Sotelo-Solis to adjourn the meeting to the next Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City to be held Tuesday, March 7, 2017 at 6:00 p.m. at the Council Chambers, National City, California. Carried by unanimous vote.

The meeting closed at 6:12 p.m.

City Clerk

The foregoing minutes were approved at the Regular Meeting of December 5, 2017.

Mayor

DRAFT DRAFT DRAFT

**MINUTES OF THE ADJOURNED REGULAR MEETING OF THE
CITY COUNCIL AND COMMUNITY DEVELOPMENT COMMISSION
– HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY**

FISCAL YEAR 2018 BUDGET WORKSHOP

April 25, 2017

The Adjourned Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City was called to order at 4:05 p.m. by Mayor / Chairman Ron Morrison.

ROLL CALL

Council / Board members present: Cano, Mendivil, Morrison, Rios.

Council / Board members absent: Sotelo-Solis.

Administrative Officials present: Dalla, Deese, Denham, Duong, Manganiello, Parra, Pedone, Raulston, Roberts, Rodriguez, Stevenson, Vergara, Williams, Ybarra.

PLEDGE OF ALLEGIANCE TO THE FLAG

INTRODUCTION

City Manager, Leslie Deese, made the following introductory statement: "I am pleased to present to the City Council a balanced city budget. Through the General Fund this was achieved with use of a \$3.8 million dollars of un-assigned fund balance. The proposed budget recommends continuance of essential services and programs to our community, facility and fleet upgrades, Capital Improvement Projects, and contractually obligated salary and benefits to our employees. It also recommends that the City Council consider pre-funding employee pension and retirees health care obligations and continues our partnerships with our regional partners. The proposed budget does not include new staffing. It is critical that we maintain a conservative budget position until new revenue streams are identified. We are working with developers and businesses to bring current proposals to fruition as well as identifying new opportunities to further enhance our revenue stream. While the proposed budget attempts to provide something for everyone, it does not provide all that is needed or all that has been requested by departments. We are all doing more with less."

PRESENTATIONS

Staff Presentations were made by Assistant City Manager Stacey Stevenson, Finance Director Mark Roberts, Budget Analyst Ed Prendell, and City Engineer Steve Manganiello, on the below listed topics:

- General Fud Budget Summary
- Total Budget Summary
- Significant Budgetary Impacts
- Other Potential Impacts
- Capital Improvement Program

NOTE: All presentation materials are attached as Exhibit "A".

PUBLIC COMMENTS - None

CITY COUNCIL COMMENTS AND DIRECTION

Councilmember Sotelo-Solis, requested that the following written comments be read into the record in her absence: "I am in support of the following for the budget for the Fiscal year of 2018: 1) Incorporation of the hiring freeze of the four positions; 2) Creation of a pension trust, to help offset costs for pension spike; 3) Budgeting for our aquatic center at \$181,000, recognizing that we can potentially gain revenues for fee for services; 4) Using unassigned fund balance at \$4.7 million dollars; 5) Continuing to support Economic Development projects, the City's fee study, and housing revenues for future forecasting."

There was discussion on the issue of pre-funding pension benefits, funding of \$181,000 for the Aquatic Center and elimination of four vacant staff positions from the budget.

The consensus was to return with a fact sheet on the pros and cons of pre-funding for pensions and retiree health benefits and to omit a specific funding amount for the Aquatic Center until later in the process. There was no vote.

Motion by Cano, seconded by Mendivil, to reinstate the deleted position in the Mayor's Office. Motion carried by the following vote, to-wit: Ayes: Cano, Mendivil, Morrison. Nays: Rios. Abstain: None. Absent: Sotelo-Solis.

ADJOURNMENT

Motion by Mendivil, seconded by Cano, to adjourn the meeting to the next Regular Meeting of the City Council and Community Development Commission – Housing Authority of the City of National City to be held Tuesday, May 2, 2017 at 6:00 p.m. at the Council Chambers, National City, California. Carried by the following vote, to-wit: Ayes: Cano, Mendivil, Morrison, Rios. Nays: None. Abstain: None. Absent: Sotelo-Solis.

The meeting closed at 6:21 p.m.

City Clerk

The foregoing minutes were approved at the Regular Meeting of December 5, 2017.

Mayor

The following page(s) contain the backup material for Agenda Item: Resolution of the City Council of the City of National City, 1) authorizing the Mayor to execute a two-year Agreement with Geosyntec Consultants, Inc. for a not-to-exceed amount of \$500,000 to provide on-call project support services for National City's C

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.

ITEM TITLE:

Resolution of the City Council of the City of National City, 1) authorizing the Mayor to execute a two-year Agreement with Geosyntec Consultants, inc. for a not-to-exceed amount of \$500,000 to provide on-call project support services for National City's Capital Improvement Program (CIP), including, but not limited to, environmental engineering, site assessments, characterization and remediation, groundwater monitoring and reporting, and preparation of environmental studies in accordance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA); and 2) authorizing the City Manager to execute any project-specific supplemental agreements, as may be required for grant funded projects.

PREPARED BY: Stephen Manganiello

DEPARTMENT: Engineering/Public Works

PHONE: 619-336-4382

APPROVED BY:

EXPLANATION:

See attached.



FINANCIAL STATEMENT:

APPROVED: _____ **Finance**

ACCOUNT NO.

APPROVED: _____ **MIS**

Funds are appropriated in various CIP accounts for FY 2018; funding for subsequent fiscal years is dependent on future CIP appropriations as part of annual budget and/or future grant awards.

ENVIRONMENTAL REVIEW:

N/A

ORDINANCE: INTRODUCTION:

FINAL ADOPTION:

STAFF RECOMMENDATION:

Adopt Resolution executing an Agreement with Geosyntec Consultants, Inc. for a not-to-exceed amount of \$500,000 to provide on-call project support services for National City's CIP.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. Explanation
2. Agreement
3. Resolution

Explanation:

National City's Capital Improvement Program (CIP) estimates approximately \$80 million in capital needs over the next five years. Approximately \$67 million (or 84%) is available through traditional funding sources and existing grant awards. The City will need to explore alternative funding options and continue to aggressively pursue competitive grant opportunities to fund the remaining, approximately \$13 million in capital needs. Projects include, for example, corridor enhancements for traffic calming, pedestrian / bicycle safety (including Americans with Disabilities Act compliance) and smart growth redevelopment; road diets and complete streets; safe routes to school; traffic signal modifications; new street lights; sewer replacement and upsizing; storm drain improvements and implementation of Low-Impact Development (LID) measures for treatment of urban storm water runoff; drought tolerant landscaping; park amenities; and energy efficiency upgrades to City-owned buildings.

In order to successfully design, manage and construct these projects, the Engineering & Public Works Department advertised a Request for Qualifications (RFQ) for various engineering, architectural and construction support services on February 2, 2017. Additional services requested via the RFQ include, for example, plan and map reviews, preparation of plan and legal descriptions, sewer system management and financial administration, and environmental compliance involving storm water, wastewater and hazardous materials. The RFQ was advertised on the City's website, published in the San Diego Union Tribune, and e-mailed to over 100 professional consulting firms. The Department received 51 Statement of Qualifications (SOQs) from various firms by the March 6, 2017 deadline. Copies of the SOQs received are available in the Office of the City Engineer.

Based on the strength of their SOQ, interview and past performance, staff recommends executing a two-year Agreement (with the option to extend for one additional year) with Geosyntec Consultants, Inc. for a not-to-exceed amount of \$500,000 to provide on-call project support services for National City's CIP, including, but not limited to, environmental engineering, site assessments, characterization and remediation, groundwater monitoring and reporting, and preparation of environmental studies in accordance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA). See Exhibit "A" for general scope of work and Exhibit "B" for schedule of fees (to remain fixed throughout the term of the Agreement). Services will be provided "as-needed" based on available funding and capital priorities.

In addition, staff recommends authorizing the City Manager to execute any project-specific supplemental agreements, as may be required for grant funded projects. These supplemental agreements would reference the terms and conditions of the attached master on-call Agreement, while incorporating additional project-specific grant requirements for use of consultant support services. Authorization to accept and appropriate grant funds, and execute grant agreements with the awarding agency (e.g. Caltrans, SANDAG, etc.) would still require separate City Council action.

**AGREEMENT
BY AND BETWEEN
THE CITY OF NATIONAL CITY
AND
GEOSYNTEC CONSULTANTS, INC.**

THIS AGREEMENT is entered into on this 5th day of December, 2017, by and between the CITY OF NATIONAL CITY, a municipal corporation (the "CITY"), and GEOSYNTEC CONSULTANTS, INC., a corporation (the "CONSULTANT").

R E C I T A L S

WHEREAS, the CITY desires to employ a CONSULTANT to provide on-call project support services for National City's Capital Improvement Program (CIP).

WHEREAS, on February 2, 2017, the Engineering & Public Works Department advertised a Request for Qualifications (RFQ) for on-call project support services for National City's CIP;

WHEREAS, on March 6, 2017, the CONSULTANT submitted a Statement of Qualifications (SOQ) in response to the RFQ, consistent with the requirements of the RFQ;

WHEREAS, the CITY has determined that the CONSULTANT is an environmental engineering, planning and design firm; and

WHEREAS, based on evaluation of the CONSULTANT'S SOQ and interview, the CITY has determined that the CONSULTANT is qualified by experience and ability to perform the services desired by the CITY, and the CONSULTANT is willing to perform such services.

NOW, THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:

1. **ENGAGEMENT OF CONSULTANT.** The CITY agrees to engage the CONSULTANT to provide on-call project support services for National City's Capital Improvement Program (CIP), and the CONSULTANT agrees to perform the services set forth here in accordance with all terms and conditions contained herein.

The CONSULTANT represents that all services shall be performed directly by the CONSULTANT or under direct supervision of the CONSULTANT.

2. **EFFECTIVE DATE AND LENGTH OF AGREEMENT.** This Agreement will become effective on December 5, 2017. The duration of this Agreement is for the period of December 5, 2017 through December 4, 2019. This Agreement may be extended by mutual agreement upon the same terms and conditions for an additional one (1) year term. Any extension of this Agreement must be approved in writing by the City Council.

3. **SCOPE OF SERVICES.** The CONSULTANT will perform services as set forth in the attached Exhibit "A", including, but not limited to: environmental engineering, site assessments, characterization and remediation, groundwater monitoring and reporting, and preparation of environmental studies in accordance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA).

The CONSULTANT will be expected to submit proposals for individual task orders in a timely manner, consistent with the general scope of services in Exhibit "A". Task order proposals shall include a detailed scope of work, schedule of deliverables and "not-to-exceed" cost estimate. The Project Coordinator will issue a Notice to Proceed upon approval of each individual task order. After issuance of a Notice to Proceed for each individual task order, the CONSULTANT will only receive compensation for actual work performed, on a time and materials basis, consistent with the detailed scope of work and within the limits of the "not-to-exceed" cost estimate.

The CONSULTANT shall be responsible for all research and reviews related to the work and shall not rely on personnel of the CITY for such services, except as authorized in advance by the CITY.

The CITY may unilaterally, or upon request from the CONSULTANT, from time to time reduce or increase the Scope of Services to be performed by the CONSULTANT under this Agreement. Upon doing so, the CITY and the CONSULTANT agree to meet in good faith and confer for the purpose of negotiating a corresponding reduction or increase in the compensation associated with said change in services.

4. **PROJECT COORDINATION AND SUPERVISION.** Stephen Manganiello, Director of Public Works/City Engineer, hereby is designated as the Project Coordinator for the CITY and will monitor the progress and execution of this Agreement. The CONSULTANT shall assign a single Project Director to provide supervision and have overall responsibility for the progress and execution of this Agreement for the CONSULTANT. Veryl Wittig, PG, thereby is designated as the Project Director for the CONSULTANT.

5. **COMPENSATION AND PAYMENT.** The compensation for the CONSULTANT shall be based on monthly billings covering actual work performed. Billings shall include labor classifications, respective rates, hours worked and also materials, if any. The total cost for all work described in Exhibit "A" shall not exceed \$500,000. The compensation for the CONSULTANT'S work shall not exceed the rates set forth in Exhibit "B". The CITY will not accept CONSULTANT "mark-ups" for services provided by SUBCONSULTANTS. Monthly invoices will be processed for payment and remitted within thirty (30) days from receipt of invoice, provided that work is accomplished consistent with the general scope of services in Exhibit "A", and the detailed scope of work and schedule of deliverables provided for individual task orders, as determined by the Project Coordinator.

The CONSULTANT shall maintain all books, documents, papers, employee time sheets, accounting records, and other evidence pertaining to costs incurred, and shall make such materials available at its office at all reasonable times during the term of this Agreement and for three (3) years from the date of final payment under this Agreement, for inspection by the CITY, and for furnishing of copies to the CITY, if requested.

6. **ACCEPTABILITY OF WORK.** The CITY shall decide any and all questions which may arise as to the quality or acceptability of the services performed and the manner of performance, the acceptable completion of this Agreement, and the amount of compensation due. In the event the CONSULTANT and the CITY cannot agree to the quality or acceptability of the work, the manner of performance and/or the compensation payable to the CONSULTANT in this Agreement, the CITY or the CONSULTANT shall give to the other written notice. Within ten (10) business days, the CONSULTANT and the CITY shall each prepare a report which supports their position and file the same with the other party. The CITY shall, with reasonable diligence, determine the quality or acceptability of the work, the manner of performance and/or the compensation payable to the CONSULTANT.

7. **DISPOSITION AND OWNERSHIP OF DOCUMENTS.** The Memoranda, Reports, Maps, Drawings, Plans, Specifications, and other documents prepared by the CONSULTANT for this project, whether paper or electronic, shall become the property of the CITY for use with respect to this project, and shall be turned over to the CITY upon completion of the project, or any phase thereof, as contemplated by this Agreement.

Contemporaneously with the transfer of documents, the CONSULTANT hereby assigns to the CITY, and CONSULTANT thereby expressly waives and disclaims any copyright in, and the right to reproduce, all written material, drawings, plans, specifications, or other work prepared under this Agreement, except upon the CITY'S prior authorization regarding reproduction, which authorization shall not be unreasonably withheld. The CONSULTANT shall, upon request of the CITY, execute any further document(s) necessary to further effectuate this waiver and disclaimer.

The CONSULTANT agrees that the CITY may use, reuse, alter, reproduce, modify, assign, transfer, or in any other way, medium, or method utilize the CONSULTANT'S written work product for the CITY'S purposes, and the CONSULTANT expressly waives and disclaims any residual rights granted to it by Civil Code Sections 980 through 989 relating to intellectual property and artistic works.

Any modification or reuse by the CITY of documents, drawings, or specifications prepared by the CONSULTANT shall relieve the CONSULTANT from liability under Section 14, but only with respect to the effect of the modification or reuse by the CITY, or for any liability to the CITY should the documents be used by the CITY for some project other than what was expressly agreed upon within the Scope of Services of this project, unless otherwise mutually agreed.

8. **INDEPENDENT CONTRACTOR.** Both parties hereto in the performance of this Agreement will be acting in an independent capacity and not as agents, employees, partners, or joint venturers with one another. Neither the CONSULTANT nor the CONSULTANT'S employees are employees of the CITY, and are not entitled to any of the rights, benefits, or privileges of the CITY'S employees, including but not limited to retirement, medical, unemployment, or workers' compensation insurance.

This Agreement contemplates the personal services of the CONSULTANT and the CONSULTANT'S employees, and it is recognized by the parties that a substantial inducement to the CITY for entering into this Agreement was, and is, the professional reputation and competence of the CONSULTANT and its employees. Neither this Agreement nor any interest herein may be assigned by the CONSULTANT without the prior written consent of the

CITY. Nothing herein contained is intended to prevent the CONSULTANT from employing or hiring as many employees, or SUBCONSULTANTS, as the CONSULTANT may deem necessary for the proper and efficient performance of this Agreement. All agreements by CONSULTANT with its SUBCONSULTANT(S) shall require the SUBCONSULTANT(S) to adhere to the applicable terms of this Agreement.

9. **CONTROL.** Neither the CITY nor its officers, agents, or employees shall have any control over the conduct of the CONSULTANT or any of the CONSULTANT'S employees, except as herein set forth, and the CONSULTANT or the CONSULTANT'S agents, servants, or employees are not in any manner agents, servants, or employees of the CITY, it being understood that the CONSULTANT its agents, servants, and employees are as to the CITY wholly independent CONSULTANT, and that the CONSULTANT'S obligations to the CITY are solely such as are prescribed by this Agreement.

10. **COMPLIANCE WITH APPLICABLE LAW.** The CONSULTANT, in the performance of the services to be provided herein, shall comply with all applicable state and federal statutes and regulations, and all applicable ordinances, rules, and regulations of the City of National City, whether now in force or subsequently enacted. The CONSULTANT and each of its SUBCONSULTANT(S), shall obtain and maintain a current City of National City business license prior to and during performance of any work pursuant to this Agreement.

11. **LICENSES, PERMITS, ETC.** The CONSULTANT represents and covenants that it has all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession. The CONSULTANT represents and covenants that the CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, or approval which is legally required for the CONSULTANT to practice its profession.

12. **STANDARD OF CARE.**

A. The CONSULTANT, in performing any services under this Agreement, shall perform in a manner consistent with that level of care and skill ordinarily exercised by members of the CONSULTANT'S trade or profession currently practicing under similar conditions and in similar locations. The CONSULTANT shall take all special precautions necessary to protect the CONSULTANT'S employees and members of the public from risk of harm arising out of the nature of the work and/or the conditions of the work site.

B. Unless disclosed in writing prior to the date of this Agreement, the CONSULTANT warrants to the CITY that it is not now, nor has it for the five (5) years preceding, been debarred by a governmental agency or involved in debarment, arbitration or litigation proceedings concerning the CONSULTANT'S professional performance or the furnishing of materials or services relating thereto.

C. The CONSULTANT is responsible for identifying any unique products, treatments, processes or materials whose availability is critical to the success of the project the CONSULTANT has been retained to perform, within the time requirements of the CITY, or, when no time is specified, then within a commercially reasonable time. Accordingly, unless the CONSULTANT has notified the CITY otherwise, the CONSULTANT warrants that all products, materials, processes or treatments identified in the project documents prepared for the CITY are reasonably commercially available. Any failure by the CONSULTANT to use due

diligence under this sub-section will render the CONSULTANT liable to the CITY for any increased costs that result from the CITY'S later inability to obtain the specified items or any reasonable substitute within a price range that allows for project completion in the time frame specified or, when not specified, then within a commercially reasonable time.

13. **NON-DISCRIMINATION PROVISIONS.** The CONSULTANT shall not discriminate against any employee or applicant for employment because of age, race, color, ancestry, religion, sex, sexual orientation, marital status, national origin, physical handicap, or medical condition. The CONSULTANT will take positive action to insure that applicants are employed without regard to their age, race, color, ancestry, religion, sex, sexual orientation, marital status, national origin, physical handicap, or medical condition. Such action shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. The CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by the CITY setting forth the provisions of this non-discrimination clause.

14. **CONFIDENTIAL INFORMATION.** The CITY may from time to time communicate to the CONSULTANT certain confidential information to enable the CONSULTANT to effectively perform the services to be provided herein. The CONSULTANT shall treat all such information as confidential and shall not disclose any part thereof without the prior written consent of the CITY. The CONSULTANT shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services to be provided herein. The foregoing obligation of this Section 14, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information; (ii) is, through no fault of the CONSULTANT, hereafter disclosed in publicly available sources of information; (iii) is already in the possession of the CONSULTANT without any obligation of confidentiality; or (iv) has been or is hereafter rightfully disclosed to the CONSULTANT by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

The CONSULTANT shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this Agreement without the prior written consent of the CITY. In its performance hereunder, the CONSULTANT shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

CONSULTANT shall be liable to CITY for any damages caused by breach of this condition, pursuant to the provisions of Section 15.

15. **INDEMNIFICATION AND HOLD HARMLESS.** The CONSULTANT agrees to defend, indemnify, and hold harmless the City of National City, its officers, officials, agents, employees, and volunteers against and from any and all liability, loss, damages to property, injuries to, or death of any person or persons, and all claims, demands, suits, actions, proceedings, reasonable attorneys' fees, and defense costs, of any kind or nature, including workers' compensation claims, of or by anyone whomsoever, resulting from or arising out of the CONSULTANT'S negligent performance of this Agreement. CITY will cooperate reasonably in

the defense of any action, and CONSULTANT shall employ competent counsel, reasonably acceptable to the City Attorney.

The indemnity, defense and hold harmless obligations contained herein shall survive the termination of this Agreement for any alleged or actual omission, act, or negligence under this Agreement that occurred during the term of this Agreement.

16. **WORKERS' COMPENSATION.** The CONSULTANT shall comply with all of the provisions of the Workers' Compensation Insurance and Safety Acts of the State of California, the applicable provisions of Division 4 and 5 of the California Labor Code and all amendments thereto; and all similar State or federal acts or laws applicable; and shall indemnify, and hold harmless the CITY and its officers, employees, and volunteers from and against all claims, demands, payments, suits, actions, proceedings, and judgments of every nature and description, including reasonable attorney's fees and defense costs presented, brought or recovered against the CITY or its officers, employees, or volunteers, for or on account of any liability under any of said acts which may be incurred by reason of any work to be performed by the CONSULTANT under this Agreement.

17. **INSURANCE.** The CONSULTANT, at its sole cost and expense, shall purchase and maintain, and shall require its SUBCONSULTANT(S), when applicable, to purchase and maintain throughout the term of this Agreement, the following insurance policies:

A. If checked, **Professional Liability Insurance** (errors and omissions) with minimum limits of \$1,000,000 per occurrence.

B. **Automobile Insurance** covering all bodily injury and property damage incurred during the performance of this Agreement, with a minimum coverage of \$1,000,000 combined single limit per accident. Such automobile insurance shall include owned, non-owned, and hired vehicles ("any auto"). The policy shall name the CITY and its officers, agents, employees, and volunteers as additional insureds, and a separate additional insured endorsement shall be provided.

C. **Commercial General Liability Insurance**, with minimum limits of either \$2,000,000 per occurrence and \$4,000,000 aggregate, or \$1,000,000 per occurrence and \$2,000,000 aggregate with a \$2,000,000 umbrella policy, covering all bodily injury and property damage arising out of its operations, work, or performance under this Agreement. The policy shall name the CITY and its officers, agents, employees, and volunteers as additional insureds, and a separate additional insured endorsement shall be provided. The general aggregate limit must apply solely to this "project" or "location". The "project" or "location" should be noted with specificity on an endorsement that shall be incorporated into the policy.

D. **Workers' Compensation Insurance** in an amount sufficient to meet statutory requirements covering all of CONSULTANT'S employees and employers' liability insurance with limits of at least \$1,000,000 per accident. In addition, the policy shall be endorsed with a waiver of subrogation in favor of the CITY. Said endorsement shall be provided prior to commencement of work under this Agreement.

If CONSULTANT has no employees subject to the California Workers' Compensation and Labor laws, CONSULTANT shall execute a Declaration to that effect. Said Declaration shall be provided to CONSULTANT by CITY.

E. The aforesaid policies shall constitute primary insurance as to the CITY, its officers, officials, employees, and volunteers, so that any other policies held by the CITY

shall not contribute to any loss under said insurance. Said policies shall provide for thirty (30) days prior written notice to the CITY's Risk Manager, at the address listed in subsection G below, of cancellation.

F. If required insurance coverage is provided on a "claims made" rather than "occurrence" form, the CONSULTANT shall maintain such insurance coverage for three years after expiration of the term (and any extensions) of this Agreement. In addition, the "retro" date must be on or before the date of this Agreement.

G. The Certificate Holder for all policies of insurance required by this Section shall be:

City of National City
c/o Risk Manager
1243 National City Boulevard
National City, CA 91950-4397

H. Insurance shall be written with only insurers authorized to conduct business in California that hold a current policy holder's alphabetic and financial size category rating of not less than A:VII according to the current Best's Key Rating Guide, or a company of equal financial stability that is approved by the CITY'S Risk Manager. In the event coverage is provided by non-admitted "surplus lines" carriers, they must be included on the most recent California List of Eligible Surplus Lines Insurers (LESLI list) and otherwise meet rating requirements.

I. This Agreement shall not take effect until certificate(s) or other sufficient proof that these insurance provisions have been complied with, are filed with and approved by the CITY'S Risk Manager. If the CONSULTANT does not keep all of such insurance policies in full force and effect at all times during the terms of this Agreement, the CITY may elect to treat the failure to maintain the requisite insurance as a breach of this Agreement and terminate the Agreement as provided herein.

J. All deductibles and self-insured retentions in excess of \$10,000 must be disclosed to and approved by the CITY.

K. If the CONSULTANT maintains broader coverage or higher limits (or both) than the minimum limits shown above, the CITY requires and shall be entitled to the broader coverage or higher limits (or both) maintained by the CONSULTANT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the CITY.

18. **LEGAL FEES.** If any party brings a suit or action against the other party arising from any breach of any of the covenants or agreements or any inaccuracies in any of the representations and warranties on the part of the other party arising out of this Agreement, then in that event, the prevailing party in such action or dispute, whether by final judgment or out-of-court settlement, shall be entitled to have and recover of and from the other party all costs and expenses of suit, including attorneys' fees.

For purposes of determining who is to be considered the prevailing party, it is stipulated that attorney's fees incurred in the prosecution or defense of the action or suit shall not be considered in determining the amount of the judgment or award. Attorney's fees to the prevailing party if other than the CITY shall, in addition, be limited to the amount of attorney's

fees incurred by the CITY in its prosecution or defense of the action, irrespective of the actual amount of attorney's fees incurred by the prevailing party.

19. **TERMINATION.**

A. This Agreement may be terminated with or without cause by the CITY. Termination without cause shall be effective only upon 60-day's written notice to the CONSULTANT. During said 60-day period the CONSULTANT shall perform all services in accordance with this Agreement.

B. This Agreement may also be terminated immediately by the CITY for cause in the event of a material breach of this Agreement, misrepresentation by the CONSULTANT in connection with the formation of this Agreement or the performance of services, or the failure to perform services as directed by the CITY.

C. Termination with or without cause shall be effected by delivery of written Notice of Termination to the CONSULTANT as provided for herein.

D. In the event of termination, all finished or unfinished Memoranda Reports, Maps, Drawings, Plans, Specifications and other documents prepared by the CONSULTANT, whether paper or electronic, shall immediately become the property of and be delivered to the CITY, and the CONSULTANT shall be entitled to receive just and equitable compensation for any work satisfactorily completed on such documents and other materials up to the effective date of the Notice of Termination, not to exceed the amounts payable hereunder, and less any damages caused the CITY by the CONSULTANT'S breach, if any. Thereafter, ownership of said written material shall vest in the CITY all rights set forth in Section 7.

E. The CITY further reserves the right to immediately terminate this Agreement upon: (1) the filing of a petition in bankruptcy affecting the CONSULTANT; (2) a reorganization of the CONSULTANT for the benefit of creditors; or (3) a business reorganization, change in business name or change in business status of the CONSULTANT.

20. **NOTICES.** All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered; or sent by overnight mail (Federal Express or the like); or sent by registered or certified mail, postage prepaid, return receipt requested; or sent by ordinary mail, postage prepaid; or telegraphed or cabled; or delivered or sent by telex, telecopy, facsimile or fax; and shall be deemed received upon the earlier of (i) if personally delivered, the date of delivery to the address of the person to receive such notice, (ii) if sent by overnight mail, the business day following its deposit in such overnight mail facility, (iii) if mailed by registered, certified or ordinary mail, five (5) days (ten (10) days if the address is outside the State of California) after the date of deposit in a post office, mailbox, mail chute, or other like facility regularly maintained by the United States Postal Service, (iv) if given by telegraph or cable, when delivered to the telegraph company with charges prepaid, or (v) if given by telex, telecopy, facsimile or fax, when sent. Any notice, request, demand, direction or other communication delivered or sent as specified above shall be directed to the following persons:

To CITY: Stephen Manganiello
Director of Public Works/City Engineer
City of National City
Engineering & Public Works Department
1243 National City Boulevard
National City, CA 91950-4397

To CONSULTANT:
Veryl Wittig, PG
Project Director
Geosyntec Consultants, Inc.
16644 West Bernardo Dr., Suite 301
San Diego, CA 92127

Notice of change of address shall be given by written notice in the manner specified in this Section. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to constitute receipt of the notice, demand, request or communication sent. Any notice, request, demand, direction or other communication sent by cable, telex, telecopy, facsimile or fax must be confirmed within forty-eight (48) hours by letter mailed or delivered as specified in this Section.

21. **CONFLICT OF INTEREST AND POLITICAL REFORM ACT OBLIGATIONS.** During the term of this Agreement, the CONSULTANT shall not perform services of any kind for any person or entity whose interests conflict in any way with those of the City of National City. The CONSULTANT also agrees not to specify any product, treatment, process or material for the project in which the CONSULTANT has a material financial interest, either direct or indirect, without first notifying the CITY of that fact. The CONSULTANT shall at all times comply with the terms of the Political Reform Act and the National City Conflict of Interest Code. The CONSULTANT shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before the CITY in which the CONSULTANT has a financial interest as defined in Government Code Section 87103. The CONSULTANT represents that it has no knowledge of any financial interests that would require it to disqualify itself from any matter on which it might perform services for the CITY.

If checked, the CONSULTANT shall comply with all of the reporting requirements of the Political Reform Act and the National City Conflict of Interest Code. Specifically, the CONSULTANT shall file a Statement of Economic Interests with the City Clerk of the City of National City in a timely manner on forms which the CONSULTANT shall obtain from the City Clerk.

The CONSULTANT shall be strictly liable to the CITY for all damages, costs or expenses the CITY may suffer by virtue of any violation of this Section 21 by the CONSULTANT.

22. **PREVAILING WAGES.** State prevailing wage rates may apply to work performed under this Agreement. State prevailing wages rates apply to all public works contracts as set forth in California Labor Code, including but not limited to, Sections 1720, 1720.2, 1720.3, 1720.4, and 1771. Consultant is solely responsible to determine if State prevailing wage rates

apply and, if applicable, pay such rates in accordance with all laws, ordinances, rules, and regulations.

23. **MISCELLANEOUS PROVISIONS.**

A. *Computation of Time Periods.* If any date or time period provided for in this Agreement is or ends on a Saturday, Sunday or federal, state or legal holiday, then such date shall automatically be extended until 5:00 p.m. Pacific Time of the next day which is not a Saturday, Sunday or federal, state, or legal holiday.

B. *Counterparts.* This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute but one and the same instrument.

C. *Captions.* Any captions to, or headings of, the sections or subsections of this Agreement are solely for the convenience of the parties hereto, are not a part of this Agreement, and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

D. *No Obligations to Third Parties.* Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, or obligate any of the parties hereto, to any person or entity other than the parties hereto.

E. *Exhibits and Schedules.* The Exhibits and Schedules attached hereto are hereby incorporated herein by this reference for all purposes. To the extent any exhibits, schedules, or provisions thereof conflict or are inconsistent with the terms and conditions contained in this Agreement, the terms and conditions of this Agreement shall control.

F. *Amendment to this Agreement.* The terms of this Agreement may not be modified or amended except by an instrument in writing executed by each of the parties hereto.

G. *Waiver.* The waiver or failure to enforce any provision of this Agreement shall not operate as a waiver of any future breach of any such provision or any other provision hereof.

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

I. *Audit.* If this Agreement exceeds ten-thousand dollars (\$10,000), the parties shall be subject to the examination and audit of the State Auditor for a period of three (3) years after final payment under the Agreement, per Government Code Section 8546.7.

J. *Entire Agreement.* This Agreement supersedes any prior agreements, negotiations and communications, oral or written, and contains the entire agreement between the parties as to the subject matter hereof. No subsequent agreement, representation, or promise made by either party hereto, or by or to an employee, officer, agent or representative of any party hereto shall be of any effect unless it is in writing and executed by the party to be bound thereby.

K. *Successors and Assigns.* This Agreement shall be binding upon and shall inure to the benefit of the successors and assigns of the parties hereto.

L. *Subcontractors or Subconsultants.* The CITY is engaging the services of the CONSULTANT identified in this Agreement. The CONSULTANT shall not subcontract any portion of the work, unless such subcontracting was part of the original proposal or is allowed by the CITY in writing. In the event any portion of the work under this Agreement is subcontracted, the subconsultant(s) shall be required to comply with and agree to, for the benefit of and in favor of the CITY, both the insurance provisions in Section 17 and the indemnification and hold harmless provision of Section 15 of this Agreement.


M. *Construction.* The parties acknowledge and agree that (i) each party is of equal bargaining strength, (ii) each party has actively participated in the drafting, preparation and negotiation of this Agreement, (iii) each such party has consulted with or has had the opportunity to consult with its own, independent counsel and such other professional advisors as such party has deemed appropriate, relative to any and all matters contemplated under this Agreement, (iv) each party and such party's counsel and advisors have reviewed this Agreement, (v) each party has agreed to enter into this Agreement following such review and the rendering of such advice, and (vi) any rule or construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement, or any portions hereof, or any amendments hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date and year first above written.


CITY OF NATIONAL CITY

GEOSYNTEC CONSULTANTS, INC.

By: _____
Ron Morrison, Mayor

By: 
Sam Williams
Vice President

APPROVED AS TO FORM:
Angil P. Morris-Jones
City Attorney

By: 
Thierry Sanglerat
Executive Vice President

By: _____
Roberto M. Contreras
Deputy City Attorney

6 March 2017

Stephen Manganiello, Director of Public Works/City Engineer
City of National City
Department of Engineering & Public Works
1243 National City Boulevard
National City, CA 91950

Subject: Environmental CIP Support that Yields Expertise and Innovation with the Added Benefit of Staff Continuity

Re: Statement of Qualifications for On Call Project Support Services for the City of National City

Dear Mr. Manganiello:

In response to your Request for Qualifications (RFQ) referenced above, Geosyntec Consultants, Inc. (Geosyntec) is pleased to offer specialized professional services to the City of National City (the City) in the following discipline: **Environmental Engineering, Planning and Design.**

Our Statement of Qualifications (SOQ), which fully conforms to your RFQ, describes Geosyntec's expertise, specific project experience in National City, quality of client service, local knowledge and industry leadership that we bring. We understand that direct and relevant experience such as ours, quality of service, and understanding of the unique technical challenges relevant to the City and the CIP are of paramount importance. Working with a consultant team that knows and understands the City and its environmental challenges stands to benefit the progress of CIP implementation. Toward that end, we look forward to continuing to work on behalf of National City by serving the needs of City staff through analysis of project challenges and implementation of innovative solutions.

Geosyntec has reviewed, understands, and is uniquely qualified to implement the Environmental Engineering, Planning & Design scope of services described in the RFQ. We are confident that Geosyntec fully meets and exceeds the City's selection criteria for performing Site Assessment and Characterization, Water Resources, CEQA/NEPA, and Remediation specialties.

Geosyntec has been providing a comprehensive and cost-effective range of environmental engineering services to the City since 2007, and we have a strong track record managing and performing similar as-needed contracts for municipal agencies and public utilities in San Diego County and throughout Southern California. The depth and breadth of our locally-based experience will be valuable in continuing to provide exceptional service and responsiveness, and streamlining project execution and supporting City staff. We will staff this project out of our two fully self-supported offices in San Diego (Rancho Bernardo and a Central San Diego office) with our Central San Diego location serving as the project office. Geosyntec's San Diego operations are currently staffed with more than 65 professionals and technical support staff with specific expertise to serve the City's needs. Additionally, Rocks Biological Consulting and Tri-County Drilling, locally-based DBE-certified firms that specializes in environmental studies, augments the expert capabilities of the Geosyntec Team.

Mr. Veryl Wittig, who has managed many local environmental programs including our contract with the City's former Community Development Commission (CDC) and Successor Agency, will serve as the Project Director and oversee this contract. Chris Lieder who has managed several key projects for National City will be your Project Manager responsible for project delivery with excellent schedule and budget control. Chris will continue to be supported by the same qualified and experienced team of engineers, geologists, environmental specialists and support staff that has served the City since 2007. Geosyntec affirms that the staff comprising the Project Team will be available and dedicated to the City as needed; and there will be no substitutions of personnel without the approval of the City.

We look forward to continuing to deliver environmental engineering excellence as your partner and consultant. Please contact us for any additional information.

Sincerely,



Veryl Wittig, PG, CHG
Project Director
VWittig@Geosyntec.com
(858) 716-2903



Christopher Lieder, PG
Project Manager
CLieder@Geosyntec.com
(858) 716-2914

2. EXECUTIVE SUMMARY

The City of National City (the "City") seeks on-call multi-disciplinary professional services in support of its Capital Improvement Program (CIP). Geosyntec is highly qualified, well-suited, and eager to continue to support the City by delivering comprehensive and cost-effective environmental engineering services. Utilizing our expert resources in concert with our proven performance for the City over the past decade, Geosyntec will continue to deliver superior program outcomes over the two-year contract. We hereby express our strong interest in helping the City achieve environmental quality goals and comply with expanding regulatory requirements, and respectfully present our expert qualifications that meet/exceed City requirements.

Geosyntec has more than 65 locally-based professionals and technical support staff to provide the City with expertise specifically related to **Environmental Planning, Design & Engineering**. These services include characterization and remediation of contaminated properties; groundwater monitoring and reporting; human and ecological risk assessments; environmental studies in accordance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA); and water resources services including Stormwater Quality Management Plans (SWQMPs), Stormwater Pollution Prevention Plans (SWPPPs), Best Management Practices (BMPs) manuals, and Low Impact Development (LID).

Geosyntec's proven performance and in-depth working knowledge of the local environment assures excellent quality and responsive service to National City.

MULTI-FACETED STRENGTHS WILL SUPPORT NATIONAL CITY IN ENVIRONMENTAL PLANNING, DESIGN & ENGINEERING

Geosyntec's key environmental planning, design and engineering strengths for this contract include:

- Demonstrated understanding and familiarity with City needs, issues and procedures gained from ongoing work as your environmental consultant for the present contract period
- Local presence and professional service from two offices in Rancho Bernardo and Mission Valley assures quick access to your sites by our project team members
- Knowledge of subsurface and surface conditions throughout the City's jurisdiction, and thorough understanding of complex regional/local geologic and hydrogeologic conditions
- Proven local experience at 10 redevelopment sites in National City
- Expertise in environmental engineering capabilities that support CIP programs
- Successful as-needed contract execution
- Knowledge of upcoming regulatory changes
- Environmental compliance expertise
- Exemplary stormwater technical leadership on national and regional levels
- 100+ years of combined environmental consulting experience on pertinent local issues
- Knowledge of local, state and national regulations, engineering standards, and guidance documents

SUCCESSFULLY SERVING AS CONSULTANT AND PARTNER TO THE CITY

Geosyntec has been providing a comprehensive and cost-effective range of environmental engineering services to the City since 2007, and we look forward to continue serving the City over the next two years on an as-needed basis. At Geosyntec, we understand the business of city government and the daily demands of strict accountability, tight budgets and deadlines, and answering to a diverse range of customers – who are also constituents. We have served municipalities and various agencies throughout the United States since our founding in 1983, providing services in environmental consulting, natural resources management, engineering design and construction management. Our proven experience enables us to become an integral part of the City's team and to enable you to address today's challenges.

Our dedicated **National City Team** of Geosyntec professionals investigate, design and implement practical, often innovative solutions that help meet management objectives as well as resolve site-specific technical challenges. Our team is committed to providing these project services on a timely basis, allowing the City to function uninterrupted as it serves residents and businesses. We can expedite a project to alleviate imminent concerns or, conversely, perform a project in phases to meet the annual limitations of a **capital improvement program**. We can help identify funding mechanisms and secure grants to provide needed capital for projects. Geosyntec is accustomed to operating in accord with the contracting and reporting requirements of local governments, and we routinely help clients meet their management goals in areas such as minority or disadvantaged business utilization and local subcontracting. Our practitioners are also skilled in supporting community efforts. For example, we provide technical information to stakeholders and public interest groups in everyday language and host public meetings that promote understanding and teamwork.

BUILDING ON CURRENT AND PREVIOUS WORK IN NATIONAL CITY



Geosyntec has significant experience providing engineering and environmental services in National City as shown on the map above.

STAFF QUALIFICATIONS AND LICENSING

Geosyntec offers the City a focused group of expert and experienced professional and technical staff with decades of specialized environmental and engineering experience in San Diego County. We offer the City staff continuity and a project team that will continue to provide quality, as-needed services as we have in support of City projects over the past 10 years. Our Project Director, Veryl Wittig, our Project Manager, Christopher Lieder, and key staff have the necessary licenses and certifications and direct and relevant experience managing and performing projects in National City. Our team organization, staffing plan and staff qualifications with licensing information are presented in Section 4. Detailed resumes for selected staff are presented in the Appendix.

We are known for our innovative approaches, exceptional responsiveness, specialized experience, and superior program and project outcomes.

3. CONTACT INFORMATION

- a. **Legal Name and Address:** GEOSYNTEC CONSULTANTS, INC.
900 Broken Sound Parkway NW, Suite 200, Boca Raton, FL 33487
- b. **Organization Structure:** Corporation
- c. **Addresses of Geosyntec Offices working on the project:**
16644 West Bernardo Drive, Suite 301, San Diego, CA 92127
2355 Northside Drive, San Diego, CA 92108
- d. **Authorized Representative to respond to this proposal:**
Veryl Wittig, PG, CHG, Senior Principal and Project Director
16644 West Bernardo Drive, Suite 301
San Diego, CA 92127
Office: 858.674.6559; Mobile: 619.884.6552; VWittig@Geosyntec.com

FIRM OVERVIEW



Geosyntec is a highly respected, **top-tier geo-environmental consulting and engineering firm** that works with private and public sector clients to address complex problems involving the environment, natural resources, and civil infrastructure. Established in 1983 as an employee-owned firm, Geosyntec focuses on bringing value to clients through technical innovation and reliable project execution. Our practice is centered on projects involving environmental investigation and remediation; groundwater and natural resource assessment and restoration; and engineering and design for environmental, water resources and geotechnical infrastructure.

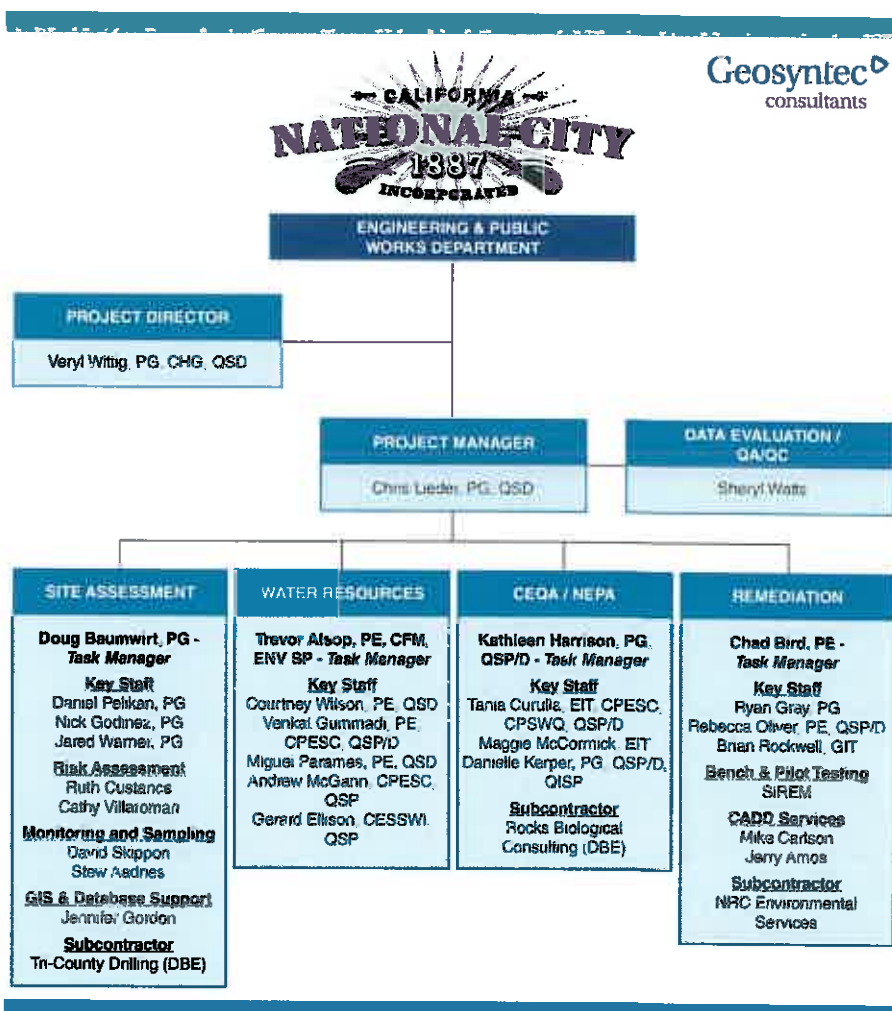
Our two offices within the City of San Diego are staffed with more than **65 locally-based professionals** specializing in hydrogeology, hydrology, water resources, environmental and geotechnical engineering, data management and visualization, and construction management. **enable us to be**

extremely responsive to the City's needs. Outside San Diego, Geosyntec staff comprises over 1,200 engineers, scientists, and related support staff located in more than 80 offices throughout the U.S. and select international locations. Geosyntec is entirely employee-owned and operated, and is routinely recognized for technology leadership, exceptional client service and project excellence.

4. TEAM ORGANIZATION AND KEY PERSONNEL

Geosyntec will provide the best-in-class environmental services capabilities to National City with a cohesive project team that has successfully completed environmental engineering projects on behalf of the City since 2007, and throughout San Diego County since we established our first local office in 1998. This expert team of more than 65 locally-based staff brings exceptional depth and range of experience. Our team leaders have more than 100 years of combined relevant experience; their exemplary qualifications and those of our project support staff are summarized on the following pages. Detailed resumes of selected key staff are presented in the Appendix.

As Project Director, Veryl Wittig will continue to lead our team and be in charge of approving submittals and coordinating our work with the City and other agencies. He will work closely with our Task Managers for Site Assessment and Characterization, Remediation, Water Resources, CEQA/NEPA, and our QA/QC Advisor. Veryl will utilize and manage technical resources within Geosyntec on an as-needed basis to execute the project objectives in the most effective and cost-efficient way. We will supplement additional technical staffing needs by drawing upon



more than 140 regionally-based Geosyntec engineers, geologists, environmental scientists, technicians, and project support personnel.

Geosyntec commits the project team as presented to National City for the duration of the contract. We understand no changes to the composition of the team will be allowed without written approval of the City. Our staffing plan with project roles and reporting relationships specific to the Scope of Services for Environmental Engineering is represented in the Team Organization Chart shown on the previous page.

EXHIBIT "B"

**GEOSYNTEC CONSULTANTS
RATE SCHEDULE FOR
CITY OF NATIONAL CITY, DEPARTMENT OF PUBLIC WORKS
(Updated 10 November 2017)**

<u>Engineer/Scientist</u>	<u>Rate/Hour</u>
Staff Professional	\$114
Senior Staff Professional	\$131
Professional	\$144
Project Professional	\$163
Senior Professional	\$184
Principal (formerly Associate)	\$206
Senior Principal (formerly Principal)	\$236
 <u>Field Services</u>	
Engineering Technician	\$ 76
Senior Engineering Technician	\$ 86
Field Manager	\$ 92
Site Manager	\$ 97
Field Superintendent	\$ 103
 <u>Design, Graphical, and Administrative Services</u>	
Senior Drafter/Senior CADD Operator	\$122
Drafter/CADD Operator/Artist	\$108
Admin Assistant/Tech Word Processor	\$ 66
Clerical	\$ 51
 <u>General</u>	
Direct Expenses	Cost plus 0%
Subconsultant Services	Cost plus 0%
Subcontract Services	Cost plus 10%
Specialized Computer Applications (per hour)	\$ 10
Personal Automobile (per mile)	Current IRS Rate

Rates are provided on a confidential basis and are client and project specific.
Unless otherwise agreed, these rates will remain in effect for the term of the Agreement (up to 3 years).
Rates for field equipment, health and safety equipment, and graphical supplies presented upon request.

RESOLUTION NO. 2017 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AUTHORIZING THE MAYOR TO EXECUTE A TWO-YEAR AGREEMENT WITH GEOSYNTEC CONSULTANTS, INC., FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$500,000 TO PROVIDE ON-CALL PROJECT SUPPORT SERVICES FOR NATIONAL CITY'S CAPITAL IMPROVEMENT PROGRAM, INCLUDING, BUT NOT LIMITED TO, ENVIRONMENTAL ENGINEERING, SITE ASSESSMENTS, CHARACTERIZATION AND REMEDIATION, GROUNDWATER MONITORING AND REPORTING, AND PREPARATION OF ENVIRONMENTAL STUDIES IN ACCORDANCE WITH THE NATIONAL ENVIRONMENTAL POLICY ACT AND CALIFORNIA ENVIRONMENTAL QUALITY ACT; AND AUTHORIZING THE CITY MANAGER TO EXECUTE ANY PROJECT-SPECIFIC SUPPLEMENTAL AGREEMENTS, AS MAY BE REQUIRED FOR GRANT FUNDED PROJECTS

WHEREAS, National City's Capital Improvement Program (CIP) estimates approximately \$80 million in capital improvement projects needs over the next five years; and

WHEREAS, to successfully design, manage, and construct these projects, the Engineering and Public Works Department issued a Request for Qualifications (RFQ) for various engineering, architectural, and construction support services; and

WHEREAS, 51 responses to the Requests for Proposals were received and reviewed, taking into consideration, among other things, past performance history, knowledge of the environment, the type of services offered, and the cost to the City; and

WHEREAS, based on the strength of their Statement of Qualifications (SOQ), interview and past performance, staff recommends executing a two-year Agreement with Geosyntec Consultants, Inc., for a not-to-exceed amount of \$500,000 to provide on-call project support services for National City's CIP, including, but not limited to, environmental engineering, site assessments, characterization and remediation, groundwater monitoring and reporting, and preparation of environmental studies in accordance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA); and

WHEREAS, the Agreement includes an option to extend the term for one additional year; and

WHEREAS, in addition, staff recommends authorizing the City Manager to execute any project-specific supplemental agreements, as may be required for grant funded projects.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby authorizes the Mayor to execute a two-year Agreement with Geosyntec Consultants, Inc., for the total not to exceed amount of \$500,000, with an option to extend the term for one additional year, to provide on-call project support services for National City's CIP, including, but not limited to, environmental engineering, site assessments, characterization and remediation, groundwater monitoring and reporting, and preparation of environmental studies in accordance with the National Environmental Policy Act (NEPA) and California Environmental Quality Act (CEQA). Said Agreement is on file in the office of the City Clerk.

[Signature Page to Follow]

PASSED and ADOPTED this 5th day of December, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

The following page(s) contain the backup material for Agenda Item: Resolution of the City Council of the City of National City approving and adopting the updated Multi-Jurisdictional Hazard Mitigation Plan, and authorizing the City Manager to implement said Plan. (Building/Fire)

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.:

ITEM TITLE:

Resolution of the City Council of the City of National City approving and adopting the updated Multi-Jurisdictional Hazard Mitigation Plan, and authorizing the City Manager to implement said Plan. (Building/Fire)

PREPARED BY: Frank Parra, Director of Emergency Services

DEPARTMENT: Building and Fire

PHONE: 619-336-4551

APPROVED BY: 

EXPLANATION:

The Disaster Mitigation Act of 2000, signed into law on October 30, 2000 (Public Law 106-390) required all jurisdictions to have an approved hazard mitigation plan in place prior to November 1, 2004 in order to qualify for hazard mitigation program grants and post disaster mitigation funds. FEMA was charged with implementation of the Act. The law required the following related to natural disasters: 1) Identification and assessment of risks related to disasters 2) Implementation of adequate measures to reduce losses 3) Ensuring critical services and facilities will continue to function after the disaster.

In June 2003, the County of San Diego Office of Emergency Services and their consultant, URS Corporation, began meetings with the City of National City and other jurisdictions to develop a Multi-Jurisdictional Hazard Mitigation Plan to comply with the federal law. The Plan is a pre-disaster strategic plan that serves as a guide to lowering the risk and exposure to natural disasters. The Plan was initially adopted with Resolution #2004 – 74. The law requires that the Plan be updated every 5 years, which it was updated and adopted with Resolution #2011 – 78. After reviewing the current capabilities of the City to lessen the impact of natural disasters, staff has updated specific goals, objectives, and action items applicable to National City.

FINANCIAL STATEMENT:

APPROVED: 

FINANCE

ACCOUNT NO.

APPROVED: _____

MIS

The implementation of National City's goals, objectives, and action items may be accomplished through the use of operating funds identified through the annual budgeting process. The remaining items may be accomplished with federal/state/local grants.

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE:

INTRODUCTION

FINAL ADOPTION

STAFF RECOMMENDATION:

Adopt the resolution.

BOARD / COMMISSION RECOMMENDATION:

ATTACHMENTS:

1. City of National City's Goals, Objectives, and Action Steps from the Plan
2. Resolution

5.13 City of National City

The City of National City (National City) reviewed a set of jurisdictional-level hazard maps including detailed critical facility information and localized potential hazard exposure/loss estimates to help identify the top hazards threatening their jurisdiction. In addition, Local Planning Groups (LPGs) were supplied with exposure/loss estimates for National City summarized in Table 5.13-1. See Section 4.0 for additional details.

**Table 5.13-1
Summary of Potential Hazard-Related Exposure/Loss in National City**

Hazard Type	Exposed Population	Residential		Commercial		Critical Facilities	
		Number of Residential Buildings	Potential Exposure/Loss for Residential Buildings (x\$1,000)	Number of Commercial Buildings	Potential Exposure/Loss for Commercial Buildings (x\$1,000)	Number of Critical Facilities	Potential Exposure for Critical Facilities (x\$1,000)
Coastal Storm / Erosion	0	0	0	0	0	0	0
Sea level Rise	1,276	0	0	64	22,534	15	12,787
Dam Failure	7,362	457	128,646	6,649	2,327,069	74	284,717
Earthquake (Annualized Loss - Includes shaking, liquefaction and landslide components)	56,522*	15,776*	4,440,944*	892*	3,997,676*	0*	0*
Flood (Loss)							
100 Year	2,094	152	42,788	750	262,509	17	14,926
500 Year	4,801	915	257,573	3,297	1,153,905	62	63,798
Rain-Induced Landslide							
High Risk	0	0	0	0	0	0	0
Moderate Risk	6	2	563	0	0	1	339
Tsunami	1,306	0	0	5	22,409	5	60,384
Wildfire / Structure Fire							
Fire Regime II & IV	57,267	15,144	4,263,036	9,300	3,255,165	242	825,459

* Represents best available data at this time.

After reviewing the localized hazard maps and exposure/loss table above, the following were identified by the National City LPG as their top hazards:

- **Dam Failure/Floods:** Sweetwater dam failure
- **Earthquakes:** proximity to local faults (e.g. Rose Canyon Fault); older structures; potential for loss of life, injuries, and damage to property, as well as disruption of services is significant
- **Hazmat Release:** three freeways (i.e. I-5, I-805, & SR-54) and railway pass through the City making it susceptible to hazardous spills, releases, or accidents; several industrial facilities in the City handle hazardous materials on a regular basis
- **Structure Fires:** older structures
- **Tsunami:** proximity to waterfront may affect maritime business industry

5.13.1 Capabilities Assessment

The LPG identified current capabilities available for implementing hazard mitigation activities. The Capability Assessment (Assessment) portion of the jurisdictional mitigation plan identifies administrative, technical, legal and fiscal capabilities. This includes a summary of departments and their responsibilities associated to hazard mitigation planning as well as codes, ordinances, and plans already in place associated to hazard mitigation planning. The second part of the Assessment provides National City's fiscal capabilities that may be applicable to providing financial resources to implement identified mitigation action items.

5.13.2 Existing Institutions, Plans, Policies and Ordinances

The following is a summary of existing departments in National City and their responsibilities related to hazard mitigation planning and implementation, as well as existing planning documents and regulations related to mitigation efforts within the community. The administrative and technical capabilities of National City, as shown in Table 5.13-2, provides an identification of the staff, personnel, and department resources available to implement the actions identified in the mitigation section of the Plan. Specific resources reviewed include those involving technical personnel such as planners/engineers with knowledge of land development and land management practices, engineers trained in construction practices related to building and infrastructure, planners and engineers with an understanding of natural or manmade hazards, floodplain managers, surveyors, personnel with GIS skills and scientists familiar with hazards in the community.

- City of National City Fire Department
 - Fire Prevention
 - Emergency Rescue and Response
 - Fire Suppression
 - Code Enforcement
 - Public Education

- Emergency Management
- Weed Abatement
- City of National City Development Services Department
 - General Plan
 - Development Standards (Building, Planning, Engineering)
 - Development Review Process
 - Code Enforcement
 - Zoning Ordinances
 - Traffic Control
- City of National City Police Department
 - Enforcement
 - Investigation
 - Security
 - Emergency Response
 - Traffic Control

**Table 5.13-2
City of National City: Administrative and Technical Capacity**

Staff/Personnel Resources	Y/N	Department/Agency and Position
A. Planner(s) or engineer(s) with knowledge of land development and land management practices	Y	Development Services Department
B. Engineer(s) or professional(s) trained in construction practices related to buildings and/or infrastructure	Y	Development Services Department
C. Planner(s) or Engineer(s) with an understanding of natural and/or manmade hazards	Y	Fire/Development Services Department/Police
D. Floodplain manager	Y	Development Services Department
E. Surveyors	N	
F. Staff with education or expertise to assess the community's vulnerability to hazards	Y	Fire/Development Services Department/Police
G. Personnel skilled in GIS and/or HAZUS	Y	Fire/Development Services Department/Police
H. Scientists familiar with the hazards of the community	N	
I. Emergency manager	Y	City Manager's Office/Fire/Police
J. Grant writers	Y	Fire/Development Services Department/Police

The legal and regulatory capabilities of National City are shown in Table 5.13-3, which presents the existing ordinances and codes that affect the physical or built environment of National City. Examples of legal and/or regulatory capabilities can include: the City’s building codes, zoning ordinances, subdivision ordinances, special purpose ordinances, growth management ordinances, site plan review, general plans, capital improvement plans, economic development plans, emergency response plans, and real estate disclosure plans.

**Table 5.13-3
City of National City: Legal and Regulatory Capability**

Regulatory Tools (ordinance, codes, plans)	Local Authority (Y/N)	Does State Prohibit? (Y/N)
A. Building code	Y	N
B. Zoning ordinance	Y	N
C. Subdivision ordinance or regulations	Y	N
D. Special purpose ordinances (floodplain management, storm water management, hillside or steep slope ordinances, wildfire ordinances, hazard setback requirements)	Y	N
E. Growth management ordinances (also called “smart growth” or anti-sprawl programs)	N	N
F. Site plan review requirements	Y	N
G. General or comprehensive plan	Y	N
H. A capital improvements plan	Y	N
I. An economic development plan	Y	N
J. An emergency response plan	Y	N
K. A post-disaster recovery plan	Y	N
L. A post-disaster recovery ordinance	N	N
M. Real estate disclosure requirements	N	N

5.13.3 Fiscal Resources

Table 5.13-4 shows specific financial and budgetary tools available to National City such as community development block grants; capital improvements project funding; authority to levy taxes for specific purposes; fees for water, sewer, gas, or electric services; impact fees for homebuyers or developers for new development; ability to incur debt through general obligations bonds; and withholding spending in hazard-prone areas.

**Table 5.13-4
City of National City: Fiscal Capability**

Financial Resources	Accessible or Eligible to Use (Yes/No)
A. Community Development Block Grants (CDBG)	Yes- eligible, but limited accessibility
B. Capital improvements project funding	Yes- eligible, but limited accessibility
C. Authority to levy taxes for specific purposes	No- requires voter approval
D. Fees for water, sewer, gas, or electric service	Yes- Sewer Only
E. Impact fees for homebuyers or developers for new developments/homes	Yes- Parks Only
F. Incur debt through general obligation bonds	No- requires voter approval
G. Incur debt through special tax and revenue bonds	No- requires voter approval
H. Incur debt through private activity bonds	No
I. Withhold spending in hazard-prone areas	Yes- subject to Council approval

5.13.4 Goals, Objectives and Actions

Listed below are National City’s specific hazard mitigation goals, objectives and related potential actions. For each goal, one or more objectives have been identified that provide strategies to attain the goal. Where appropriate, the City has identified a range of specific actions to achieve the objective and goal.

The goals and objectives were developed by considering the risk assessment findings, localized hazard identification and loss/exposure estimates, and an analysis of the jurisdiction’s current capabilities assessment. These preliminary goals, objectives and actions were developed to represent a vision of long-term hazard reduction or enhancement of capabilities. To help in further development of these goals and objectives, the LPG compiled and reviewed current jurisdictional sources including the City’s planning documents, codes, and ordinances. In addition, City representatives met with consultant staff and/or OES to specifically discuss these hazard-related goals, objectives and actions as they related to the overall Plan. Representatives of numerous City departments involved in hazard mitigation planning, including Fire, Police, Planning, Engineering, and Redevelopment provided input to the National City LPG. The National City LPG members were:

- Ray Pe (Community Development Department)
- Walter Amedee (Fire Department)
- Martin Reeder (Planning Department)
- Frank Para (Fire Department)

Once developed, City staff submitted the final plan to Governor’s Office of Emergency Services and FEMA for approval. Once approved, the plan will be taken to the City Council for adoption.

An on-line survey was conducted to determine the public's needs and desires. This survey was posted on the homepage of all participating jurisdictions. In addition, an email address was provided for the public to send comments and suggestions to. This email address was checked daily for public input.

The following sections present the hazard-related goals, objectives and actions as prepared by the County's LPG in conjunction with the Hazard Mitigation Working Group, locally elected officials, and local citizens.

5.13.4.1 Goals

The City of National City has developed the following 8 Goals for their Hazard Mitigation Plan (See Attachment A for Goal 8).

Goal 1. Promote disaster-resistant developments for new development.

Goal 2. Promote public understanding, support and demand for hazard mitigation.

Goal 3. Build and support local capacity and commitment to continuously become less vulnerable to hazards.

Goal 4. Improve hazard mitigation coordination and communication with federal, state and other local governments.

Reduce the possibility of damage and losses of existing assets, critical facilities/infrastructure, and City-owned facilities, and particularly impacts to people, due to:

Goal 5. Earthquakes

Goal 6. Floods

Goal 7. Structural Fire/Wildfire

Goal 8. Tsunamis

Goal 9. Manmade Hazards (See Attachment A)

5.13.4.2 Objectives and Actions

The City of National City developed the following broad list objectives and actions to assist in the implementation of each of their 8 identified goals. The City of National City developed objectives to assist in achieving their hazard mitigation goals. For each of these objectives, specific actions were developed that would assist in their implementation. A discussion of the prioritization and implementation of the action items is provided in Section 5.13.5.

SECTION FIVE

Goals, Objectives and Actions

Goal 1: Promote disaster resistant developments for new development.		New, Existing or Both
<i>Objective 1.A: Continue to address natural hazards in future general plan updates.</i>		
Action 1.A.1	Continue to update the General Plan periodically.	New
Action 1.A.2	Continue to update the Land Use Code periodically.	New
<i>Objective 1.B: Encourage and facilitate the adoption of building codes for new development and renovation that will protect these assets and new development in hazard areas.</i>		
Action 1.B.1	Adopt and implement current building and fire codes per state cycle.	New
Action 1.B.2	Continue to regularly adopt and implement existing building codes	New
<i>Objective 1.C: Continue to implement National City land use code and enforce building codes.</i>		
Action 1.C.1	Encourage and improve communications between the Development Services Department and Fire Department.	Both
Action 1.C.2	Cross-train staff from Development Services Department and Fire on current relevant codes.	Both
<i>Objective 1.D: Encourage future development that incorporates planning that will not exacerbate hazardous conditions.</i>		
Action 1.D.1	Review annually and update as necessary the Flood Plain Ordinance periodically.	Both
Action 1.D.2	Continue to update Land Use Codes periodically.	Both
<i>Objective 1.E: Consider appropriate zoning that will limit future development in hazard areas.</i>		
Action 1.E.1	Implement Geographic Information System (GIS) program citywide.	Both
Action 1.E.2	Use GIS and Census data to plot hazard areas for new development.	New
Goal 2: Promote public understanding, support and demand for hazard mitigation.		New Existing or Both
<i>Objective 2.A: Educate the public to increase awareness of hazards and opportunities for mitigation actions.</i>		
Action 2.A.1	Conduct workshops with Neighborhood Councils, Chamber of Commerce, interested groups, schools, individual homeowners, and business community on hazards that require advance preparedness.	Both
Action 2.A.2	Continue to promote disaster preparedness with the distribution of print materials or videos.	Both
<i>Objective 2.B: Promote partnerships between the state, counties and other local governments to identify, prioritize and implement mitigation actions.</i>		
Action 2.B.1	Participate in workgroup activities with the County Office of Emergency Services (OES), Unified Disaster Council (UDC).	Existing
Action 2.B.2	Participate in workgroup activities with other municipalities.	Existing

SECTION FIVE

Goals, Objectives and Actions

Goal 2: Promote public understanding, support and demand for hazard mitigation.		New Existing or Both
Action 2.B.3	Participate in workgroup activities with SANDAG.	Existing
Action 2.B.4	Participate in workgroup activities with Caltrans.	Existing
<i>Objective 2.C: Promote hazard mitigation in the business community.</i>		
Action 2.C.1	Conduct workshops with the Chamber of Commerce, Rotary Clubs, etc.	Existing
Action 2.C.2	Conduct informational meetings with business owners/managers.	Existing
<i>Objective 2.D: Monitor and publicize the effectiveness of mitigation actions implemented citywide.</i>		
Action 2.D.1	Develop method to keep community informed of progress.	Existing
<i>Objective 2.E: Discourage building construction that exacerbates hazardous conditions.</i>		
Action 2.E.1	Actively implement code enforcement for building without permits.	Existing
Action 2.E.2	Actively implement code enforcement for hazardous occupancies in accordance with adopted codes.	Existing

Goal 3: Build and support local capacity and commitment to continuously become less vulnerable to hazards.		New, Existing or Both
<i>Objective 3.A: Increase awareness and knowledge of hazard mitigation principles and practice among local officials.</i>		
Action 3.A.1	Update and adopt the City of National City Emergency Plan every 10 years.	Existing
Action 3.A.2	Update and adopt the Hazard Mitigation Plan every 5 years.	Existing
<i>Objective 3.B: Develop a hazard mitigation plan and provide technical assistance to implement the plan.</i>		
Action 3.B.1	Work with the Fire Department, Development Services Department, Community Development Department, and Police Department to develop the hazard mitigation plan.	Existing
Action 3.B.2	Implement hazard mitigation plan recommendations.	Existing

Goal 4: Improve hazard mitigation coordination and communication with federal, state and other local governments.		New, Existing or Both
<i>Objective 4.A: Establish and maintain closer working relationships with state agencies and other local governments.</i>		
Action 4.A.1	Continue to work with the Chamber of Commerce, American Red Cross, County Office of Emergency Services (OES), Unified Disaster Council (UDC), and Federal Emergency Management Agency (FEMA) to develop mitigation plans.	Existing
Action 4.A.2	Continue support/participation in regional programs to include HIRT and USAR	Existing

SECTION FIVE

Goals, Objectives and Actions

Goal 4: Improve hazard mitigation coordination and communication with federal, state and other local governments.		New, Existing or Both
<i>Objective 4.B: Encourage other organizations to incorporate hazard mitigation activities.</i>		
Action 4.B.1	Hold seminars to encourage organizations to take mitigation actions. This initiative can be developed in modular format to address the information needs of a range of target groups.	Existing
Action 4.B.2	Make available a copy of the completed Hazard Mitigation Plan for the public to view.	Existing
<i>Objective 4.C: Improve the City's capability and efficiency at administering pre-and post- disaster mitigation.</i>		
Action 4.C.1	Work with the Fire Department, Development Services Department, Community Development Department, and Police Department to develop hazard mitigation plan.	Existing
Action 4.C.2	Maintain an Emergency Response Plan.	Existing
Action 4.C.3	Schedule Emergency Response Plan Exercises.	Existing
Action 4.C.4	Conduct on-going education programs to inform the community of pre-and post-disaster advice.	Existing

Goal 5: Reduce the possibility of damage and losses to existing assets, particularly people and critical facilities/infrastructure due to <u>earthquakes</u>.		New, Existing or Both
<i>Objective 5.A: Develop a comprehensive approach to reducing the possibility of damage and losses due to earthquakes.</i>		
Action 5.A.1	Conduct workshops with Neighborhood Councils, Chamber of Commerce, individual homeowners, and business community on hazards that require advance preparedness.	Existing
Action 5.A.2	Recommend that the City retrofit the City Hall as funds become available.	Existing
Action 5.A.3	Actively pursue grant funds and other funding sources to retrofit City Hall.	Existing
Action 5.A.4	Maintain an Emergency Response Plan and regularly schedule Exercises with City staff.	Existing
Action 5.A.5	Maintain search and rescue equipment deployment objectives.	Existing
Action 5.A.6	Determine structural safety of buildings to be used for care and shelter of evacuees.	Existing
Action 5.A.7	Create and adopt the following mandatory Ordinances to reduce the possibility of damage and losses due to earthquakes: Unreinforced Masonry Building Seismic Retrofit Ordinance, Pre-Northridge Steel Moment Frame Retrofit Ordinance, Non-Ductile Concrete Building Seismic Retrofit Ordinance, Soft First Story Wood Frame Seismic Building Retrofit Ordinance, Tilt-up Building Seismic Retrofit Ordinance, Wood Frame Cripple Wall Seismic Retrofit Ordinance, and "Excessive Damage" Ordinance.	Existing

SECTION FIVE

Goals, Objectives and Actions

Goal 5: Reduce the possibility of damage and losses to existing assets, particularly people and critical facilities/infrastructure due to <u>earthquakes</u>.		New, Existing or Both
Action 5.A.8	Create and adopt a back to business or building occupancy resumption program (BORP) program.	Existing
<i>Objective 5.B: Protect existing assets with the highest relative vulnerability to the effects of earthquakes</i>		
Action 5.B.1	Adopt and implement existing building codes.	Existing
Action 5.B.2	Conduct inspections of at-risk structures that conduct care for children, seniors, and other group homes.	Existing
Action 5.B.3	Conduct inspections of child care facilities, senior facilities, and other facilities where occupants may be severely impacted to ensure the structures are structurally safe.	Existing
Action 5.B.4	Conduct informational meetings with Neighborhood Councils, Chamber of Commerce, individual homeowners, and business community.	Existing
<i>Objective 5.C: Address identified data limitations regarding the lack of information about the relative vulnerability of assets from earthquakes.</i>		
Action 5.C.1	Implement GIS program citywide.	Existing
Action 5.C.2	Use GIS and Census data to locate vulnerable buildings.	Existing
Action 5.C.3	Create a Vulnerable Building Inventory list.	Existing

Goal 6: Reduce the possibility of damage and losses to existing assets, particularly people and critical facilities/infrastructure due to <u>floods</u>.		New, Existing or Both
<i>Objective 6.A: Develop a comprehensive approach to reducing the possibility of damage and losses due to floods.</i>		
Action 6.A.1	Maintain Flood Retrofitting for Residential Structures.	Existing
Action 6.A.2	Maintain Storm Water System in Operable Conditions.	Existing
Action 6.A.3	Reduce Impervious Surfaces through implementation of a landscape ordinance that encroaches previous site design.	Existing
Action 6.A.4	Maintain and update a city-wide Evacuation Plan.	Existing
Action 6.A.5	Maintain search and rescue equipment deployment objectives.	Existing
Action 6.A.6	Continue to participate in the National Flood Insurance Program and requirement to review applications for conformance with NFIP standards.	Existing
<i>Objective 6.B: Protect existing assets with the highest relative vulnerability to the effects of floods within the 100-year floodplain.</i>		
Action 6.B.1	Maintain adequate materials to disperse to the public for installing water barriers when necessary.	Existing
Action 6.B.2	Construct detention basins when necessary and review new development for adequate design features.	New

SECTION FIVE

Goals, Objectives and Actions

Goal 6: Reduce the possibility of damage and losses to existing assets, particularly people and critical facilities/infrastructure due to <u>floods</u>.		New, Existing or Both
<i>Objective 6.C: Coordinate with and support existing efforts to mitigate floods (e.g., U.S. Army Corps of Engineers, US Bureau of Reclamation, and California Department of Water Resources).</i>		
Action 6.C.1	Regularly participate in workgroup activities with the County.	Existing
Action 6.C.2	Regularly participate in workgroup activities with the Caltrans.	Existing
Action 6.C.3	Regularly participate in workgroup activities with the other municipalities.	Existing
<i>Objective 6.D: Minimize repetitive losses caused by flooding.</i>		
Action 6.D.1	Prepare and implement Best Management Practices for all new development.	New
Action 6.D.2	Schedule Flood Mitigation and recovery Interactive Exercises.	Existing
<i>Objective 6.E: Address identified data limitations regarding the lack of information about the relative vulnerability of assets from flooding/dam failure.</i>		
Action 6.E.1	Identify and prioritize critical facilities within dam inundation zones.	Existing
Action 6.E.2	Update plans/data periodically to adequately represent vulnerable populations.	Existing
Action 6.E.3	Conduct survey of assets within dam inundation areas.	New
Action 6.E.4	Update GIS maps that identify the dam inundation zones.	New

Goal 7: Reduce the possibility of damage and losses to existing assets, particularly people and critical facilities/infrastructure due to <u>structural fire/wildfire</u>.		New, Existing or Both
<i>Objective 7.A: Develop a comprehensive approach to reducing the possibility of damage and losses due to structural fire/wildfire.</i>		
Action 7.A.1	Regularly maintain a Fire Prevention Program.	Existing
Action 7.A.2	Regularly maintain a Pre-Fire Plan Program.	Existing
Action 7.A.3	Regularly maintain a Fire Suppression Program.	Existing
Action 7.A.4	Assess staffing levels of Fire Prevention Staff and increase as appropriate.	Existing
Action 7.A.5	Develop a Housing Inspection Program and routinely conduct housing inspections of homes over 50 years old.	Existing
Action 7.A.6	Conduct a Housing Outreach Program.	Existing
Action 7.A.7	Maintain/update all Arson Registrants with required registration and conditions of probation or parole.	Existing
<i>Objective 7.B: Protect existing assets with the highest relative vulnerability to the effects of structural fire/wildfire.</i>		
Action 7.B.1	Maintain response times, pumping capacity and apparatus and equipment deployment objectives.	Existing

SECTION FIVE

Goals, Objectives and Actions

Goal 7: Reduce the possibility of damage and losses to existing assets, particularly people and critical facilities/infrastructure due to <u>structural fire/wildfire</u>.		New, Existing or Both
Action 7.B.2	Annually assess staffing levels and ensure adequate staffing is available to meet fire suppression objectives.	Existing
Action 7.B.3	Maintain standard operating procedures for fire ground operations.	Existing
Action 7.B.4	Conduct annual wildland fire fighting and ICS training to ensure operational readiness.	Existing
Action 7.B.5	Identify and work to eliminate non-fire resistant roofs.	Existing
Action 7.B.6	Install automatic fire detection and extinguishing systems in buildings according to adopted codes.	Existing
<i>Objective 7.C: Coordinate with and support existing efforts to mitigate structural fire/wildfire.</i>		
Action 7.C.1	Maintain mutual/auto aid agreements with neighboring municipalities.	Existing
Action 7.C.2	Maintain an inspection process to ensure buildings are constructed in accordance with adopted codes.	Existing
Action 7.C.3	Conduct evacuation drills in high rise buildings.	Existing
Action 7.C.4	Maintain/update all Arson Registrants with required registration and conditions of probation or parole.	Existing
<i>Objective 7.D: Address identified data limitations regarding the lack of information about the relative vulnerability of assets from structural fire/wildfire.</i>		
Action 7.D.1	Implement GIS program citywide.	Existing
Action 7.D.2	Use GIS and Census data to locate vulnerable buildings.	Existing
Goal 8: Reduce the possibility of damage and losses to existing assets, particularly people and businesses, due to tsunamis.		New, Existing or Both
<i>Objective 8.A: Develop a comprehensive approach to reducing the possibility of damage and losses due to tsunamis.</i>		
Action 8.A.1	Clearly identify potential tsunami prone areas	Existing
Action 8.A.2	Review the Tsunami Evacuation Playbook periodically to ensure efficient notification protocols	Existing
<i>Objective 8.B: Coordinate with and support existing efforts to mitigate floods (e.g., US Army Corps of Engineers, US Bureau of Reclamation, and California Department of Water Resources).</i>		
Action 8.B.1	Enforce regulatory measures related to development within 100-year flood plain	Existing
Action 8.B.2	Periodically review the City's compliance with NFIP regulations, as resources become available	Existing
<i>Objective 8.C: Minimize repetitive losses caused by coastal flooding, erosion, sea-level rise, and/or tsunamis.</i>		
Action 8.C.1	Restrict ability to re-build, unless mitigation measures to avoid repeat losses are taken	Existing

Goal 8: Reduce the possibility of damage and losses to existing assets, particularly people and businesses, due to tsunami.		New, Existing or Both
<i>Objective 8.D: Address identified data limitations regarding the lack of information about relative vulnerability of assets from tsunami.</i>		
Action 8.D.1	Work with regional agencies, (OES, UDC, SanGIS) to accurately map the tsunami inundation maps	Existing
Action 8.D.2	Share and train with acquired information with all City departments and personnel	Existing
Action 8.D.3	Continue to coordinate with neighboring jurisdictions on joint training opportunities between staffs	Existing

Goal 9: Reduce the possibility of damage and losses to people, facilities/ infrastructure, publicly owned facilities and other assets due to extreme heat and drought.		New, Existing or Both
<i>Objective 9.A: Develop a comprehensive approach to reducing the possibility of damage and losses due to extreme heat and drought.</i>		
Action 9.A.1	Encourage residents to adopt drought tolerant landscaping or xeriscape practices.	Existing
Action 9.A.2	Organize outreach to vulnerable populations.	Existing
Action 9.A.3	Provide educational materials on severe weather and mitigation strategies on the City website and through all forms of social media.	Existing
Action 9.A.4	Link vulnerable populations to resources such as cooling centers and transportation services in order to reduce losses in the face of drought or extreme heat.	Existing
Action 9.A.5	Continue to participate in the National Weather Service StormReady Program.	Existing
Action 9.A.6	Implement water efficiency upgrades at municipal buildings, parks and publicly owned facilities.	Existing

5.13.5 Prioritization and Implementation of Action Items

Once the comprehensive list of jurisdictional goals, objectives, and action items listed above was developed, the proposed mitigation actions were prioritized. This step resulted in a list of acceptable and realistic actions that address the hazards identified in each jurisdiction. This prioritized list of action items was formed by the LPG weighing STAPLEE criteria.

The Disaster Mitigation Action of 2000 (at 44 CFR Parts 201 and 206) requires the development of an action plan that not only includes prioritized actions but one that includes information on how the prioritized actions will be implemented. Implementation consists of identifying who is responsible for which action, what kind of funding mechanisms and other resources are available or will be pursued, and when the action will be completed.

The prioritized actions below reflect progress in local mitigation efforts as well as changes in development.

The top 9 prioritized mitigation actions as well as an implementation strategy for each are:

Priority Action #1: Update the General Plan as necessary.

Coordinating Individual/Organization: Community Development

Potential Funding Source: General Fund

Implementation Timeline: On-going

Priority Action #2: Maintain response times, pumping capacity, and apparatus and equipment deployment objectives.

Coordinating Individual/Organization: Fire Department

Potential Funding Source: City General Fund, Community Development Block Grant along with other applicable funding sources.

Implementation Timeline: On-going

Priority Action #3: Maintain/update all Arson Registrants with required registration and conditions of probation or parole.

Coordinating Individual/Organization: Police Department

Potential Funding Source: General/Other Applicable Funds

Implementation Timeline: On-going

Priority Action #4: Work with the regional Law Enforcement Coordination Center (LECC) and Fusion Center

Coordinating Individual/Organization: Police Department

Potential Funding Source: General/Other Applicable Funds

Implementation Timeline: On-going

Priority Action #5: Continue Maintenance of the Storm Water System in Operable Conditions

Coordinating Individual/Organization: Department of Public Works/Development Services Department

Potential Funding Source: CDBG, Gas Tax, Sewer System Maintenance, and General Funds

Implementation Timeline: On-going

Priority Action #6: Implement code enforcement for buildings without permits.

Coordinating Individual/Organization: Development Services Department

Potential Funding Source: Citation fees/General fund

Implementation Timeline: On-going

Priority Action #7: Maintain a Fire prevention Program

Coordinating Individual/Organization: Fire Department

Potential Funding Source: General/Other Applicable Funds

Implementation Timeline: On-going

Priority Action #8: Implement GIS Program

Coordinating Individual/Organization: Development Services Department

Potential Funding Source: General/Other Applicable Funds

Implementation Timeline: January 2010 - December 2015

Priority Action #9: Continue to update Land Use Code periodically.

Coordinating Individual/Organization: Community Development

Potential Funding Source: General Fund

Implementation Timeline: On-going

RESOLUTION NO. 2017 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
APPROVING AND ADOPTING THE UPDATED MULTI-JURISDICTIONAL
HAZARD MITIGATION PLAN, AND AUTHORIZING THE CITY MANAGER
TO IMPLEMENT SAID PLAN

WHEREAS, the City of National City has experienced natural, technological, and human-caused disasters on many occasions in the past 50 years, resulting in property loss, loss of life, economic hardship, and threats to public health and safety; and

WHEREAS, the majority of San Diego County's 2.9 million residents live in areas subject to these disasters; and

WHEREAS, the Disaster Mitigation Act of 2000 (the "Act"), signed into law on October 30, 2000 (Public Law 106-390), required all jurisdictions to have an approved hazard mitigation plan in place prior to November 1, 2004, in order to qualify for hazard mitigation program grants and post disaster mitigation funds; and

WHEREAS, the Disaster Mitigation Act required that the hazard mitigation plan identify and assess the risks related to disasters, implement adequate measures to reduce losses, and ensure critical services and facilities will continue to function after the disaster; and

WHEREAS, in June 2003, the County of San Diego and their consultant, URS Corporation, began meeting with all eighteen (18) Cities within the County to develop a Multi-Jurisdictional Hazard Mitigation Plan (the "Plan") to comply with federal law; and

WHEREAS, the City Council approved and adopted the Multi-Jurisdictional Hazard Mitigation Plan (the "Plan") on May 4, 2004 through the adoption of Resolution 2004-74; and

WHEREAS, the Plan, which is required by law to be updated every five (5) years, was subsequently updated in 2011, and approved by the City Council through the adoption of Resolution No. 2011-78 on April 5, 2011; and

WHEREAS, specific goals, objectives, and action items applicable to National City were updated in the Plan after reviewing the current capabilities of the City to lessen the impact of natural disasters.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of National City hereby approves the updated Multi-Jurisdictional Hazard Mitigation Plan, which is hereby adopted as an official plan of the City of National City.

IT IS FURTHER RESOLVED that the City Manager will direct City staff to implement the recommended actions assigned to the City in the updated Multi-Jurisdictional Hazard Mitigation Plan.

[Signature Page to Follow]

PASSED and ADOPTED this 5th day of December, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

The following page(s) contain the backup material for Agenda Item: Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Nissan Altima, for the Police Department from Mossy Nissan of National City, in the amount of \$

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO. |

ITEM TITLE:

Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Nissan Altima, for the Police Department from Mossy Nissan of National City, in the amount of \$18,896.22.

PREPARED BY: Debbie Lunt

DEPARTMENT: Finance

PHONE: 336-4582

APPROVED BY: 

EXPLANATION:

Request for Bid #GS1718-1 was issued for the purchase of (1) 2018 Nissan Altima, or equal, for the Police Department. Bids were mailed to fifteen (15) vendors, netting one (1) response. Bids were opened and publicly read on November 14, 2017, with no vendors present for the opening.

The purpose of the vehicle is as follows:

(1) 2018 Nissan Altima (Police) - Investigations Vehicle

FINANCIAL STATEMENT:

APPROVED:  Finance

ACCOUNT NO.

APPROVED: _____ MIS

Funds are appropriated in account number 644-411-000-511-0000 - \$18,896.22

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: INTRODUCTION:

FINAL ADOPTION:

STAFF RECOMMENDATION:

Adopt the Resolution, accepting the bid and authorizing the purchase.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. Resolution
2. Bid Abstract

BID ABSTRACT/ANALYSIS

<u>BIDDER:</u>	<u>SPEC #1</u>	<u>8.75%</u>	<u>TIRE</u>		<u>SUB</u>	<u>PYMT TERMS</u>	<u>TOTAL</u>	<u>2% Local</u>	
	<u>ALTIMA</u>	<u>TAX</u>	<u>FEE</u>	<u>REBATE</u>	<u>TOTAL</u>	<u>(BID-%)</u>	<u>AWARD</u>	<u>Tax Adj.</u>	<u>NOTES</u>
Mossy Nissan National City National City, CA	\$22,141.00	\$1,937.34	\$8.75	(\$5,000.00)	\$19,087.09	(\$190.87) 1% Net 30	\$18,896.22	(\$377.92)	AWARD
Mossy Nissan Poway Poway, CA	No Response								
Mossy Nissan El Cajon El Cajon, CA	No Response								
Buena Park Nissan Buena Park, CA	Received bid late								
Costa Mesa Nissan Costa Mesa, CA	No Response								
Imperio Nissan of San Juan Capistrano San Juan Capistrano, CA	No Response								
Imperio Nissan of Garden Grove Garden Grove, CA	No Response								
Imperio Nissan of Irvine Irvine, CA	No Response								
Mossy Nissan Escondido Escondido, CA	No Response								
Mossy Nissan Kearny Mesa San Diego, CA	No Response								
Mossy Nissan Oceanside Oceanside, CA	No Response								
Mossy Nissan Chula Vista Chula Vista, CA	No Response								
Pacific Nissan San Diego, CA	No Response								
Stadium Nissan Orange, CA	No Response								
Tustin Nissan Tustin, CA	No Response								

RESOLUTION NO. 2017 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
AUTHORIZING THE ACCEPTANCE OF THE LOWEST, RESPONSIVE,
RESPONSIBLE BID FOR THE PURCHASE OF ONE (1) 2018 NISSAN
ALTIMA, FOR THE POLICE DEPARTMENT FROM MOSSY NISSAN
OF NATIONAL CITY IN THE AMOUNT OF \$18,896.22

WHEREAS, Bid No. GS1718-1 was issued for the purchase of one (1) 2018 Nissan Altima, or equal price, size, and class, for the Police Department; and

WHEREAS, bids were mailed to fifteen (15) vendors, netting one (1) response, which were opened and publicly read on November 14, 2017, with no vendors present.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of National City hereby awards the contract for the purchase of one (1) 2018 Nissan Altima to the lowest responsive, responsible bidder, to wit:

MOSSY NISSAN OF NATIONAL CITY

BE IT FURTHER RESOLVED that the City Council of the City of National City hereby authorizes the purchase of one (1) one 2018 Nissan Altima from Mossy Nissan of National City in the amount of \$18,896.22 for the Police Department.

PASSED and ADOPTED this 5th day of December, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

The following page(s) contain the backup material for Agenda Item: Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Toyota Camry LE, for the Police Department from Kearny Mesa Toyota of San Diego, in the amount

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO. |

ITEM TITLE:

Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Toyota Camry LE, for the Police Department from Kearny Mesa Toyota of San Diego, in the amount of \$24,016.74.

PREPARED BY: Debbie Lunt

DEPARTMENT: Finance

PHONE: 336-4582

APPROVED BY: 

EXPLANATION:

Request for Bid #GS1718-2 was issued for the purchase of one (1) 2018 Toyota Camry LE, or equal, for the Police Department. Bids were mailed to eleven (11) vendors, netting three (3) responses. Bids were opened and publicly read on November 14, 2017, with no vendors present for the opening.

The purpose of the vehicles are as follows:

- (1) 2018 Toyota Camry (Police) – Investigations Vehicle

FINANCIAL STATEMENT:

APPROVED:  Finance

ACCOUNT NO.

APPROVED: _____ MIS

Funds are appropriated in account number 644-411-000-511-0000 - \$24,016.74

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: INTRODUCTION:

FINAL ADOPTION:

STAFF RECOMMENDATION:

Adopt the Resolution, accepting the bid and authorizing the purchase.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. Resolution
2. Bid Abstract

	CAMRY	Other	SUB	Tax	TIRE FEE	Doc Fee	PYMNT TERM	2% Local Tax Adj.	TOTAL	
Kearny Mesa Toyota Scion San Diego, CA	\$21,961.00	\$116.00	\$22,077.00	\$1,931.74	\$8.00	\$0.00	Net 15	Net 15	\$24,016.74	AWARD
Frank Toyota Scion National City, CA	\$22,468.00	\$80.00	\$22,548.00	\$1,972.95	\$7.00	\$283.00	Net 14	(\$496.22)	\$24,314.73	
Toyota San Diego San Diego, CA	\$22,711.00	\$430.00	\$23,141.00	\$2,024.84	\$8.75	\$0.00	Net 15	Net 15	\$25,174.59	
Bob Baker Toyota Lemon Grove, CA	No Response									
DCH Toyota of Torrance Torrance, CA	No Response									
Honest Honda & Toyota Lemon Grove, CA	No Response									
Toyota Carlsbad Carlsbad, CA	No Response									
Toyota Chula Vista Chula Vista, CA	No Response									
Toyota El Cajon El Cajon, CA	No Response									
Toyota of Escondido Escondido, CA	No Response									
Toyota of Poway Poway, CA	No Response									

RESOLUTION NO. 2017 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
AUTHORIZING THE ACCEPTANCE OF THE LOWEST, RESPONSIVE,
RESPONSIBLE BID FOR THE PURCHASE OF (1) 2018 TOYOTA
CAMRY LE, FOR THE POLICE DEPARTMENT FROM KEARNY MESA
TOYOTA OF SAN DIEGO IN THE AMOUNT OF \$24,016.74

WHEREAS, Bid No. GS1718-2 was issued for the purchase of one (1) 2018
Toyota Camry LE, or equal price, size, and class, for the Police Department; and

WHEREAS, bids were mailed to eleven (11) vendors, netting three (3)
responses, which were opened and publicly read on November 14, 2017, with no vendors
present.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of
National City hereby awards the contract for the purchase of one (1) 2018 Toyota Camry LE to
the lowest responsive, responsible bidder, to wit:

KEARNY MESA TOYOTA OF SAN DIEGO

BE IT FURTHER RESOLVED that the City Council of the City of National City
hereby authorizes the purchase of one (1) 2018 Toyota Camry LE from Kearny Mesa Toyota of
San Diego in the amount of \$24,016.74 for the Police Department.

PASSED and ADOPTED this 5th day of December, 2017.

ATTEST:

Ron Morrison, Mayor

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

The following page(s) contain the backup material for Agenda Item: Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Honda Accord LX, for the Police Department from Pacific Honda of San Diego, in the amount of \$2

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO. |

ITEM TITLE:

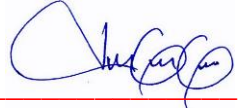
Resolution of the City Council of the City of National City authorizing the acceptance of the lowest, responsive, responsible bid, for the purchase of (1) 2018 Honda Accord LX, for the Police Department from Pacific Honda of San Diego, in the amount of \$24,228.46.

PREPARED BY: Debbie Lunt

DEPARTMENT: Finance

PHONE: 336-4582

APPROVED BY: _____



EXPLANATION:

Request for Bid #GS1718-3 was issued for the purchase of (1) 2018 Honda Accord LX, or equal, for the Police Department. Bids were mailed to nine (9) vendors, netting two (2) responses. Bids were opened and publicly read on November 14, 2017, with no vendors present for the opening.

The purpose of the vehicle is as follows:

(1) 2018 Honda Accord LX (Police) - Investigations Vehicle

FINANCIAL STATEMENT:

APPROVED: Mark Ralento Finance

ACCOUNT NO.

APPROVED: _____ MIS

Funds are appropriated in account number 644-411-000-511-0000 - \$24,228.46

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: INTRODUCTION:

FINAL ADOPTION:

STAFF RECOMMENDATION:

Adopt the Resolution, accepting the bid and authorizing the purchase.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. Resolution
2. Bid Abstract

BID ABSTRACT/ANALYSIS

<u>BIDDER:</u>	<u>SPEC #1 ACCORD</u>	<u>OTHER</u>	<u>8.75% TAX</u>	<u>TIRE FEE</u>	<u>SUB TOTAL</u>	<u>PYMT TERMS (BID-%)</u>	<u>TOTAL AWARD</u>	<u>NOTES</u>
Pacific Honda San Diego, CA	\$22,044.00	\$227.00	\$1,948.71	\$8.75	\$24,228.46	Net 30	\$24,228.46	AWARD
Mossy Honda of Lemon Grove Lemon Grove, CA	\$22,664.00	\$450.60	\$2,022.53	\$8.75	\$25,145.88	Includes cash discount of 7.3%	\$25,145.88	
Ball Honda National City, CA	Received Non Sealed Bid							DISQ
Hoehn Honda Carlsbad, CA	No Response							
Honda of El Cajon El Cajon, CA	No Response							
Honda of Escondido Escondido, CA	No Response							
DCH Honda of Mission Valley San Diego, CA	No Response							
Penske Honda Chula Vista Chula Vista, CA	No Response							
Poway Honda Poway, CA	No Response							

RESOLUTION NO. 2017 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
AUTHORIZING THE ACCEPTANCE OF THE LOWEST, RESPONSIVE,
RESPONSIBLE BID, FOR THE PURCHASE OF (1) 2018 HONDA ACCORD LX
FOR THE POLICE DEPARTMENT FROM PACIFIC HONDA
OF SAN DIEGO, IN THE AMOUNT OF \$24,228.46

WHEREAS, Bid No. GS1718-3 was issued for the purchase of one (1) 2018 Honda Accord LX, or equal price, size, and class, for the Police Department; and

WHEREAS, bids were mailed to nine (9) vendors, netting two (2) responses, which were opened and publicly read on November 14, 2017, with no vendors present.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of National City hereby awards the contract for the purchase of one (1) 2018 Honda Accord LX to the lowest responsive, responsible bidder, to wit:

PACIFIC HONDA OF SAN DIEGO

BE IT FURTHER RESOLVED that the City Council of the City of National City hereby authorizes the purchase of one (1) 2018 Honda Accord LX from Pacific Honda of San Diego in the amount of \$24,228.46 for the Police Department.

PASSED and ADOPTED this 5th day of December, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

The following page(s) contain the backup material for Agenda Item: Warrant Register #17 for the period of 10/18/17 through 10/24/17 in the amount of \$1,485,441.46.
(Finance)

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.:

ITEM TITLE:

Warrant Register #17 for the period of 10/18/17 through 10/24/17 in the amount of \$1,485,441.46.
(Finance)

PREPARED BY: Karla Apalategui, Accounting Assistant

DEPARTMENT: Finance

PHONE: 619-336-4572

APPROVED BY: _____



EXPLANATION:

Per Government Section Code 37208, attached are the warrants issued for the period of 10/18/17 through 10/24/17.

Consistent with Department of Finance, listed below are all payments above \$50,000.

<u>Vendor</u>	<u>Check/Wire</u>	<u>Amount</u>	<u>Explanation</u>
Public Emp Ret System	10182017	229,150.43	Service Period 09/26/17 – 10/09/17

FINANCIAL STATEMENT:

APPROVED: _____



FINANCE

ACCOUNT NO.

APPROVED: _____

MIS

Warrant total \$1,485,441.46.

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: INTRODUCTION FINAL ADOPTION

STAFF RECOMMENDATION:

Ratify warrants totaling \$1,485,441.46

BOARD / COMMISSION RECOMMENDATION:

ATTACHMENTS:

Warrant Register #17



WARRANT REGISTER #17
10/24/2017

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
BETANCOURT, RODOLFO	LIVE ENTERTAINMENT / STATE OF THE CITY	331345	10/24/17	200.00
BITMAP GRAPHICS	PHOTOGRAPHY COVERAGE/STATE OF THE CITY	331346	10/24/17	200.00
CREATIVE IMAGES	PHOTO COVERAGE / STATE OF THE CITY ADDRESS	331347	10/24/17	150.00
GOVERNMENT SOCIAL MEDIA LLC	2018 GSMCON REGISTRATION - MAXILOM	331348	10/24/17	750.00
YBARRA, A	TRAINING ADV LODGE COPSWEST/ YBARRA	331349	10/24/17	457.64
GUSTAVO PUENTES	TABLES, CHAIRS & LINEN / STATE OF THE CITY	331350	10/24/17	1,560.00
ROYAL LINES CHARTERS LLC	BUS TRANSPORTATION /STATE OF THE CITY	331351	10/24/17	450.00
REGIONAL TRAINING CENTER	HR TRAINING ACADEMY / D. RAMOS	331352	10/24/17	1,120.00
ACE UNIFORMS & ACCESSORIES INC	NEW OFFICER UNIFORM SUPPLIES / PD	331353	10/24/17	72.18
ADMINSURE INC	WORKERS COMPENSATION CLAIMS NOV 2017	331354	10/24/17	7,169.16
AIRGAS WEST	MOP#45714 SAFETY ITEMS / PW	331355	10/24/17	178.64
AZTEC APPLIANCE	CITY WIDE APPLIANCE PURCHASES / PW	331356	10/24/17	213.34
BOOT WORLD	MOP#64096 SAFETY BOOTS / PW	331357	10/24/17	250.00
CASAS, LAURA	INTERPRETATION SVCS FOR COUNCIL MEETINGS	331358	10/24/17	675.00
CITY OF NATIONAL CITY	PETTY CASH REPLENISHMENT / JULY 2017	331359	10/24/17	881.55
COMMERCIAL AQUATIC SERVICE INC	CHEMICAL SUPPLIES FOR POOL / PW	331360	10/24/17	957.00
COUNTYWIDE MECHANICAL	CITY WIDE ONSITE HEATING & VENTILATION / PW	331361	10/24/17	1,917.83
CS LEGACY CONSTRUCTION INC	PARADISE CREEK ED. PARK	331362	10/24/17	46,493.62
DANIELS TIRE SERVICE	MOP# 76986 TIRES / PW	331363	10/24/17	1,712.81
DELTA DENTAL INSURANCE CO	COBRA PREMIER / 05-098601002 / SEP2017	331364	10/24/17	90.44
DELTA DENTAL INSURANCE CO	DENTAL INS PMI / SEPT 2017	331365	10/24/17	71.94
ED BRAINARD	HORTICULTURAL SEMINAR / ROUSTON / PW	331366	10/24/17	420.00
EXPRESS PIPE AND SUPPLY CO INC	CITY WIDE PLUMBING PARTS & MATERIALS / PW	331367	10/24/17	777.96
FERGUSON ENTERPRISES INC	MOP# 45723 GENERAL SUPPLIES / PW	331368	10/24/17	198.62
GOVCONNECTION INC	PANASONIC TABLETS / PD	331369	10/24/17	1,043.13
GRAINGER	MOP 65179 GENERAL SUPPLIES / PW	331370	10/24/17	1,659.54
HEALTH NET	HEALTH NET JULY & SEPTEMBER 2017	331371	10/24/17	638.26
HERNANDEZ, A	REIMB: A. HERNANDEZ KIWANIS DUES / PD	331372	10/24/17	100.00
HUB CONSTRUCTION	STEEL FLAT STAKE / PW	331373	10/24/17	178.57
JOE D MOBILE INSTALLS	SCREWS, NUTS, BOLTS / PW	331374	10/24/17	1,613.88
JOHNSON, S	REIMBURSEMENT / TINY TOTS SUPPLIES	331375	10/24/17	38.36
JONES, DEREK	SWITCH / PW	331376	10/24/17	58.24
KAISER FOUNDATION HEALTH PLANS	COBRA / SEPT 2017 / GROUP 104220-7002	331377	10/24/17	2,624.80
KREPPS, B	EDUCATION REIMBURSEMENT	331378	10/24/17	660.00
LANGUAGE LINE SERVICES	INTERPRETATION SERVICES / PD	331379	10/24/17	92.75
LEFORTS SMALL ENGINE REPAIR	MOP 80702 AUTO SUPPLIES / PW	331380	10/24/17	157.69
LEXIPOL LLC	LEXIPOL JULY 2017 MONTHLY SERVICE / PD	331381	10/24/17	1,695.00
LOPEZ, TERESA YOLANDA	INTERPRETATION SVCS FOR COUNCIL MEETINGS	331382	10/24/17	600.00
MENDIVIL, A	TRAVEL REIMBURSEMENT / MENDIVIL	331383	10/24/17	133.07
NAPA AUTO PARTS	MOP 45735 GENERAL SUPPLIES /PW	331384	10/24/17	58.59
NATIONAL CITY ELECTRIC	CITY WIDE ELECTRICAL MAINTENANCE / PW	331385	10/24/17	5,895.00
NOWDOCS INTERNATIONAL INC	W2 FORMS W/BACKER & W2 ENVELOPES	331386	10/24/17	187.92
PARTS AUTHORITY METRO LLC	MOP 75943 AUTO PARTS /PW	331387	10/24/17	190.66
PARTS AUTHORITY METRO LLC	MOP# 75943 AUTO PARTS / PW	331388	10/24/17	25.72
PENSKE FORD	MOP 49078 AUTO PARTS /PW	331389	10/24/17	270.64
POWERSTRIDE BATTERY CO INC	MOP# 67839 AUTO PARTS / PW	331390	10/24/17	1,006.63
PRO BUILD	MOP 45707 GENERAL SUPPLIES / PW	331391	10/24/17	2,063.85
PRUDENTIAL OVERALL SUPPLY	MOP 45742 LAUNDRY SERVICES / PW	331392	10/24/17	850.94
QUAL CHEM CORPORATION	LIME GONE REM	331393	10/24/17	364.15
RED WING SHOES STORE	SAFETY BOOTS	331394	10/24/17	250.00



**WARRANT REGISTER #17
10/24/2017**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
RELY ENVIRONMENTAL	HAZARDOUS WASTE PICK UP / ENG	331395	10/24/17	1,839.00
ROUSTON, J	TRAVEL MILEAGE REIMBURSEMENT / PW	331396	10/24/17	52.22
SAN DIEGO PET SUPPLY	CANINE SUPPLIES / PD	331397	10/24/17	351.11
SANTORA, ANGELA	MURAL PAINTING AT CASA / CSD	331398	10/24/17	400.00
SDG&E	STREETS DIVISION GAS & ELECTRIC UTILITIES	331399	10/24/17	15,854.68
SITEONE LANDSCAPE SUPPLY LLC	MOP 45720 LANDSCAPE SUPPLIES / PW	331400	10/24/17	514.94
SMART & FINAL	MOP 45756 SUPPLIES FOR PD	331401	10/24/17	127.83
SMART SOURCE OF CALIFORNIA LLC	MOP / SMART SOURCE / PD	331402	10/24/17	555.76
STAPLES BUSINESS ADVANTAGE	MOP/STAPLES/PD	331403	10/24/17	957.56
SUPERIOR READY MIX	COLD MIX ASPHALTS & TACK OIL / PW	331404	10/24/17	1,009.68
SWEETWATER AUTHORITY	FACILITIES DIVISION WATER UTILITIES	331405	10/24/17	13,239.74
SYMBOLARTS, LLC	POLICE BADGES	331406	10/24/17	90.00
T MAN TRAFFIC SUPPLY	MOP 76666 TRAFFIC SUPPLIES / PW	331407	10/24/17	1,446.00
THE LIGHTHOUSE INC	MOP# 45726 AUTO PARTS / PW	331408	10/24/17	449.19
THE SHERWIN WILLIAMS CO	MOP 77816 PAINT SUPPLIES / PW	331409	10/24/17	122.08
TOPECO PRODUCTS	MOP 63849 AUTO SUPPLIES /PW	331410	10/24/17	216.74
TURF STAR	BELT HEX - PW	331411	10/24/17	282.62
U S BANK	US BANK / PD	331412	10/24/17	1,116.01
UNDERGROUND SERVICE ALERT	UNDERGROUND SERVICE ALERT FY 2018	331413	10/24/17	269.05
VALLEY INDUSTRIAL SPECIALTIES	MOP 46453 GENERAL SUPPLIES / PW	331414	10/24/17	133.35
VCA EMERGENCY ANIMAL HOSPITAL	STRAY ANIMAL VET CARE / PD	331415	10/24/17	944.47
VISION SERVICE PLAN	VISION SERVICE PLAN (CA) / OCT 2017	331416	10/24/17	678.27
VORTEX INDUSTRIES INC	CITY WIDE ON SITE SERVICE & REPAIRS / PW	331417	10/24/17	846.69
VULCAN MATERIALS COMPANY	3/4 IN CL BASE STREETS PW	331418	10/24/17	272.25
WAXIE SANITARY SUPPLY	MISCELLANEOUS JANITORIAL SUPPLIES / PW	331419	10/24/17	1,549.94
WESTFLEX INDUSTRIAL	MEGA CRIMP SUPPLIES / PW	331420	10/24/17	968.21
WILLY'S ELECTRONIC SUPPLY	MOP BATTERIES / PD	331421	10/24/17	247.95

A/P Total 133,960.46

WIRED PAYMENTS

PUBLIC EMP RETIREMENT SYSTEM	SERVICE PERIOD 09/26/17 - 10/09/17	10182017	10/18/17	229,150.43
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PAYROLL

<u>Pay period</u>	<u>Start Date</u>	<u>End Date</u>	<u>Check Date</u>	
22	10/10/2017	10/23/2017	11/1/2017	1,122,330.57

GRAND TOTAL

\$1,485,441.46

Certification

IN ACCORDANCE WITH SECTION 37202, 37208, 372059 OF THE GOVERNMENT CODE, WE HEREBY CERTIFY TO THE ACCURACY OF THE DEMANDS LISTED ABOVE AND TO THE AVAILABILITY OF FUNDS FOR THE PAYMENT THEREOF AND FURTHER THAT THE ABOVE CLAIMS AND DEMANDS HAVE BEEN AUDITED AS REQUIRED BY LAW.

Mark Roberts

MARK ROBERTS, FINANCE

LESLIE DEESE, CITY MANAGER

FINANCE COMMITTEE

RONALD J. MORRISON, MAYOR-CHAIRMAN

ALBERT MENDIVIL, VICE-MAYOR

ALEJANDRA SOTELO-SOLIS, MEMBER

MONA RIOS, MEMBER

JERRY CANO, MEMBER

I HEREBY CERTIFY THAT THE FOREGOING CLAIMS AND DEMANDS WERE APPROVED AND THE CITY TREASURER IS AUTHORIZED TO ISSUE SAID WARRANTS IN PAYMENT THEREOF BY THE CITY COUNCIL ON THE 5th OF DECEMBER 2017.

AYES _____

NAYS _____

ABSENT _____

The following page(s) contain the backup material for Agenda Item: Warrant Register #18 for the period of 10/25/17 through 10/31/17 in the amount of \$269,109.72. (Finance)

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.:

ITEM TITLE:

Warrant Register #18 for the period of 10/25/17 through 10/31/17 in the amount of \$269,109.72.
(Finance)

PREPARED BY: Karla Apalategui, Accounting Assistant

DEPARTMENT: Finance

PHONE: 619-336-4572

APPROVED BY: _____



EXPLANATION:

Per Government Section Code 37208, attached are the warrants issued for the period of 10/25/17 through 10/31/17.

Consistent with Department of Finance, listed below are all payments above \$50,000.

<u>Vendor</u>	<u>Check/Wire</u>	<u>Amount</u>	<u>Explanation</u>
City of San Diego	331440	58,083.00	Dispatch Services / Fire

FINANCIAL STATEMENT:

APPROVED: _____



FINANCE

ACCOUNT NO.

APPROVED: _____

MIS

Warrant total \$269,109.72.

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: INTRODUCTION FINAL ADOPTION

STAFF RECOMMENDATION:

Ratify warrants totaling \$269,109.72

BOARD / COMMISSION RECOMMENDATION:

ATTACHMENTS:

Warrant Register #18



WARRANT REGISTER #18
10/31/2017

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
JESSE ARROYO	EVENT PHOTOGRAPHY / STATE OF THE CITY	331422	10/26/17	250.00
PEPE REYES PRODUCTIONS	SINGING SERVICES / STATE OF THE CITY	331423	10/26/17	150.00
SAN DIEGO KIDS PARTY RENTALS	ASTROJUMP FOR TOWER OF TERROR / CSD	331424	10/31/17	724.00
STATE OF CALIFORNIA	SALES TAX LIABILITY FOR PERIOD JUL-SEPT	331425	10/31/17	870.00
ACE UNIFORMS & ACCESSORIES INC	UNIFORM FOR STAFF / NSD	331426	10/31/17	679.84
ACE UNIFORMS & ACCESSORIES INC	UNIFORM FOR STAFF / NSD	331427	10/31/17	215.49
ACME SAFETY & SUPPLY CORP	SLOW PADDLES - TRAFFIC SUPPLIES	331428	10/31/17	234.63
ALDEMCO	FOOD / NUTRITION CENTER	331429	10/31/17	1,916.96
ALL FRESH PRODUCTS	FOOD / NUTRITION CENTER	331430	10/31/17	459.80
ALLIED UNIVERSAL	FIRE FEE REFUND	331431	10/31/17	400.00
AMEDEE, W	TRAVEL MILEAGE REIMBURSEMENT	331432	10/31/17	11.42
AMERICAN RADIO INC	REMOTE SPEAKER MICROPHONE	331433	10/31/17	427.32
AMSTERDAM PRINTING & LITHO	AEROSTAR STYLUS PEN RECRUITING	331434	10/31/17	454.38
BENITEZ, MARIA	REIMB / CITATION OVERPAYMENT	331435	10/31/17	40.00
BEST BEST & KRIEGER ATTNY LAW	LIABILITY CLAIM COST	331436	10/31/17	1,740.50
CALIFORNIA COMMERCIAL SECURITY	ELECTRONIC DOOR LOCK INSTALLATION / PW	331437	10/31/17	145.00
CALIFORNIA ELECTRIC SUPPLY	MOP 45698 ELECTRIC SUPPLIES / PW	331438	10/31/17	469.70
CEB	BOOKS / CITY ATTORNEY'S OFFICE	331439	10/31/17	573.67
CITY OF SAN DIEGO	DISPATCH SERVICES / FIRE	331440	10/31/17	58,083.00
CLEAN HARBORS	CONTRACT SERVICES / ENG	331441	10/31/17	944.69
COMMERCIAL AQUATIC SERVICE INC	CHEMICAL SUPPLIES PURCHASES FOR POOL / PW	331442	10/31/17	819.21
COURTESY REFRIGERATION INC	REFRIGERATOR REPAIR / PW	331443	10/31/17	176.47
CSMFO	ADVERTISEMENT JOB RECRUITMENT / FINANCE	331444	10/31/17	275.00
CWEA SAN DIEGO	WASTEWATER COLLECTIONS WORKSHOP / PW	331445	10/31/17	90.00
DALEY & HEFT LLP	LIABILITY CLAIM COST	331446	10/31/17	2,270.90
DALEY & HEFT LLP	LIABILITY CLAIM COST	331447	10/31/17	206.05
DALEY & HEFT LLP	LIABILITY CLAIM COST	331448	10/31/17	70.00
DEPARTMENT OF TRANSPORTATION	HIGHWAY LIGHTING FOR FY 2018	331449	10/31/17	10,484.90
D-MAX ENGINEERING	PARADISE CREEK DAC PROJECT	331450	10/31/17	18,472.50
ECMS	TURNOUT REPAIRS / PW	331451	10/31/17	1,153.02
ESGIL CORPORATION	PLAN CHECKS / BLDG	331452	10/31/17	32,192.62
FEDEX	GOVERNMENTAL PURPOSES	331453	10/31/17	109.20
FERGUSON ENTERPRISES INC	OUTDOOR BI GRILL / PW	331454	10/31/17	6,252.04
FIRE ETC	CITRO SQUEEZE / FIRE	331455	10/31/17	450.21
GOODYEAR TIRE & RUBBER COMPANY	TIRES FOR CITY FLEET FY 2018	331456	10/31/17	800.01
GFOA	ADVERTISEMENT JOB RECRUITMENT / FINANCE	331457	10/31/17	150.00
GFOA	GAAFR REVIEW NEWSLETTER / FINANCE	331458	10/31/17	50.00
HICKS, ROCIO	REFUND / VIOLATION DISMISSED	331460	10/31/17	35.00
HUTCHINSON, C	TRAVEL REIMBURSEMENT / ENG	331461	10/31/17	13.91
INSTITUTE OF TRANSPORTATION	ITE MEMBERSHIP 2018	331462	10/31/17	300.00
JJJ ENTERPRISES	FIRE AND SECURITY ALARM MONITORING / PW	331463	10/31/17	1,490.00
KNOX SERVICES	GOVERNMENTAL PURPOSES	331464	10/31/17	151.50
LASER SAVER INC	MATERIALS AND SUPPLIES / MIS	331465	10/31/17	59.76
LEXIPOL LLC	SEPTEMBER SERVICE LEXIPOL / PD	331466	10/31/17	1,237.50
MACHADO, R	TRAINING REIMB WELLNESS IN THE WORKSHOP/ PI	331467	10/31/17	131.39
MCDUGAL LOVE ECKIS	LIABILITY CLAIM COST	331468	10/31/17	10,482.93
MCDUGAL LOVE ECKIS	LIABILITY CLAIM COST	331469	10/31/17	1,179.69
NAPA AUTO PARTS	MOP 45735 CHARGES / FIRE	331470	10/31/17	111.63
NATIONAL CITY ROTARY CLUB	DUES FOR ROTARY CLUB / RODRIGUEZ	331471	10/31/17	675.00
NATIONAL EMBLEM INC	STANDARD PATENT / RODRIGUEZ	331472	10/31/17	1,368.53



**WARRANT REGISTER #18
10/31/2017**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
NOBLE INDUSTRIAL SUPPLY CORP	HAND SANITIZER / PW	331473	10/31/17	567.90
OFFICE SOLUTIONS BUSINESS	HON NUCLEUS OFFICE CHAIR / CSD	331474	10/31/17	482.85
PCS MOBILE	2 TOUGHBOOK BATTERIES / MIS	331475	10/31/17	330.00
PLAYCORE GAMETIME BIG TOYS	TRX WALL MOUNT AND FITNESS POSTER / CSD	331476	10/31/17	1,616.59
PRO BUILD	MOP 45707 GENERAL SUPPLIES - PW	331477	10/31/17	188.23
PROFORCE LAW ENFORCEMENT	IMPACT SPONGES / PD	331478	10/31/17	4,177.49
PRUDENTIAL OVERALL SUPPLY	MOP 45742 LAUNDRY- PW	331479	10/31/17	181.10
QUAL CHEM CORPORATION	BATHROOM DORMANT - PARKS PW	331480	10/31/17	473.25
RIVERSIDE COMMUNITY	TUITION PUBLIC SAFETY HONOR GUARD / PD	331481	10/31/17	138.00
ROBOTEX INC	REPAIR OF ROBOT / PD	331482	10/31/17	1,109.78
S & S WELDING	STORM DRAIN GRATES	331483	10/31/17	212.06
SABALA, A	TRAINING / PUBLIC SAFETY HONOR GUARD	331484	10/31/17	379.87
SAN DIEGO GAS & ELECTRIC	GAS & ELECTRIC UTILITIES / NUTRITION	331485	10/31/17	413.26
SAN DIEGO HYDRAULICS	SEAL KIT-AUTO SUPPLIES PW	331486	10/31/17	140.02
SAVMART PHARMACEUTICAL SERVICE	NARCOTICS, MEDIC UNITS / FIRE	331487	10/31/17	53.70
SDG&E	STREETS DIVISION GAS & ELECTRIC UTILITIES	331488	10/31/17	29,725.84
SEAPORT MEAT COMPANY	FOOD / NUTRITION CENTER	331489	10/31/17	881.09
SIRCHIE FINGER PRINT	CALIBRATION, GAS METER / FIRE	331490	10/31/17	183.64
SMART & FINAL	MOP 45704. SNACKS FOR TEEN CENTER / CSD	331491	10/31/17	71.66
STAPLES BUSINESS ADVANTAGE	MOP 45704. COPY PAPER FOR OFFICE / HOUSING	331492	10/31/17	1,344.63
STAPLES BUSINESS ADVANTAGE	MOP 45704. OFFICE SUPPLIES / AQUATIC CENTER	331493	10/31/17	150.16
SUPERIOR READY MIX	COLD MIX ASPHALTS & TACK OIL / PW	331494	10/31/17	2,011.79
SWEETWATER AUTHORITY	WASTEWATER DIVISION WATER UTILITIES	331495	10/31/17	2,888.84
SYSCO SAN DIEGO INC	FOOD / NUTRITION CENTER	331496	10/31/17	2,496.52
TODD PIPE & SUPPLY LLC	ELKAY WATER COOLER COMB KIT / PW	331497	10/31/17	6,101.45
TSC GROUP INC	LEASE / STATION 33	331498	10/31/17	2,302.78
TSI INCORPORATED	CLEAN & CALIBRATE GAS MASK TESTER	331499	10/31/17	732.39
U S BANK	CREDIT CARD EXPENSES / PD	331500	10/31/17	2,928.29
U S BANK	CREDIT CARD EXPENSES / PD	331501	10/31/17	1,179.10
URIBE, V	CASH IN LIEU REIMBURSEMENT	331502	10/31/17	329.27
WAXIE SANITARY SUPPLY	JANITORIAL SUPPLIES / FIRE	331503	10/31/17	1,437.82
WILSON, R	MEDIC FEE REIMBURSEMENT	331504	10/31/17	242.50
Z A P MANUFACTURING INC	15- 12X18 BLANK SIGN ALUMINUM- SIGNS PW	331505	10/31/17	487.38
			A/P Total	226,008.62
WIRED PAYMENTS				
CITY NATIONAL BANK	LEASE PAYMENT #30 ENERGY PROJECT	262116	10/25/17	43,101.10

GRAND TOTAL

\$ 269,109.72

Certification

IN ACCORDANCE WITH SECTION 37202, 37208, 372059 OF THE GOVERNMENT CODE, WE HEREBY CERTIFY TO THE ACCURACY OF THE DEMANDS LISTED ABOVE AND TO THE AVAILABILITY OF FUNDS FOR THE PAYMENT THEREOF AND FURTHER THAT THE ABOVE CLAIMS AND DEMANDS HAVE BEEN AUDITED AS REQUIRED BY LAW.

Mark Roberts

MARK ROBERTS, FINANCE

LESLIE DEESE, CITY MANAGER

FINANCE COMMITTEE

RONALD J. MORRISON, MAYOR-CHAIRMAN

ALBERT MENDIVIL, VICE-MAYOR

ALEJANDRA SOTELO-SOLIS, MEMBER

MONA RIOS, MEMBER

JERRY CANO, MEMBER

I HEREBY CERTIFY THAT THE FOREGOING CLAIMS AND DEMANDS WERE APPROVED AND THE CITY TREASURER IS AUTHORIZED TO ISSUE SAID WARRANTS IN PAYMENT THEREOF BY THE CITY COUNCIL ON THE 5th OF DECEMBER 2017.

AYES _____

NAYS _____

ABSENT _____

The following page(s) contain the backup material for Agenda Item: Public Hearing to Consider Proposed Adjustments to Sewer Service Charges in accordance with Proposition 218 requirements, and the adoption of a Resolution of the City Council of the City of National City approving the proposed rate adjustment. (Engineerin

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.

ITEM TITLE: A Public Hearing to Consider Proposed Adjustments to Sewer Service Charges in accordance with Proposition 218 requirements, and the adoption of a Resolution of the City Council of the City of National City approving the proposed rate adjustment.

PREPARED BY: Jose Lopez, Assistant Engineer - Civil

DEPARTMENT: Engineering/Public Works

PHONE: 619-336-4312

APPROVED BY: 

EXPLANATION:

See attached.

FINANCIAL STATEMENT:

ACCOUNT NO.

N/A

APPROVED: _____

Finance

APPROVED: _____

MIS

ENVIRONMENTAL REVIEW:

N/A

ORDINANCE: INTRODUCTION:

FINAL ADOPTION:

STAFF RECOMMENDATION:

Adopt a resolution approving the proposed rate adjustment.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. Explanation
2. Notice of Public Hearing to Consider Proposed Adjustments to Sewer Service Charges.
3. Background Report w/ proposed rates
4. Sewer Rate Study
5. Resolution

Explanation

On October 3, 2017, the City Council of the City of National City 1) accepted and filed the background report and Sewer Rate Study and 2) directed staff to mail out Notice of Public Hearing in accordance with Proposition 218 requirements. The Notice of Public hearing was mailed out, with a public hearing date of December 5, 2017 at 6:00 PM. Upon conclusion of the public hearing to consider the proposed adjustments to sewer service charges, and pursuant to their consideration, City Council will open a new Public Hearing for the introduction of an Ordinance establishing the approved sewer service charges for fiscal years 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23. If approved, the rate adjustment will become effective on customers' 2018/19 property tax bills.

Also, in order to confirm sewer-related revenues have been collected and spent appropriately prior to bringing forward consideration for a sewer rate increase, the City engaged The Pun Group ("the auditor") to perform agreed-upon procedures to review the calculation and billing of sewer-related charges and the revenue and expenditure transactions within the Sewer Service Fund. The procedures, which were performed on calculations and transactions occurring in fiscal years 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17, are:

1. Review of revenues derived from sewer-related charges to determine whether the revenues were recorded and deposited into the Sewer Services Fund in accordance with NCMC § 14.04.010 B;
2. Review of sewer-related charges to determine whether the charges were correctly calculated and billed to the customers;
3. Review of Sewer Service Fund expenditures to determine whether they were properly recorded, and whether funds were spent for the specific purposes established by NCMC § 14.04.010 C.

The report issued by the auditor states that, for the calculations, billings, and transactions reviewed for the period, no exceptions were found to the accurate calculation and billing of sewer-related charges, correct recording of transactions, or proper spending of Sewer Service Fund monies.

While the City Council will take action on the proposed rate adjustments as a part of this public hearing, City Council will again take action to adopt the Ordinance at the regularly scheduled meeting of December 19, 2017. It is only by adoption of the Ordinance, that the City can assess the proposed rate adjustments.



NOTICE OF PUBLIC HEARING

to Consider Proposed Adjustments to
Sewer Service Charges

Tuesday, December 5, 2017, 6:00 p.m.

Proposition 218

Pursuant to Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act, the City of National City (the "City") hereby gives notice that a public hearing will be held on December 5, 2017, at 6:00 PM, or as soon as possible thereafter as the matter can be heard, at the regularly scheduled City Council meeting. The public hearing will be held in the Council Chamber of the Civic Center, located at 1243 National City Boulevard, National City, California.

Upon conclusion of the public hearing, the City Council will consider a proposed increase to the cost the City charges for sewer service for Fiscal Year 2018/19 through 2022/23. If approved, the rate adjustment will become effective on customers' 2018/19 property tax bills. For more detailed information on how the sewer rates were calculated, copies of the NV5 rate study analysis (see below) are available at <http://www.nationalcityca.gov/government/engineering-public-works/engineering-division/sewer-service> or at the Engineering / Public Works Department, located at 1243 National City Boulevard, National City, California, 91950, Telephone No. (619)-336-4580.

Reason for Proposed Rate Increase

The City is provided wastewater treatment and disposal services by the City of San Diego's Metropolitan Wastewater System ("Metro"). The proposed rate adjustments will allow the City to collect sufficient revenue so the City may continue providing sewer service to customers in the face of sharply increasing operating costs from Metro to fund the Pure Water Program. The proposed rate adjustments will also enable the City to pay for capital improvements that are essential for operating the sewer system in a safe and financially prudent manner. Revenues derived from the City's sewer service charges, and any adopted adjustments described in this notice, will be used solely for the actual and necessary expenses of providing sewer service to customers. The City is prohibited by law from making a profit on sewer service.

Engineering & Public Works Department
1243 National City Boulevard, National City, CA 91950-4301
(619) 336-4380 Engineering * (619) 336-4580 Public Works * Fax (619) 336-4397
www.nationalcityca.gov



The City elected to conduct a comprehensive review of its sewer rates for all users to ensure the long term stability of its sewer services. The new proposed rate increases are based on a September 2017 rate study titled "City of National City Sewer Rate Study" ("Study") conducted by NV5, a well-respected engineering and consulting firm. NV5 considered all sewer-related factors described in this notice, in addition to other, more specific information described in the Study, in conducting their sewer rate analysis. The Study, and its underlying rate methodology, is available at <http://www.nationalcityca.gov/government/engineering-public-works/engineering-division/sewer-service>. Copies of the Study are also available at the Engineering/Public Works Department at the Civic Center. The Study's underlying rate methodology will be discussed in more detail at the December 5th public hearing.

Protest Procedure

The property owner of record may file a written protest to the proposed rate adjustment. Property owners do not have to attend the public hearing in order to file a protest. Protests may be mailed to: City Clerk, 1243 National City Boulevard, National City, California 91950. If protesting by mail, please write on the front of the envelope that the enclosed letter of protest is for the proposed sewer rate adjustments. All protests must be received before the close of the public comment portion of the public hearing on **December 5, 2017**. Any protests received after that date and time, even if postmarked on or prior to that date, will not be counted.

Any protest received via e-mail, fax, or other electronic means shall also not be counted. The signature on the protest must be that of the property owner of record and be an original signature. Protests with copies of signatures will not be counted. Oral comments do not qualify as a protest, unless accompanied by a written protest. While customers who live on property owned by others may attend the public hearing, the City will only count written protests filed by property owners. Only one valid protest per parcel will be counted.

In order to be counted, each protest must contain the following:

1. State that the property owner of record does not agree with the proposed rate increase.

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2. Identify the location of the parcel by street address, assessor's parcel number (APN) listed on the address label of your envelope, or City account number.
3. Provide the printed name and original signature of the property owner submitting the protest.
4. If you wish to protest and you own multiple properties, you may file one valid protest for each parcel that you own. Only one protest will be counted per parcel. For example, if you own five parcels and you wish to file protests for each of your properties, you must file five separate protests.
5. If you wish to protest and your parcel is owned by more than one person, or by a corporation or other legal entity, you may only file one protest for that parcel. Proper documentation must be provided showing that the person who signs the protest has the authority to sign on behalf of the other owners, corporation, or legal entity.
6. If the name of the property owner was not shown on San Diego County's last equalized assessment roll as the owner of record, you must provide the City with a certified copy of a recorded deed.

Individuals with disabilities, who require reasonable accommodation under the Americans with Disabilities Act in order to participate in the public hearing, should contact the City Clerk's Office as far in advance of the public hearing as possible.

Proposed Increases

The City last adjusted sewer service charges in FY 2006. The NV5 Study showed that, over the next five years, current sewer service revenues will not meet the increasing cost of City operating and capital expenses. The City system of sewer service charges meets regulatory and industry standards and the current rate schedule reflects the proper elements of a cost-of-service-based rate structure. No structural changes to the current system of charges will be made.

Based upon the Study, rate increases will be considered for each of the City's four distinct sewer customer groups: (1) single-family residential; (2) multi-family; (3) mobile home parks; and (4) commercial/industrial. The City maintains a specific sewer charge formula for each of these four customer groups. Single family, multi-family, and mobile home customers are billed flat rates based on a system of equivalent dwelling units established for each of these three customer groups. Commercial/industrial users are placed into one of five rate categories

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(619) 336-4380 Engineering * (619) 336-4580 Public Works * Fax (619) 336-4397
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based on (1) their respective sewage strengths, and (2) 90% of the users' total water usage from the prior year.

The following rate table contains the recommended sewer service charges that the City Council will consider for adoption at the public hearing:

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

Pass-Through Costs

The above-proposed rate table is based, in part, on projections provided by Metro. The City will not pass through to customers any increases to wholesale treatment costs from Metro that exceed the amounts listed in the rate table above. The City will provide customers at least 30 days' notice before the effective date of any adjustment reflected in the rate table above.

If you have any questions about this process, or this notice in general, please contact the Engineering / Public Works Department at (619)-336-4580.

Engineering & Public Works Department
 1243 National City Boulevard, National City, CA 91950-4301
 (619) 336-4380 Engineering * (619) 336-4580 Public Works * Fax (619) 336-4397
www.nationalcityca.gov

Background Report

National City provides wastewater service to approximately 17,000 customers within the incorporated area of the City of National City. It owns and operates approximately 100 miles of pipeline, 2,000 manholes, and 2 lift stations/force mains.

The City is responsible for collecting and conveying wastewater flows originating within the City to the City of San Diego's Point Loma Treatment Plant for treatment and disposal. The City's primary goals are operating the sewerage system safely and efficiently while meeting the needs of their customers.

To meet these goals, the City undertakes routine cleaning, inspections, and repairs and rehabilitates its facilities as needed. The wastewater system operates in an area subject to strict regulatory oversight by Federal and State agencies such as the U.S. Environmental Protection Agency (USEPA) and the California State Water Resources Control Board (SWRCB). The City must comply with a multitude of laws including, but not limited to, State Wastewater Discharge Requirements (WDRs). Complying with these regulations and resulting mandates contributes to a large share of the cost burden on the City's system.

The City of National City is one of thirteen participating agencies (PAs) who send their wastewater to the City of San Diego Metropolitan Sewage Treatment System (Metro) for treatment and disposal. Along with the other PA's, the City entered into the Regional Disposal Agreement with San Diego in 1998. Due to positive financial negotiations with San Diego since that time and especially the establishment of the "Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage" during FY 2010 the City has enjoyed stable annual billings for the last 8 years from the City of San Diego. However, in 2015 the City of San Diego initiated a multi-billion dollar public works project entitled the Pure Water Program which will provide the double benefit of "secondary equivalency" to San Diego's wastewater customers including National City as well as a significant new potable water supply for the City of San Diego.

In September 2016, the City of San Diego provided the PAs with a range of annual costs from FY 2016 through FY 2022 for Phase I of the Pure Water Program. These annual cost increases began with FY 2018 (current fiscal year) and are the basis for establishing the San Diego portion of the revenue requirement developed by this Study.

The City of National City customers enjoy some of the lowest sewer service charges in the Metro System. The City last adjusted sewer service charges through a 2003 Rate Study and rates were last increased in FY 2006. FY 2018 charge is 38% lower than the average Metro PA rate of \$50.82 per month. However, the City's increased internal CIP requirements and the costs associated with the Pure Water Program require that the City adjust their sewer rates for the next five years at an average of 9.8% per year.

The City's sewer utility was evaluated on a "stand-alone" basis. That is, no subsidies between the utility or other City funds occur. By viewing the utility on a stand-alone basis, the need to

adequately fund both operations and maintenance (O&M) and capital infrastructure (CIP) must be balanced against the rate impacts on utility customers.

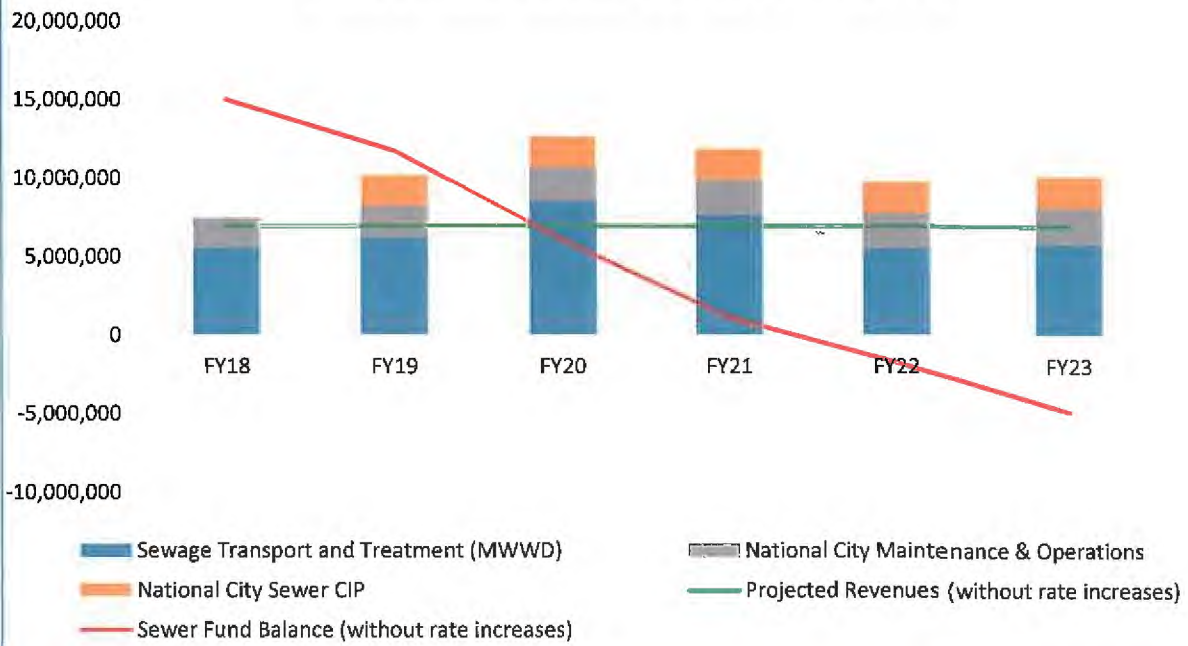
A comprehensive process was used to review the City's rates and projected expenses. Background information on capital needs was available through the CIP Needs Assessment, which was presented at the City Council Meeting of February 28, 2017.

The revenue requirement analysis revealed that several significant financial changes have occurred since the City's 2003 rate study and subsequently adopted sewer user rates. The significant changes are:

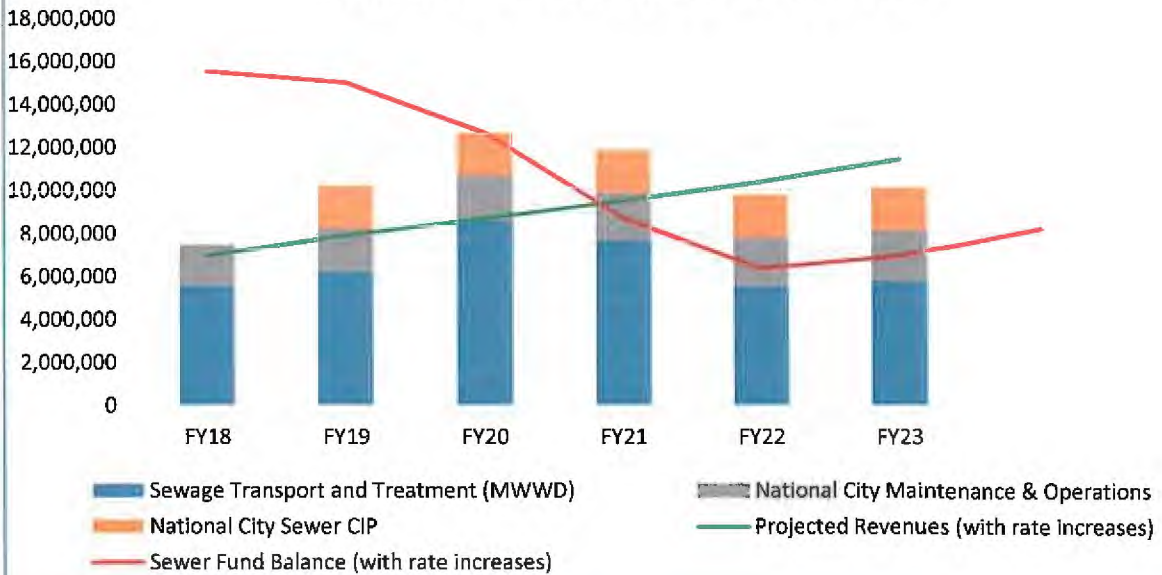
1. The Wastewater Master Plan contains an annual capital requirement of \$2 million for capital projects for the next 9 years.
2. The planning phase of the City of San Diego's Pure Water Program have begun and during FY 2018 to FY 2023 additional Metro costs are anticipated for Phase 1 of this program. City of San Diego staff has identified the increased funding level for the participating agencies from the 2010 adopted Protocol level of \$65 million to \$128 million per year over the next four-years. The City's portion of this budget is currently 7.4%. National City's increased funding level for the Pure Water Program is included in this rate case.

The largest component of the City of National City's revenue requirement is the costs associated with transportation, treatment and disposal of the City's wastewater by the Metro facilities. A summary of the projected City collection system O&M, CIP and Metro expenses, compared to current and proposed sewer rates, are included in the City's rate case and summarized in the charts below.

Sewer Service Fund Revenue Projections vs Expenses Without Rate Increases (FY 2018 - FY 2023)



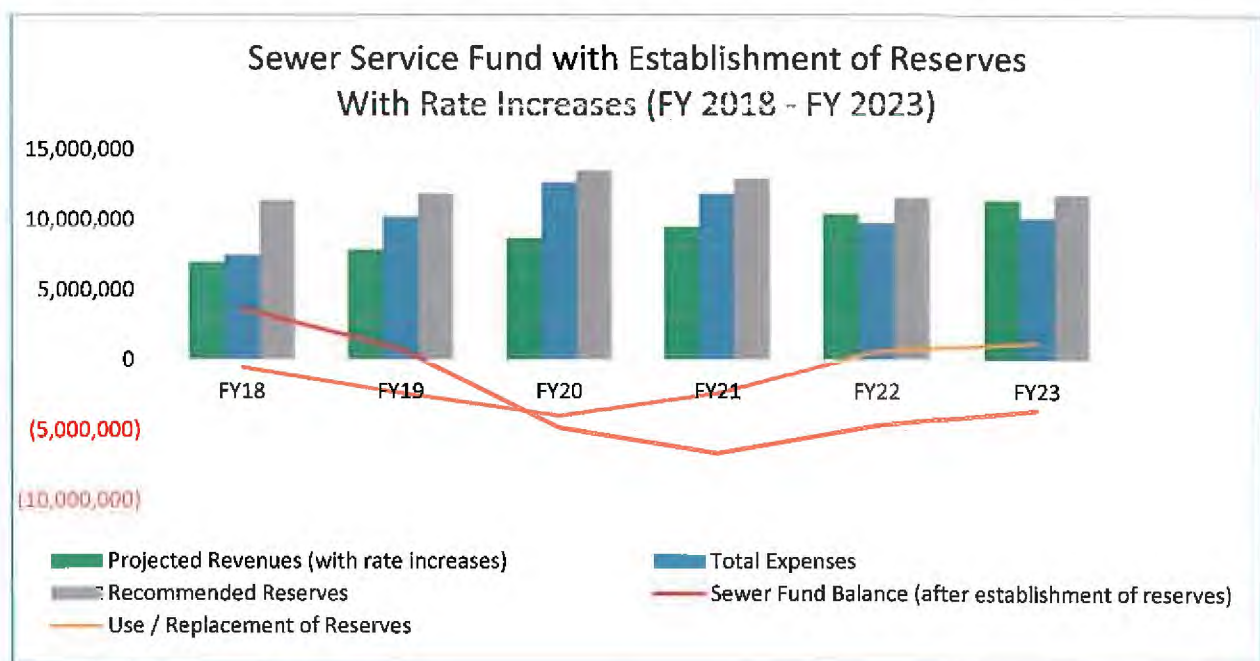
Sewer Service Fund Revenue Projections vs Expenses With Rate Increases (FY 2018 - FY 2023)



Based on cost of service and projected revenue requirements, the City proposes new sewer service charges. The following table shows the proposed sewer charges for FY 2019 through FY 2023 and compares them to existing charges:

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

The City should also establish a definitive reserve policy to protect the financial integrity of our sewer enterprise fund. City staff proposes a reserve policy that meets industry standard guidelines in establishing formal reserve policies as well as the City’s needs for financial stability and potential exposures to external forces which could require unplanned O&M or capital expenditures. The establishment of this reserve has been integrated into the projected revenue requirements for the rate case. The following chart presents a financial picture of the Sewer Enterprise Fund over the next five fiscal years based on the inclusion of proposed sewer rate increases (revenues), total expenses, and operational and capital reserves.

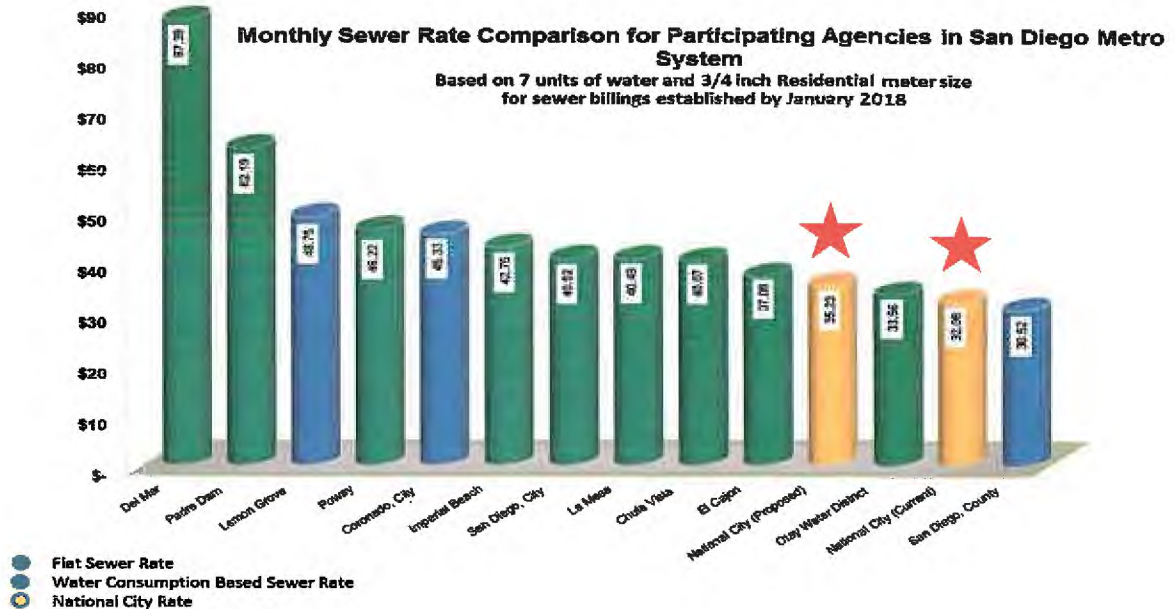


Long Range Financial Plan: Establishment & Use of Reserves Table

5	Total Revenue	\$ 6,957,939.32	\$ 7,881,478.71	\$ 8,696,609.30	\$ 9,521,184.34	\$10,409,369.16	\$ 11,443,792.61
12	Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
13	Fund Balance Prior to Reserves	\$15,014,450.61	\$ 12,674,450.61	\$ 8,699,450.61	\$ 6,354,450.61	\$ 6,969,450.61	\$ 8,264,450.61
14	Reserve Targets:						
15	Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,897,184.58	\$ 4,074,396.31
16	Metro Cash Flow	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00
17	Emergency/Nat. Disaster	\$ 1,245,624.95	\$ 1,370,246.45	\$ 1,778,601.55	\$ 1,644,364.03	\$ 1,299,061.53	\$ 1,358,132.10
18	Capital Expansion Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
19	Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
20	Total Recommended Reserves	\$ 11,382,499.81	\$ 11,880,985.81	\$ 13,514,406.20	\$ 12,977,456.23	\$ 11,596,246.11	\$ 11,832,528.41
21	Fund Balance Over/(Under) Target	\$ 3,631,950.80	\$ 793,464.80	\$ (4,814,955.59)	\$ (6,623,005.62)	\$ (4,626,795.50)	\$ (3,568,077.80)
22	(Use)/Replacement of Reserves	\$ (515,810.39)	\$ (2,340,000.00)	\$ (3,975,000.00)	\$ (2,345,000.00)	\$ 615,000.00	\$ 1,295,000.00

Footnote: (Use)/Replacement of Reserves – A negative value indicates use of reserves required to offset total expenses. A positive value indicates replenishment of reserves based on revenues exceeding expenses.

The following chart represents a monthly sewer rate comparison for PA’s before and after the FY 2019 proposed rate increase. With the rate increase for FY 2019, National City would still have the lowest sewer rate among all cities in San Diego County.



City of National City Sewer Rate Study

September 2017

Submitted To:
City of National City
1243 National City Boulevard
National City, CA 91950-4301

Submitted By:
NV5
15092 Avenue of Science, Suite 200
San Diego, CA 92128
858.385.0500



City of National City Sewer Rate Study

September 2017

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City of National City
1243 National City Boulevard
National City, CA 91950-4301

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NV5

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Appendices

Appendix A – Wastewater Rate Study

Abbreviations

AWWA	American Water Works Association
BMP	Best Management Practices as Prescribed by the State of California
BOD	Biochemical Oxygen Demand – A Measure of Sewage Strength
CIP	Capital Improvement Program or Plan
EDU	Equivalent Dwelling Unit
ENR-CCI	Engineering News Record Construction Cost Index
FY	Fiscal Year Ending June 30
GPD	Gallons per Day
HCF	Hundred Cubic Feet
Metro	City of San Diego Metropolitan Wastewater System
mg/l	Milligrams per Liter
O&M	Operations and Maintenance
PA	Participating Agency in the San Diego Metro System
TSS	Total Suspended Solids – A Measure of Sewage Strength
US EPA	U.S. Environmental Protection Agency

1.0 Executive Summary

This report was prepared for the City of National City (City) to document the development of a wastewater multi-year financial plan, cost of service analysis, and rate design for the City (rate case). The specific goals of the study were to:

- Evaluate the adequacy of projected revenues under existing sewer service charges to meet projected revenue requirements;
- Develop a wastewater cost of service and rate model for the City covering a five-year study (Fiscal Year 2019 through Fiscal Year 2023) period for both ongoing operations and planned capital improvements;
- Allocate the projected fiscal years revenue requirements to the various customer classes in accordance with the proportionate share of their wastewater contributions;
- Develop a five-year sewer service charge program that produces revenues adequate to meet financial needs of the City for both their required funding of the City of San Diego's Pure Water Program and the City's operations and capital needs, while recognizing customer costs of service, and local and state legal and policy considerations such as California Constitution Articles XIII C and D (Proposition 218), and Proposition 26; and
- Recommend appropriate reserve levels for operations and capital needs.

1.1 Findings

During the course of our analysis in relation to the specific goals of the study we made the following findings:

1. The City of National City last adjusted the sewer service charges in FY 2006.
2. Wastewater service charge revenues at current levels will not be sufficient over the next five years to meet the increasing cost of City operating and capital expenses without negatively affecting fund balance levels¹. In the absence of annual rate adjustments, projections show that the City would deplete the Net Fund Balance during FY 2022. Line 23 on **Table 1-1** on the next page illustrates the projected financial picture without recommended sewer service charge adjustments, and shows that the City's Fund Balance falls below recommended operating reserve target levels by FY 2019 and falls into a negative cash position by FY 2022.

¹The term "fund balance" refers to the remaining amounts available after short-term liabilities (monies owed) are paid off with the agency's available cash and other financial resources (such as receivables). The fund balance includes reserved and unreserved components. For the purposes of this Study, this term refers to "available cash excluding reserved monies" and the term "fund" refers to either the Operating or Capital account in which these monies reside.

Table 1-1 – Sewer Enterprise Fund Long Range Plan without Revenue Adjustments (Status Quo)

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
1 Beginning Balance	\$15,530,261.00	\$ 15,014,450.61	\$ 11,750,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)
2 Revenue:						
3 Non-Operating Revenue	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
4 User Fees	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32
5 Total Revenue	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32
6 Operations Expenses:						
7 Collection System Maintenance	\$ 1,835,415.00	\$ 2,015,522.43	\$ 2,099,213.62	\$ 2,184,253.96	\$ 2,263,206.29	\$ 2,341,467.45
8 Metro and JPA costs - Low Projection	\$ 5,538,334.71	\$ 6,205,956.28	\$ 8,572,395.68	\$ 7,681,930.38	\$ 5,531,162.87	\$ 5,807,325.16
10 Total Operations Expenses	\$ 7,473,749.71	\$ 8,221,478.71	\$ 10,671,609.30	\$ 9,866,184.34	\$ 7,794,369.16	\$ 8,148,792.61
12 Capital Improvement Program:						
13 Collection System CIP	\$ -	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00
14 Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
15 Fund Balance Prior to Reserves	\$ 15,014,450.61	\$ 11,750,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)	\$ (4,898,286.92)
16 Reserve Targets:						
17 Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,887,184.58	\$ 4,074,386.31
18 Metro Cash Flow	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00
19 Emergency/Nat. Disaster	\$ 1,245,624.95	\$ 1,370,246.45	\$ 1,778,601.55	\$ 1,644,364.06	\$ 1,299,061.53	\$ 1,358,132.10
20 Capital Expansion Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
21 Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
22 Total Recommended Reserves	\$ 11,382,499.81	\$ 11,880,985.81	\$ 13,514,406.20	\$ 12,977,456.23	\$ 11,586,246.11	\$ 11,832,528.41
23 Fund Balance Over/(Under) Reserve Target	\$ 3,631,950.80	\$ (130,074.59)	\$ (7,477,164.96)	\$ (11,848,460.01)	\$ (13,303,679.73)	\$ (16,730,815.32)

3. The City does not have a formal reserve policy for their operations or capital funds.

4. The City does not have a mechanism to pass through wholesale treatment costs from the City of San Diego to customers should those costs rise beyond projections in the cost of service model, or beyond future year projections.
5. The City has an adequate system of sewer service charges to meet regulatory and industry standards, and their current rate schedule reflect the proper elements of a cost of service based rate structure. Thus we are not recommending any structural changes to the current system of charges.

1.2 Recommendations

The following lists NV5, Inc.'s (NV5) recommendations to address the findings listed above:

1. Per the cost-of-service analysis contained within this report, NV5 recommends City wastewater service charges be adjusted to reflect current costs of providing sewer service to customers within the City. This recommendation includes adjusting total revenue from rates by 9.8 percent per year beginning in FY 2018 and ending in FY 2023 as shown in **Table 1-2**.

Table 1-2 – Recommended Annual Revenue Adjustment

Fiscal Year	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue Adjustment	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Effective Month	July	July	July	July	July	July

Based on the cost of service analysis, revenue adjustments per customer class will vary, however, in total, the City requires 9.8 percent more revenue from customer rates each year. Should the City approve these rate adjustments, the projected financial picture of the City should stabilize by FY 2022 as demonstrated in **Table 1-3**, Line 22.

Table 1-3 - Sewer Enterprise Fund Long Range Plan with Recommended Revenue Adjustments

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
1 Beginning Balance	\$ 15,530,261.00	\$ 15,014,450.61	\$ 12,674,450.61	\$ 8,699,450.61	\$ 6,354,450.61	\$ 6,969,450.61
2 Revenue:						
3 Non-Operating Revenue	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
4 User Fees	\$ 6,942,939.32	\$ 7,866,478.71	\$ 8,681,609.30	\$ 9,506,184.34	\$ 10,394,369.16	\$ 11,428,792.61
5 Total Revenue	\$ 6,957,939.32	\$ 7,881,478.71	\$ 8,696,609.30	\$ 9,521,184.34	\$ 10,409,369.16	\$ 11,443,792.61
6 Operations Expenses:						
7 Collection System Maintenance	\$ 1,935,415.00	\$ 2,015,522.43	\$ 2,099,213.62	\$ 2,184,253.96	\$ 2,263,206.29	\$ 2,341,467.45
8 Metro and JPA costs - Low Projection	\$ 5,538,334.71	\$ 6,205,956.28	\$ 8,572,395.68	\$ 7,681,930.38	\$ 5,531,162.87	\$ 5,807,325.16
9 Total Operations Expenses	\$ 7,473,749.71	\$ 8,221,478.71	\$ 10,671,609.30	\$ 9,866,184.34	\$ 7,794,369.16	\$ 8,148,792.61
10 Capital Improvement Program:						
11 Collection System CIP	\$ -	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00
12 Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
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14 Reserve Targets:						
15 Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,897,184.58	\$ 4,074,396.31
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18 Capital Expansion Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
19 Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
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22 (Use)/Replacement of Reserves	\$ (515,810.39)	\$ (2,340,000.00)	\$ (3,975,000.00)	\$ (2,345,000.00)	\$ 615,000.00	\$ 1,295,000.00

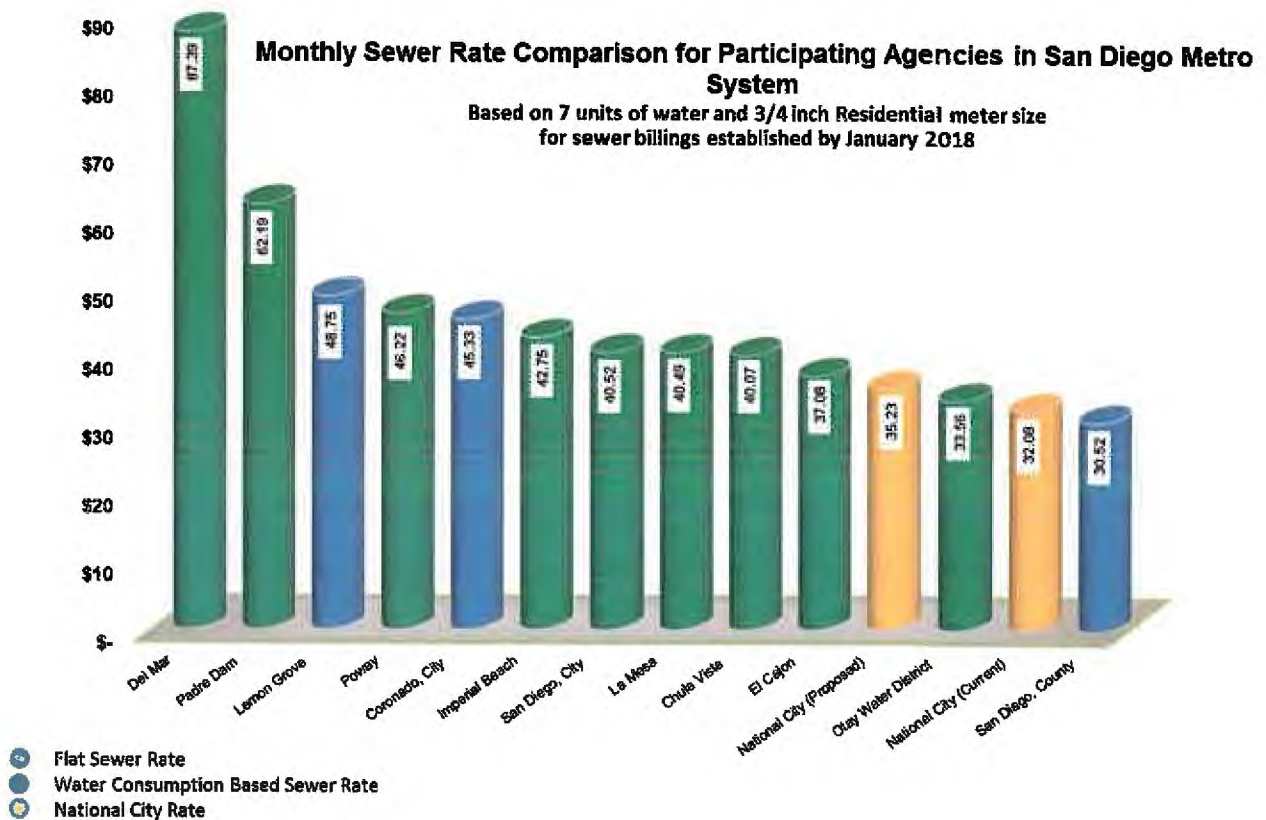
2. Based on cost of service and projected revenue requirements the City should adopt the following sewer service charges. **Table 1-4** shows the proposed sewer charges for FY 2019 through FY 2023 and compares them to existing charges.

Table 1-4: Recommended Annual Sewer Service Charges

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

Figure 1-1 summarizes all San Diego Metro Member Agencies comparative sewer user rates based on 7 HCF of water usage/sewer flow and a residential monthly base fee. It should be noted that the rates shown are those effective July 1, 2017. The figure also includes the City's current monthly rate as well as the proposed FY 2019 rate of \$35.23 per EDU per month. The City's first proposed rate adjustment will **not begin** until July 1, 2018. By that time the majority of these rates will be 5% to 10% higher as all agencies except San Diego either have adopted current rate cases or are in the process of updating their current rate cases to phase in the required Pure Water Program costs. Even with the proposed 5-year rate adjustments National City will still enjoy some of the lowest rates among the users of the San Diego Metro System. The proposed FY 2019 single family rate will be as low as 35.23 which is 37% lower than the **existing** (FY 2018) average Metro member agency rate of \$50.82.

Figure 1-1 Metro Member Agencies Sewer Rates Comparison



3. The City should establish a definitive reserve policy to protect the financial integrity of their sewer enterprise fund. The following operational and capital reserves are recommended:

Operations/Cash Flow Reserve	The operating reserve provides working capital for day-to-day operations and helps to absorb fluctuations in cash balances due to routine difference in revenue and expense cycles. The City of National City places their sewer service charges on the annual County of San Diego Property Tax Roll for cost effective and efficient collection of these charges. Therefore a 50% cash flow reserve is recommended.
Metro Cash Flow Reserve	In 2015 San Diego provided the City with a draft financing plan for the Pure Water Program which established National City's non-debt funded portion of the program to be \$4.4 million in estimated pay-go expenses. It is recommended that the City establish a Metro Cash Flow Reserve in this amount to be used to offset unplanned cost increases for this project
Emergency/Natural Disaster Reserve	Recent historic events such as Hurricanes Harvey & Irma have only emphasized the need for an agency to have additional monies set aside to pay for unforeseen events such a restoring service to flooded pump stations, etc. It is recommended that this reserve be established at a minimum of 60-days of operating cash. This would provide cash-flow until the City is able to secure outside funding and/or FEMA reimbursements.
Capital Expansion and Replacement Reserves	The expansion and replacement reserve provides funding for replacement, repair, or rehabilitation of wastewater infrastructure due to routine capital project planning or in the event of catastrophic failure of a major system asset. The City's current master plan estimates these needs to be \$2 million per year and thus we are recommending that the reserve be established at this level.

4. NV5 recommends that the City provide a provision to give the City the ability to pass through City of San Diego wholesale transportation, treatment, and disposal costs to customers should those costs rise beyond projections in the cost of service model or beyond what the City notices to customers at time of rate implementation. This action would obviate the need for the City to conduct another Proposition 218 mailed 45-day notice and public hearing requirement. The authority to provide this provision is located in California Government Code Section 53756. Specifically, the Government Code reads as follows:

An agency providing water, wastewater, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation, if it complies with all of the following:

(a) It adopts the schedule of fees or charges for a property-related service for a period not to exceed five years pursuant to Section 53755.

(b) The schedule of fees or charges may include a schedule of adjustments, including a clearly defined formula for adjusting for inflation. Any inflation adjustment to a fee or charge for a property-related service shall not exceed the cost of providing that service.

(c) The schedule of fees or charges for an agency that purchases wholesale water, sewage treatment, or wastewater treatment from a public agency may provide for automatic adjustments that pass through the adopted increases or decreases in the wholesale charges for water, sewage treatment, or wastewater treatment established by the other agency.

2.0 Introduction

This study (Study) takes a long-range planning approach to establishing wastewater service charges and fees. A discussion of the long-range plan and recommended sewer charge and fee adjustments are included in the following section of this report. The analyses contained herein include operation and maintenance (O&M) costs, City of San Diego Metropolitan Wastewater Department (Metro) transportation, treatment and disposal costs, reserve levels, and identified capital improvement projects (CIP). To that end, the Study examines the revenues generated by the City and makes recommendations for revenue adjustments, as needed. The City retained NV5 in 2017 to update a wastewater cost of service study previously developed by PBS&J in FY 2003. Karyn Keese of The Keze Group, LLC, is the lead rate consultant for this Study and was the rate consultant from PBS&J who prepared the FY 2003 study which established the City's sewer user charges from FY 2003 to FY 2006. As stated earlier, the FY 2006 sewer service charges are still in effect today.

For purposes of this report, the study period is the fiscal years beginning July 1, 2018 and ending June 30, 2023. Unless otherwise noted, references in this report to a specific year are for the City's fiscal year ending June 30. To avoid confusion between calendar and fiscal years, the term FY refers to the year beginning July 1 and ending June 30. Presented herein are the results of a Study of the City's projected revenues, revenue requirements, cost of service, and rates for service.

2.1 Background: City of National City

The City provides wastewater service to approximately 17,000 customers within the incorporated area of the City of National City. It owns and operates approximately 100 miles of pipeline, 2,000 manholes, and 2 lift stations. The collection, treatment, and disposal of wastewater in an environmentally safe and efficient manner promote healthy communities and increase the quality of life for local residents.

The City is responsible for collecting and conveying wastewater flows originating within the City to the City of San Diego's Point Loma Treatment Plant for treatment and disposal. The City's primary goals are operating the sewerage system safely and efficiently while meeting the needs of their customers.

To meet these goals, the City undertakes routine cleaning, inspections, and repairs and rehabilitates its facilities as needed. The wastewater system operates in an area subject to strict regulatory oversight by Federal and State agencies such as the U.S. Environmental Protection Agency (US EPA) and the California State Water Resources Control Board (SWRCB). The City must comply with a multitude of laws including, but not limited to, State Wastewater Discharge Requirements

(WDRs). Complying with these regulations and resulting mandates contributes to a large share of the cost burden on the City's system.

The City completed a Wastewater Master Plan in 2011 which will be updated in the near future, this plan identified an average of \$2 million per year in required rehabilitation and expansion projects for the next 9 years following the Plan. These annual projected capital improvement costs (CIP) are incorporated into this Study and form the basis for the City's annual capital requirements.

2.2 Background: City of San Diego Metropolitan Sewage Treatment System

The City of National City is one of thirteen participating agencies (PAs) who send their wastewater to the City of San Diego Metropolitan Sewage Treatment System (Metro) for treatment and disposal. Along with the other PAs the City entered into the Regional Disposal Agreement with San Diego in 1998. Due to positive financial negotiations with San Diego since that time and especially the establishment of the "Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage" during FY 2010 the City has enjoyed stable annual billings for the last 8 years from the City of San Diego. However, in 2015 the City of San Diego initiated a multi-billion dollar public works project entitled the Pure Water Program which will provide the double benefit of "secondary equivalency" to San Diego's wastewater customers including National City as well as a significant new potable water supply for the City of San Diego.

In September 2016 the City of San Diego provided the PAs with a range of annual costs from FY 2016 through FY 2022 for Phase I of the Pure Water Program. These annual cost increases began with FY 2018 (current fiscal year) and are the basis for establishing the San Diego portion of the revenue requirement developed by this Study.

In September 2016 the City of San Diego provided the PAs with a range of annual costs from FY 2016 through FY 2022 for Phase I of the Pure Water Program. These projections provided both a low and a high end-of-range. Table 2-1 below summarizes the range of costs provided to National City which are recommended by San Diego to be used in establishing this rate case. After discussions with City staff NV5 is recommending that the Metro low cost numbers be used for this rate analysis, and that a pass-through resolution should be adopted should the costs exceed the Metro low projections.

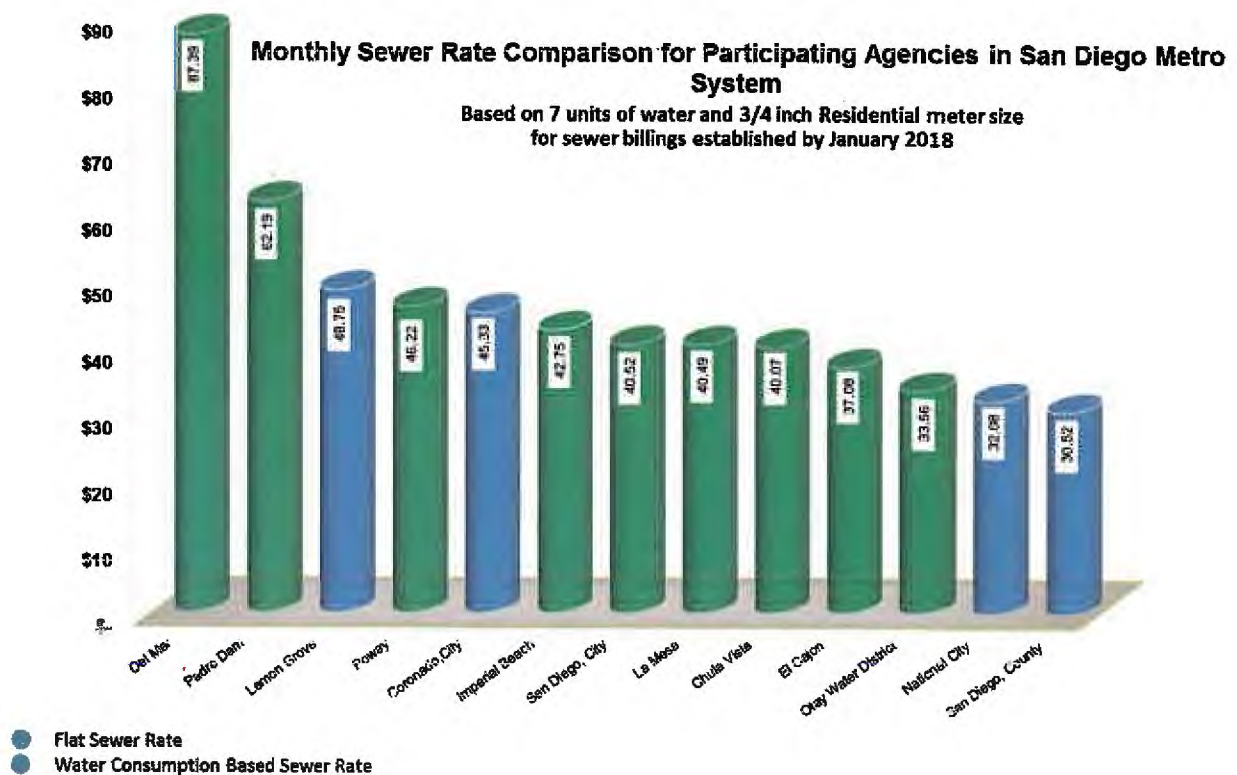
Table 2-1 Summary of Low and High Metro Cost Projections

	FY18	FY19	FY20	FY21	FY22	FY23
Metro Low Treatment Costs	\$5,520,749	\$6,187,843	\$ 8,553,739	\$7,662,714	\$5,511,370	\$5,786,939
Metro Transportation & JPA Costs	\$ 17,586	\$ 18,113	\$ 18,657	\$ 19,216	\$ 19,793	\$ 20,367
Total Metro Low Costs	\$5,538,335	\$6,205,956	\$ 8,572,396	\$7,681,930	\$5,531,163	\$5,807,325
Metro High Treatment Costs	\$6,101,880	\$6,839,195	\$10,264,486	\$9,195,257	\$6,613,645	\$6,944,327
Metro Transportation & JPA Costs	\$ 17,586	\$ 18,113	\$ 18,657	\$ 19,216	\$ 19,793	\$ 20,367
Total Metro High Costs	\$6,119,466	\$6,857,308	\$10,283,143	\$9,214,473	\$6,633,438	\$6,964,714

2.3 Rate Study Summary

The City of National City customers enjoy some of the lowest sewer service charges in the Metro System as shown in Figure 2-1 and have for many years. The City last adjusted sewer service charges in FY 2006 and the FY 2018 charge is 38% lower than the average Metro PA rate of \$50.82 per month. However, the City's increased internal CIP requirements and the costs associated with the Pure Water Program require that the City adjust their sewer rates for the next five years at an average of 9.8% per year.

Figure 2-1 Sewer Rate Comparison for Participating Agencies in San Diego Metro System

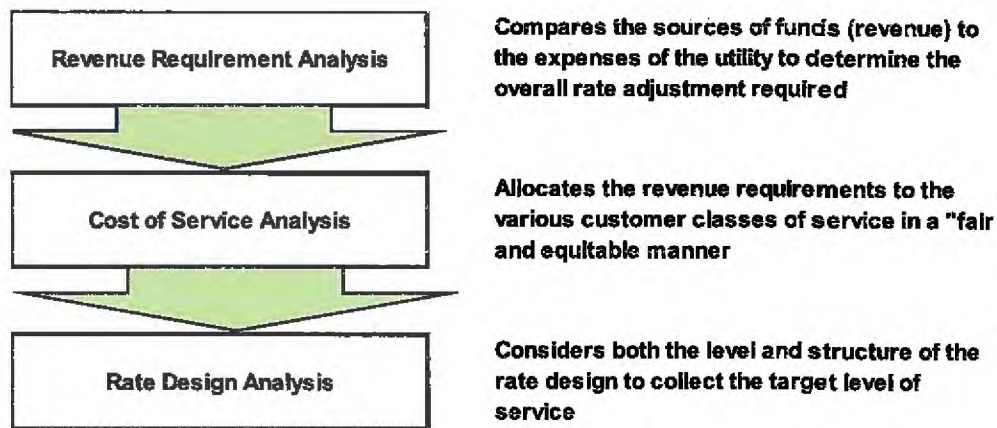


3.0 Wastewater Rate Study

3.1 Overview of the Sewer Service Charge Update Process

A comprehensive rate study typically utilizes three interrelated analyses to address the adequacy and equity of the utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. The process is illustrated in **Figure 3 -1**.

Figure 3-1 Overview of the Comprehensive Rate Study Analysis



The City's sewer utility was evaluated on a "stand-alone" basis. That is, no subsidies between the utility or other City funds occur. By viewing the utility on a stand-alone basis, the need to adequately fund both operations and maintenance (O&M) and capital infrastructure (CIP) must be balanced against the rate impacts on utility customers.

A detailed and comprehensive process was used to review the City's rates. As a part of the rate study process a number of on-site project meeting and conference calls were used to review the results with City management, staff, and the City Council. From this process, final proposed rates were developed and their development is reviewed in this section of the report. Following is a summary of each step in the process.

Revenue Requirement Analysis: The revenue requirement analysis revealed that several significant financial changes have occurred since the City's 2003 rate study and subsequently adopted sewer user rates. The significant changes are:

- The 2011 Wastewater Master Plan contains an annual capital requirement of \$2 million needed in capital projects for the next 9 years. These costs were not included in the City's FY 2018 adopted budget.
- The planning phase of the City of San Diego's Pure Water Program has begun and during FY 2018 to FY 2023 additional Metro costs are anticipated for Phase 1 of this program. City of San Diego staff has identified the increased funding level for the participating agencies from the 2010 adopted Protocol level of \$65 million to \$128 million per year over the next four-years. The City's portion of this budget is currently 7.4%. National City's increased funding level for the Pure Water Program is included in this rate case.

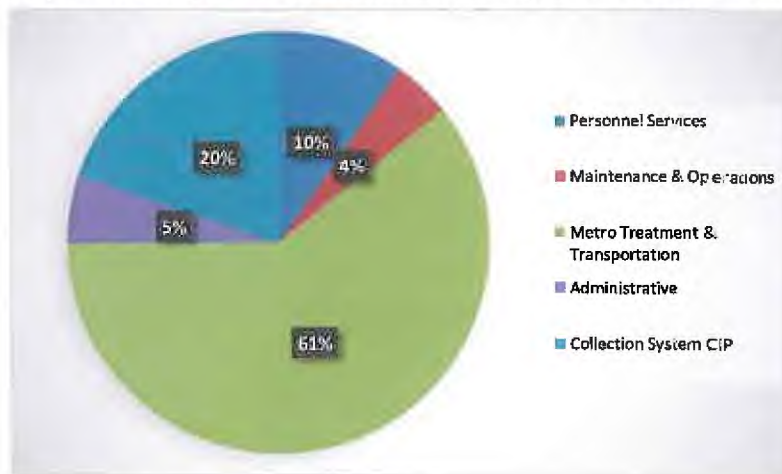
The largest component of the City of National City's revenue requirement is the costs associated with transportation, treatment, and disposal of the City's wastewater by the Metro facilities. A summary of the projected City collection system O&M and CIP, plus San Diego Metro expenses to be included in the City's rate case, are included on **Table 3-1**.

Table 3-1: City of National City Revenue Requirements

	FY19	FY20	FY21	FY22	FY23
Personnel Services	\$ 991,191	\$ 1,044,152	\$ 1,097,540	\$ 1,143,891	\$ 1,188,573
Maintenance & Operations	\$ 457,423	\$ 471,146	\$ 485,280	\$ 499,838	\$ 514,834
Metro Treatment & Transportation	\$ 6,205,956	\$ 8,572,396	\$ 7,681,930	\$ 5,531,163	\$ 5,807,325
Administrative	\$ 540,349	\$ 556,560	\$ 573,257	\$ 590,454	\$ 608,168
Collection System CIP	\$ 2,026,560	\$ 2,027,356	\$ 2,028,177	\$ 2,029,022	\$ 2,029,893
	\$10,221,479	\$12,671,609	\$11,866,184	\$9,794,369	\$10,148,793

Figure 3-2 shows the percentage of each of the major cost centers in the City's rate case. As noted the majority of all required revenue from rates (61%) will be paid directly to the City of San Diego.

Figure 3-2 Major Cost Components of City of National City's FY 2019 Revenue Requirements



As a part of establishing the revenue requirement for the City's rate case City staff requested NV5 consultant's guidance in establishing a sound reserve policy to financially protect the City's sewer enterprise fund. At the end of FY 2017 (June 30, 2017) the City's sewer enterprise fund showed a reserve cash fund balance of \$15.5 million. NV5 consultants reviewed with City staff industry standard guidelines in establishing formal reserve policies as well as the City's needs for financial stability and potential exposures to external forces which could require unplanned O&M or capital expenditures. After review of these guidelines and exposures the following formal reserve policy is recommended for the City consisting of three cash flow reserves and two capital reserves. The establishment of this reserve policy has been integrated into the projected revenue requirements for the rate case.

Operations/Cash Flow Reserve: The operating reserve provides working capital for day-to-day operations and helps to absorb fluctuations in cash balances due to routine difference in revenue and expense cycles. The City of National City places their sewer service charges on the annual County of San Diego Property Tax Roll for cost effective and efficient collection of these charges. The City's fiscal year begins July 1 of each year and must fund their ongoing operations and capital budget requirements starting at that date. However, the City does not receive their first revenues from the tax roll until January of the following year and thus there is a lag of budget funding of six months. Therefore, a 50% cash flow reserve is recommended to allow for the orderly payment of the City's sewer enterprise fund's expenditures throughout the fiscal year

Metro Cash Flow Reserve: In 2015 the City of San Diego launched their Pure Water San Diego Program, a massive public works project, which introduces an additional risk of annual cost overruns to the City's required payments to San Diego for transportation, treatment, and disposal of wastewater collected from the City's customers. In 2015 San Diego provided the City with a draft financing plan for the entire program which established National City's non-debt funded portion of the program to be \$4.4 million in estimated pay-go expenses. It is recommended that the City establish a Metro Cash Flow Reserve in this amount to be used to offset unplanned cost increases for this project.

Emergency/Natural Disaster Reserve: Recent historic events such as Hurricane Harvey have only emphasized the need for an agency to have additional monies set aside to pay for unforeseen events such as restoring service to flooded pump stations, etc. It is recommended that this reserve be established at a minimum of 60-days of operating cash. This would provide cash-flow until the City was able to secure outside funding and/or FEMA reimbursements.

Capital Expansion and Replacement Reserves: As a participating agency (PA) in the San Diego Metro System the City is required by State and US EPA regulations to maintain reserves that provide for the expansion and replacement of the City's collection system. The expansion and replacement reserve provides funding for replacement, repair, or rehabilitation of wastewater infrastructure due to routine capital project planning or in the event of catastrophic failure of a major system asset. The City's current master plan estimates these needs to be \$2 million per year and thus we are recommending that the reserve be established at this level.

The final step in determining the revenue requirement for the City's rate case was to overlay the projected expenditures for the next five years as summarized in **Table 3-1** and the recommended reserve policy. **Table 3-2** creates a long-range plan showing the use of reserves to moderate the annual rate adjustment to 9.8% per year starting in FY 2019 from FY 2018 through FY 2021. The use/replacement of the City's reserves is shown on Line 22. A detailed copy of the five-year revenue requirement is included in **Appendix A** to this report.

Table 3-2: City of National City Long Range Financial Plan

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
1 Beginning Balance	\$15,530,261.00	\$ 15,014,450.61	\$ 11,750,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)
2 Revenue:						
3 Non-Operating Revenue	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
4 User Fees	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32
5 Total Revenue	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32
6 Operations Expenses:						
7 Collection System Maintenance	\$ 1,935,415.00	\$ 2,015,522.43	\$ 2,099,213.62	\$ 2,184,253.96	\$ 2,263,206.29	\$ 2,341,467.45
8 Metro and JPA costs - Low Projection	\$ 5,538,334.71	\$ 6,205,956.28	\$ 8,572,395.68	\$ 7,681,930.38	\$ 5,531,162.87	\$ 5,807,325.16
9						
10 Total Operations Expenses	\$ 7,473,749.71	\$ 8,221,478.71	\$ 10,671,609.30	\$ 9,866,184.34	\$ 7,794,369.16	\$ 8,148,792.61
11						
12 Capital Improvement Program:						
13 Collection System CIP	\$ -	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00
14 Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
15 Fund Balance Prior to Reserves	\$ 15,014,450.61	\$ 11,750,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)	\$ (4,898,286.92)
16 Reserve Targets:						
17 Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,887,184.58	\$ 4,074,396.31
18 Metro Cash Flow	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00
19 Emergency/Nat. Disaster	\$ 1,245,624.95	\$ 1,370,246.45	\$ 1,778,601.55	\$ 1,644,364.06	\$ 1,299,061.53	\$ 1,356,132.10
20 Capital Expansion Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
21 Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
22 Total Recommended Reserves	\$ 11,382,499.81	\$ 11,880,985.81	\$ 13,514,406.20	\$ 12,977,456.23	\$ 11,596,246.11	\$ 11,832,528.41
23 Fund Balance Over/(Under) Reserve Target	\$ 3,631,950.80	\$ (130,074.59)	\$ (7,477,164.96)	\$ (11,848,460.01)	\$ (13,303,679.73)	\$ (16,730,815.32)

Cost of Service Analysis: The cost of service analysis revealed that several major changes have occurred in users and use since the City's 2003 rate study and subsequently adopted sewer user rates. The significant changes are:

- As with other communities in San Diego County and Southern California the City's citizens and businesses have decreased their water usage significantly since FY 2003. This has decreased revenues from the commercial and industrial users of the City who are billed on their annual water usage
- The City uses an equivalent dwelling unit (EDU) system of rates for their residential users. Historically the City has used 280 gallons per day (gpd) for a single family residential user for billing purposes. Multi-family/condo units are considered to be 0.78 EDU and mobile home units 0.61 EDUs. These EDUs are consistent with industry standards for EDU based user systems. However, due to the decreased water use by residential as well as commercial/industrial users the gallons per EDU have decreased to an estimated 240 gpd. 240 gpd is consistent with the majority of the PAs wastewater generation rate (in gpd) for EDUs such as the County of San Diego and the City of Lemon Grove.

The City's rate model was updated with the number of residential and commercial/industrial users used for billing purposes on the FY 2018 tax roll. As noted above the gallons for residential EDUs were revised to 240 gpd per EDU and the most recent water usage for commercial/industrial users was included.

Table 3-3 summarizes the current number of City users and their projected sewer flows based on the current tax roll water use data for FY 2018.

Table 3-3: Summary of Current Users and Estimated Sewer Flow

Units of Service and Loadings	No. of Active Customers	FLOW:			BOD:		SS:	
		(A) Total Flow (MGD)	(B) Total Flow (HCF)	(C) Annual Flow (MG/Year)	(D) BOD User (MG/L)	(E) Annual BOD Load (LBS/YR)	(F) SS per User (MG/L)	(G) Annual Load (LBS/YR)
Single Family	5,873	1.4095		514.47	200	858,116	200	858,116
Multi-family/Condo	9,840	1.8420		672.35	200	1,121,439	200	1,121,439
Mobile Homes	370	0.0542		19.77	200	32,977	200	32,977
Subtotal- Residential	16,083	3.3057	0	1,206.59		2,012,532		2,012,532
Commercial - Low*	770	0.7045	343,530	257.13	200	428,882	200	428,882
Commercial - Medium Low	203	0.1495	72,891	54.56	200	91,001	300	136,502
Commercial - Medium	8	0.0387	18,858	14.12	400	47,087	400	47,087
Commercial - Medium High	90	0.1014	49,445	37.01	600	185,190	500	154,325
Commercial - High	29	0.0482	23,494	17.59	680	99,726	900	131,991
Subtotal Non-Residential	1,100	1.0422	508,218	380.40		851,887		898,787
TOTAL	17,183	4.3479	508,218	1,586.99		2,864,419		2,911,319

Rate Design Analysis: As part of the rate setting process a routine review of an agency's sewer service charge rate structure is performed. This is done to assure that the agency's rate structure meets industry standards as well as complies with local, State, and Federal guidelines and regulations.

The City of National City first established their current rate structure in the mid-1990's and it was submitted to the State Water Resources Control Board of the State of California (SWRCB) and the US EPA. The rate structure and the cost allocations upon which it is based were approved by both the SWRCB and the US EPA. These principles still meet industry standards today and follows Best Management Practices (BMP's) established by the State of California, and thus there are no recommended changes to the existing rate structure.

The City uses a combination of EDU's for residential users and water based rates for commercial/industrial users. Single family residential users are considered to be 1 EDU, and multi-family/condo users 0.78 EDU, and mobile home users 0.61 EDU. Commercial/industrial users are grouped based on their estimated sewage strengths into five classes of users. Each year 90% of the prior year's water usage per commercial/industrial customer is used to determine the upcoming year's sewer service charge.

All classes of users will continue to be billed their annual sewer service charge on the County of San Diego tax roll based on either their EDU classification or their annual water usage and sewage strength category. **Table 3-4** compares the current FYE 2018 sewer rates with the proposed FYE 2019 through FYE 2023 of the proposed rate case. The entire output from the rate model showing all steps in the rate case is contained in **Appendix A** to this Study

Table 3-4: Comparison of Current Versus Proposed Sewer User Rates

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

As discussed earlier in this report, the majority of the revenue requirement recovered by the City's sewer service charges go to pay for cost associated with charge from San Diego Metro. **Figure 3-3** summarizes the major components of the proposed FY 2019 monthly single family sewer service charge of \$35.23 per EDU. This figure also shows the use of City reserves to phase in the Pure Water Program and City CIP costs:

Figure 3-3 Components of FY 2019 Single Family Monthly Rate

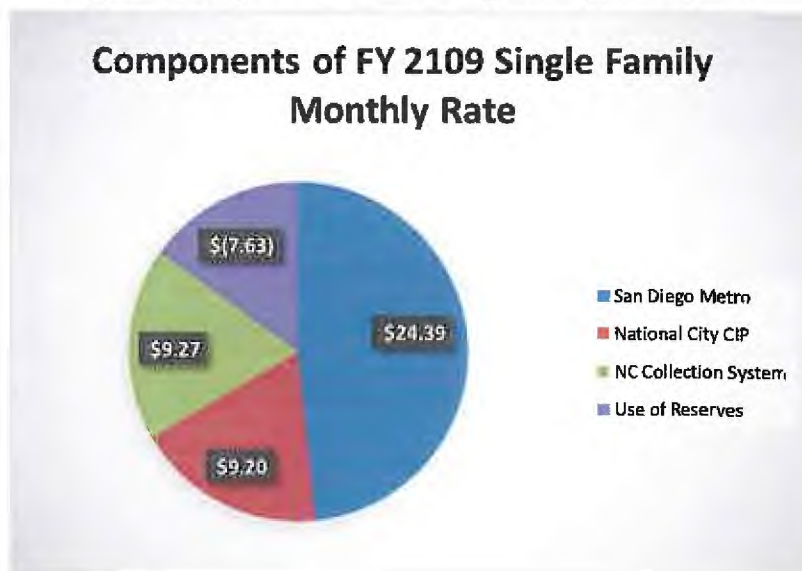
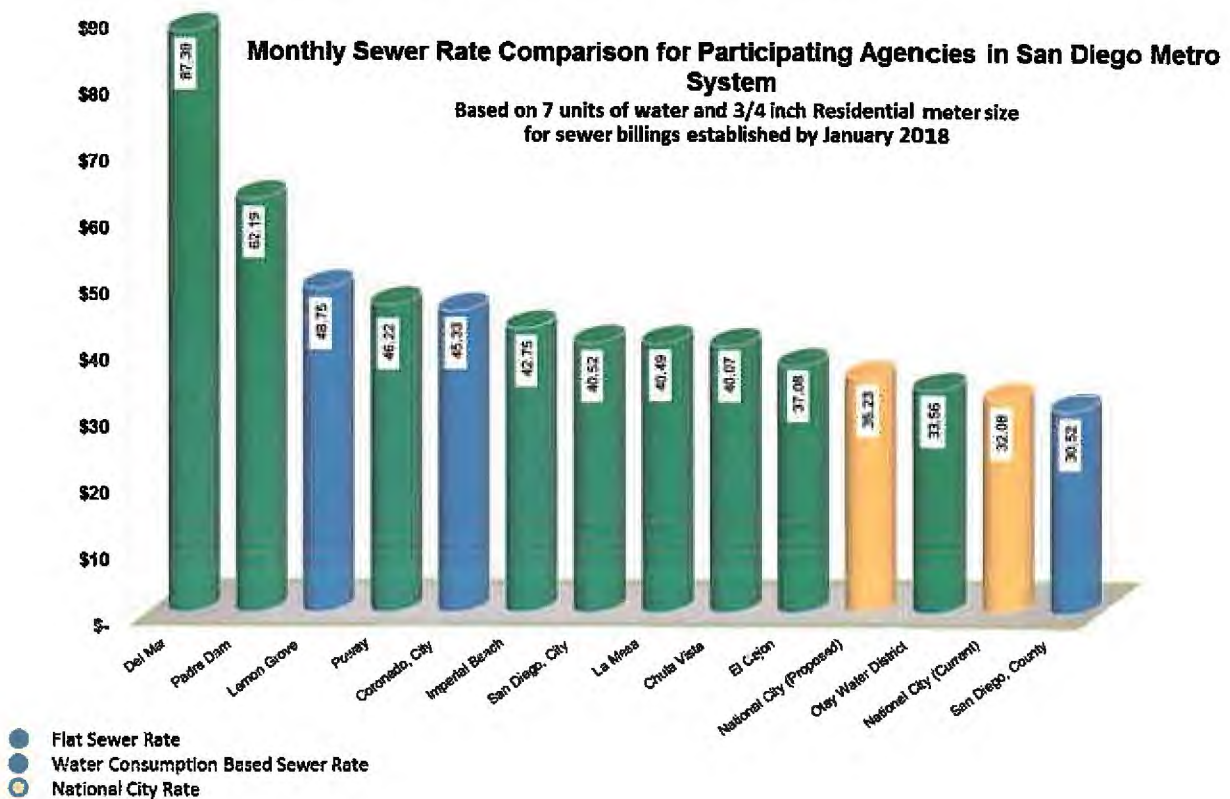


Figure 3-4 summarizes all San Diego Metro Member Agencies comparative sewer user rates based on 7 HCF of water usage/sewer flow and a residential monthly base fee. It should be noted that the rates shown are those effective July 1, 2017. The City's first proposed rate adjustment is not until July 1, 2018. By that time the majority of these rates will be 5% to 10% higher as all agencies except San Diego either have adopted current rate cases or are in the process of updating their current rate cases to phase in the required Pure Water Program costs. Even with the proposed 5-year rate adjustments National City will still enjoy some of the lowest rates among the users of the San Diego Metro System. The proposed FY 2019 single family rate will be as low as \$35.23 which is 37% lower than the existing (FY 2018) average Metro member agency rate of \$50.82

Figure 3-4 Metro Member Agencies Sewer Rate Comparison





Appendix A – Rate Model

- Assumptions
- Wastewater Operations & Maintenance Budget
- Budget Summary
- Step 1 – Customer Summary and Estimated Flows
- Step 2 – Determination of Unit Costs
- Step 3 – Sewer User Rate Calculations by Fund and Cost

RESOLUTION NO. 2017 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
APPROVING THE PROPOSED RATE ADJUSTMENT FOR SEWER SERVICE
CHARGES FOR FISCAL YEARS 2018-19, 2019-20, 2020-21, 2021-22, AND 2022-23

WHEREAS, the City of National City retained an outside consultant to perform a sewer rate study in order to develop a wastewater multi-year financial plan, cost of service analysis, and rate design for the City; and

WHEREAS, on October 3, 2017, the City Council considered the September 2017 Sewer Rate Study that recommended increasing sewer service charges to reflect current costs of providing sewer service to customers within the City. The 2017 Sewer Rate Study is available for inspection in the Office of the City Clerk; and

WHEREAS, on October 7, 2017, the City mailed the Notice of Public Hearing to Consider Proposed Adjustments to Sewer Service Charges to all National City property owners to satisfy the notice requirements of Proposition 218; and

WHEREAS, on December 5, 2017, no majority protest of such property owners was presented upon conclusion of the noticed Proposition 218 public hearing to consider the Proposed Adjustments to Sewer Service Charges.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of National City does hereby approve the proposed adjustments for sewer service charges for fiscal years 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23, as set forth in the attached Exhibit "A", which is incorporated herein by this reference as though set forth in full.

PASSED and ADOPTED this 5th day of December, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

EXHIBIT "A"

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

The following page(s) contain the backup material for Agenda Item: Public Hearing on the Introduction of an Ordinance of the City Council of the City of National City repealing Ordinance No. 2003-2226 and adopting an Ordinance establishing Sewer Service Charges for fiscal years 2018-19, 2019-20, 2020-21, 2021-22, and 202

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.

ITEM TITLE:

A Public Hearing on the introduction of an Ordinance of the City Council of the City of National City repealing Ordinance No. 2003-2226 and adopting an Ordinance establishing Sewer Service Charges for fiscal years 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23.

PREPARED BY: Jose Lopez, Assistant Engineer - Civil

PHONE: 619-336-4312

DEPARTMENT: Engineering/Public Works

APPROVED BY: 

EXPLANATION:

See attached.

FINANCIAL STATEMENT:

ACCOUNT NO.

N/A

APPROVED: _____

Finance

APPROVED: _____

MIS

ENVIRONMENTAL REVIEW:

N/A

ORDINANCE: INTRODUCTION:

FINAL ADOPTION:

STAFF RECOMMENDATION:

Introduce Ordinance.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

- | | |
|--|-----------------------|
| 1. Explanation | |
| 2. Background Report w/ proposed rates | 5. Proposed Ordinance |
| 3. Sewer Rate Study | |
| 4. Notice of Public Hearing to Consider
Proposed Adjustments to Sewer Service Charges | |

Explanation

On October 3, 2017, the City Council of the City of National City 1) accepted and filed the background report and Sewer Rate Study and 2) directed staff to mail out the Notice of Public Hearing in accordance with Proposition 218 requirements. The Notice of Public hearing was mailed out, with a public hearing date of December 5, 2017 at 6:00 PM.

Also, in order to confirm sewer-related revenues have been collected and spent appropriately prior to bringing forward consideration for a sewer rate increase, the City engaged The Pun Group ("the auditor") to perform agreed-upon procedures to review the calculation and billing of sewer-related charges and the revenue and expenditure transactions within the Sewer Service Fund. The procedures, which were performed on calculations and transactions occurring in fiscal years 2012-13, 2013-14, 2014-15, 2015-16, and 2016-17, are:

1. Review of revenues derived from sewer-related charges to determine whether the revenues were recorded and deposited into the Sewer Services Fund in accordance with NCMC § 14.04.010 B;
2. Review of sewer-related charges to determine whether the charges were correctly calculated and billed to the customers;
3. Review of Sewer Service Fund expenditures to determine whether they were properly recorded, and whether funds were spent for the specific purposes established by NCMC § 14.04.010 C.

The report issued by the auditor states that, for the calculations, billings, and transactions reviewed for the period, no exceptions were found to the accurate calculation and billing of sewer-related charges, correct recording of transactions, or proper spending of Sewer Service Fund monies.

Staff will return to City Council at the regularly scheduled meeting of December 19, 2017 with a Public Hearing on the second reading of the Ordinance, inclusive of any changes directed by City Council at the end of the Public Hearing on the introduction of the Ordinance. City Council will then take action, pursuant to their consideration, to adopt the Ordinance.

Background Report

National City provides wastewater service to approximately 17,000 customers within the incorporated area of the City of National City. It owns and operates approximately 100 miles of pipeline, 2,000 manholes, and 2 lift stations/force mains.

The City is responsible for collecting and conveying wastewater flows originating within the City to the City of San Diego's Point Loma Treatment Plant for treatment and disposal. The City's primary goals are operating the sewerage system safely and efficiently while meeting the needs of their customers.

To meet these goals, the City undertakes routine cleaning, inspections, and repairs and rehabilitates its facilities as needed. The wastewater system operates in an area subject to strict regulatory oversight by Federal and State agencies such as the U.S. Environmental Protection Agency (USEPA) and the California State Water Resources Control Board (SWRCB). The City must comply with a multitude of laws including, but not limited to, State Wastewater Discharge Requirements (WDRs). Complying with these regulations and resulting mandates contributes to a large share of the cost burden on the City's system.

The City of National City is one of thirteen participating agencies (PAs) who send their wastewater to the City of San Diego Metropolitan Sewage Treatment System (Metro) for treatment and disposal. Along with the other PA's, the City entered into the Regional Disposal Agreement with San Diego in 1998. Due to positive financial negotiations with San Diego since that time and especially the establishment of the "Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage" during FY 2010 the City has enjoyed stable annual billings for the last 8 years from the City of San Diego. However, in 2015 the City of San Diego initiated a multi-billion dollar public works project entitled the Pure Water Program which will provide the double benefit of "secondary equivalency" to San Diego's wastewater customers including National City as well as a significant new potable water supply for the City of San Diego.

In September 2016, the City of San Diego provided the PAs with a range of annual costs from FY 2016 through FY 2022 for Phase I of the Pure Water Program. These annual cost increases began with FY 2018 (current fiscal year) and are the basis for establishing the San Diego portion of the revenue requirement developed by this Study.

The City of National City customers enjoy some of the lowest sewer service charges in the Metro System. The City last adjusted sewer service charges through a 2003 Rate Study and rates were last increased in FY 2006. FY 2018 charge is 38% lower than the average Metro PA rate of \$50.82 per month. However, the City's increased internal CIP requirements and the costs associated with the Pure Water Program require that the City adjust their sewer rates for the next five years at an average of 9.8% per year.

The City's sewer utility was evaluated on a "stand-alone" basis. That is, no subsidies between the utility or other City funds occur. By viewing the utility on a stand-alone basis, the need to

adequately fund both operations and maintenance (O&M) and capital infrastructure (CIP) must be balanced against the rate impacts on utility customers.

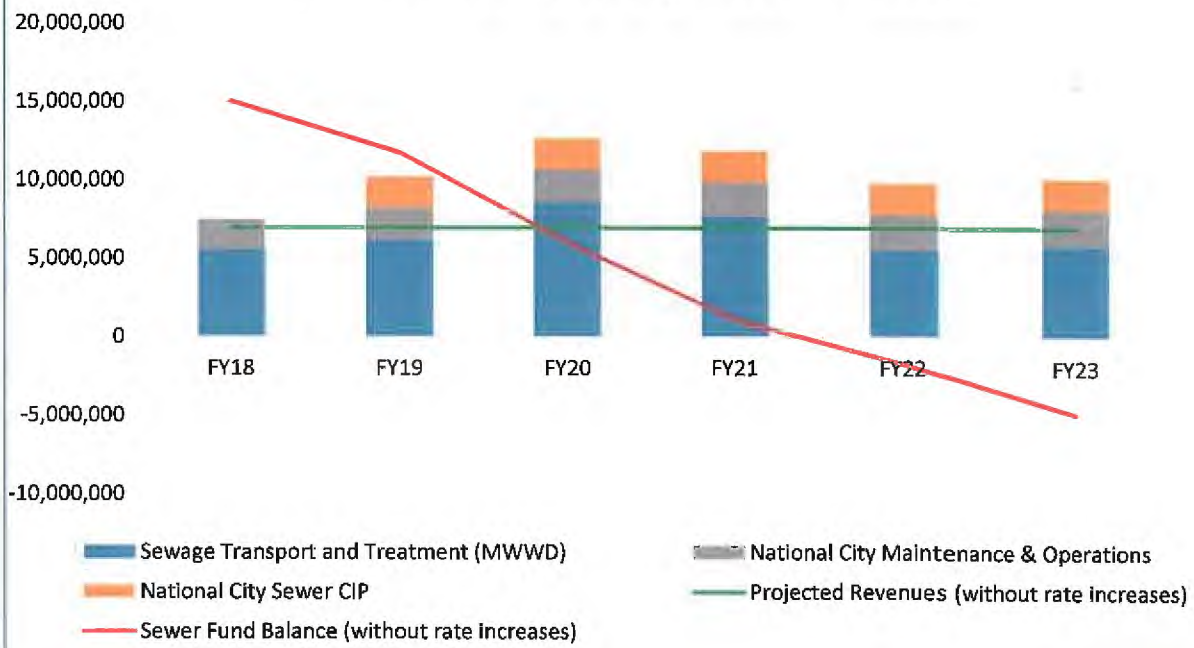
A comprehensive process was used to review the City's rates and projected expenses. Background information on capital needs was available through the CIP Needs Assessment, which was presented at the City Council Meeting of February 28, 2017.

The revenue requirement analysis revealed that several significant financial changes have occurred since the City's 2003 rate study and subsequently adopted sewer user rates. The significant changes are:

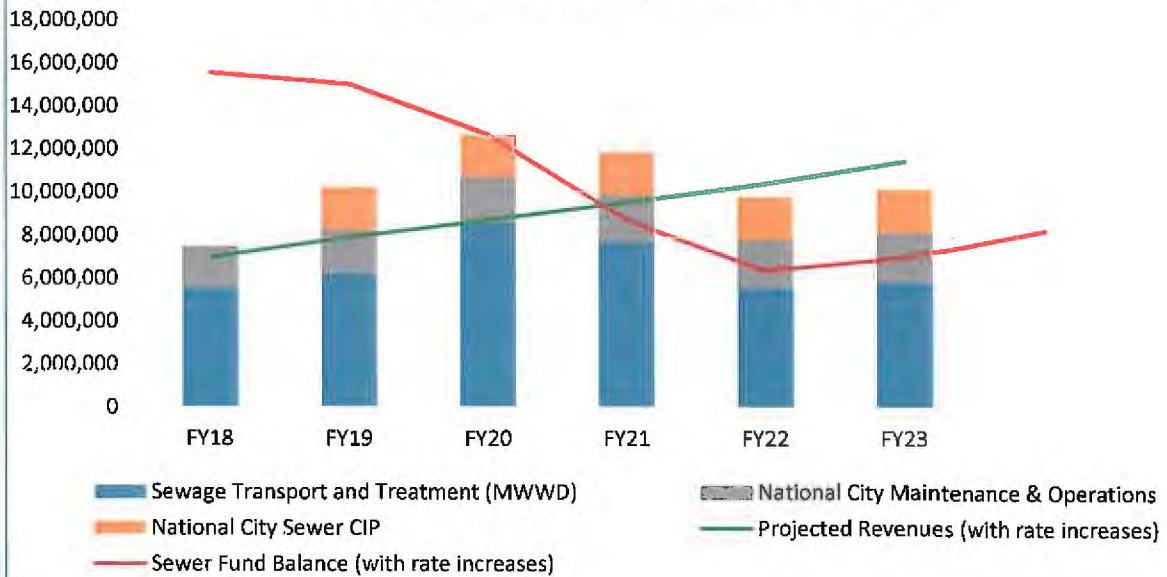
1. The Wastewater Master Plan contains an annual capital requirement of \$2 million for capital projects for the next 9 years.
2. The planning phase of the City of San Diego's Pure Water Program have begun and during FY 2018 to FY 2023 additional Metro costs are anticipated for Phase 1 of this program. City of San Diego staff has identified the increased funding level for the participating agencies from the 2010 adopted Protocol level of \$65 million to \$128 million per year over the next four-years. The City's portion of this budget is currently 7.4%. National City's increased funding level for the Pure Water Program is included in this rate case.

The largest component of the City of National City's revenue requirement is the costs associated with transportation, treatment and disposal of the City's wastewater by the Metro facilities. A summary of the projected City collection system O&M, CIP and Metro expenses, compared to current and proposed sewer rates, are included in the City's rate case and summarized in the charts below.

**Sewer Service Fund Revenue Projections vs Expenses
Without Rate Increases (FY 2018 - FY 2023)**



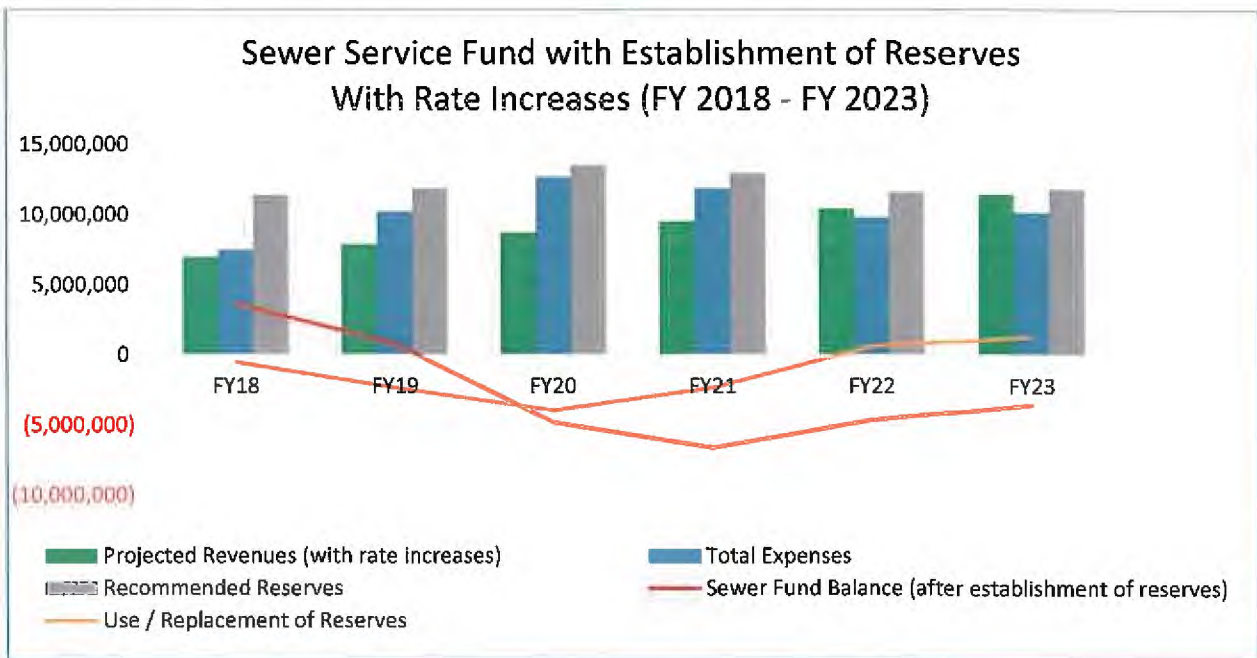
**Sewer Service Fund Revenue Projections vs Expenses
With Rate Increases (FY 2018 - FY 2023)**



Based on cost of service and projected revenue requirements, the City proposes new sewer service charges. The following table shows the proposed sewer charges for FY 2019 through FY 2023 and compares them to existing charges:

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

The City should also establish a definitive reserve policy to protect the financial integrity of our sewer enterprise fund. City staff proposes a reserve policy that meets industry standard guidelines in establishing formal reserve policies as well as the City's needs for financial stability and potential exposures to external forces which could require unplanned O&M or capital expenditures. The establishment of this reserve has been integrated into the projected revenue requirements for the rate case. The following chart presents a financial picture of the Sewer Enterprise Fund over the next five fiscal years based on the inclusion of proposed sewer rate increases (revenues), total expenses, and operational and capital reserves.

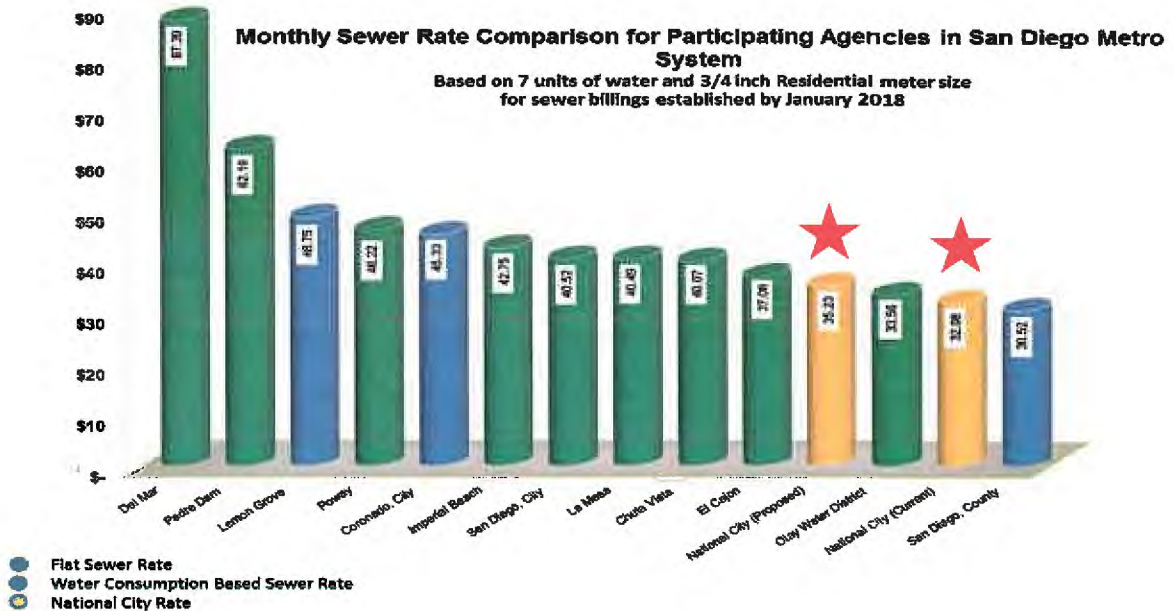


Long Range Financial Plan: Establishment & Use of Reserves Table

5	Total Revenue	\$ 6,957,939.32	\$ 7,881,478.71	\$ 8,696,609.30	\$ 9,521,184.34	\$10,409,369.16	\$ 11,443,792.61
12	Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
13	Fund Balance Prior to Reserves	\$15,014,450.61	\$ 12,674,450.61	\$ 8,699,450.61	\$ 6,954,450.61	\$ 6,969,450.61	\$ 8,264,450.61
14	Reserve Targets:						
15	Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,897,184.58	\$ 4,074,396.31
16	Metro Cash Flow	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00
17	Emergency/Nat. Disaster	\$ 1,245,624.95	\$ 1,370,246.45	\$ 1,778,601.55	\$ 1,644,364.06	\$ 1,299,061.53	\$ 1,358,132.10
18	Capital Expansion Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
19	Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
20	Total Recommended Reserves	\$ 11,382,499.81	\$ 11,880,985.81	\$ 13,514,406.20	\$ 12,977,456.23	\$ 11,596,246.11	\$ 11,832,528.41
21	Fund Balance Over/(Under) Target	\$ 3,631,950.80	\$ 793,464.80	\$ (4,814,955.59)	\$ (6,623,005.62)	\$ (4,626,795.50)	\$ (3,568,077.80)
22	(Use)/Replacement of Reserves	\$ (515,810.39)	\$ (2,340,000.00)	\$ (9,975,000.00)	\$ (2,345,000.00)	\$ 615,000.00	\$ 1,295,000.00

Footnote: (Use)/Replacement of Reserves – A negative value indicates use of reserves required to offset total expenses. A positive value indicates replenishment of reserves based on revenues exceeding expenses.

The following chart represents a monthly sewer rate comparison for PA's before and after the FY 2019 proposed rate increase. With the rate increase for FY 2019, National City would still have the lowest sewer rate among all cities in San Diego County.



City of National City Sewer Rate Study

September 2017

Submitted To:
City of National City
1243 National City Boulevard
National City, CA 91950-4301

Submitted By:
NV5
15092 Avenue of Science, Suite 200
San Diego, CA 92128
858.385.0500



City of National City Sewer Rate Study

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1243 National City Boulevard
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NV5

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Appendices

Appendix A – Wastewater Rate Study

Abbreviations

AWWA	American Water Works Association
BMP	Best Management Practices as Prescribed by the State of California
BOD	Biochemical Oxygen Demand – A Measure of Sewage Strength
CIP	Capital Improvement Program or Plan
EDU	Equivalent Dwelling Unit
ENR-CCI	Engineering News Record Construction Cost Index
FY	Fiscal Year Ending June 30
GPD	Gallons per Day
HCF	Hundred Cubic Feet
Metro	City of San Diego Metropolitan Wastewater System
mg/l	Milligrams per Liter
O&M	Operations and Maintenance
PA	Participating Agency in the San Diego Metro System
TSS	Total Suspended Solids – A Measure of Sewage Strength
US EPA	U.S. Environmental Protection Agency

1.0 Executive Summary

This report was prepared for the City of National City (City) to document the development of a wastewater multi-year financial plan, cost of service analysis, and rate design for the City (rate case). The specific goals of the study were to:

- Evaluate the adequacy of projected revenues under existing sewer service charges to meet projected revenue requirements;
- Develop a wastewater cost of service and rate model for the City covering a five-year study (Fiscal Year 2019 through Fiscal Year 2023) period for both ongoing operations and planned capital improvements;
- Allocate the projected fiscal years revenue requirements to the various customer classes in accordance with the proportionate share of their wastewater contributions;
- Develop a five-year sewer service charge program that produces revenues adequate to meet financial needs of the City for both their required funding of the City of San Diego's Pure Water Program and the City's operations and capital needs, while recognizing customer costs of service, and local and state legal and policy considerations such as California Constitution Articles XIII C and D (Proposition 218), and Proposition 26; and
- Recommend appropriate reserve levels for operations and capital needs.

1.1 Findings

During the course of our analysis in relation to the specific goals of the study we made the following findings:

1. The City of National City last adjusted the sewer service charges in FY 2006.
2. Wastewater service charge revenues at current levels will not be sufficient over the next five years to meet the increasing cost of City operating and capital expenses without negatively affecting fund balance levels¹. In the absence of annual rate adjustments, projections show that the City would deplete the Net Fund Balance during FY 2022. Line 23 on Table 1-1 on the next page illustrates the projected financial picture without recommended sewer service charge adjustments, and shows that the City's Fund Balance falls below recommended operating reserve target levels by FY 2019 and falls into a negative cash position by FY 2022.

¹ The term "fund balance" refers to the remaining amounts available after short-term liabilities (monies owed) are paid off with the agency's available cash and other financial resources (such as receivables). The fund balance includes reserved and unreserved components. For the purposes of this Study, this term refers to "available cash excluding reserved monies" and the term "fund" refers to either the Operating or Capital account in which these monies reside.

Table 1-1 – Sewer Enterprise Fund Long Range Plan without Revenue Adjustments (Status Quo)

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
1 Beginning Balance	\$15,530,261.00	\$ 15,014,450.61	\$ 11,760,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)
2 Revenue:						
3 Non-Operating Revenue	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
4 User Fees	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32
5 Total Revenue	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32
6 Operations Expenses:						
7 Collection System Maintenance	\$ 1,935,415.00	\$ 2,015,522.43	\$ 2,099,213.62	\$ 2,184,253.96	\$ 2,263,206.29	\$ 2,341,467.45
8 Metro and JPA costs - Low Projection	\$ 5,538,334.71	\$ 6,205,956.28	\$ 8,572,395.68	\$ 7,681,930.38	\$ 5,531,162.87	\$ 5,807,325.16
9 Total Operations Expenses	\$ 7,473,749.71	\$ 8,221,478.71	\$ 10,671,609.30	\$ 9,866,184.34	\$ 7,794,369.16	\$ 8,148,792.61
10 Capital Improvement Program:						
11 Collection System CIP	\$ -	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00
12 Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
13 Fund Balance Prior to Reserves	\$ 15,014,450.61	\$ 11,750,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)	\$ (4,898,286.92)
14 Reserve Targets:						
15 Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,897,184.58	\$ 4,074,388.31
16 Metro Cash Flow	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00
17 Emergency/Nat. Disaster	\$ 1,245,624.95	\$ 1,370,246.45	\$ 1,778,601.55	\$ 1,644,364.06	\$ 1,299,061.53	\$ 1,358,132.10
18 Capital Expansion Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
19 Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
20 Total Recommended Reserves	\$ 11,382,499.81	\$ 11,880,985.81	\$ 13,514,406.20	\$ 12,977,456.23	\$ 11,596,246.11	\$ 11,832,528.41
21 Fund Balance Over/(Under) Reserve Target	\$ 3,631,950.80	\$ (130,074.59)	\$ (7,477,164.96)	\$ (11,848,460.01)	\$ (13,303,679.73)	\$ (16,730,815.32)

3. The City does not have a formal reserve policy for their operations or capital funds.

4. The City does not have a mechanism to pass through wholesale treatment costs from the City of San Diego to customers should those costs rise beyond projections in the cost of service model, or beyond future year projections.
5. The City has an adequate system of sewer service charges to meet regulatory and industry standards, and their current rate schedule reflect the proper elements of a cost of service based rate structure. Thus we are not recommending any structural changes to the current system of charges.

1.2 Recommendations

The following lists NV5, Inc.'s (NV5) recommendations to address the findings listed above:

1. Per the cost-of-service analysis contained within this report, NV5 recommends City wastewater service charges be adjusted to reflect current costs of providing sewer service to customers within the City. This recommendation includes adjusting total revenue from rates by 9.8 percent per year beginning in FY 2018 and ending in FY 2023 as shown in **Table 1-2**.

Table 1-2 – Recommended Annual Revenue Adjustment

Fiscal Year	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Revenue Adjustment	9.8%	9.8%	9.8%	9.8%	9.8%	9.8%
Effective Month	July	July	July	July	July	July

Based on the cost of service analysis, revenue adjustments per customer class will vary, however, in total, the City requires 9.8 percent more revenue from customer rates each year. Should the City approve these rate adjustments, the projected financial picture of the City should stabilize by FY 2022 as demonstrated in **Table 1-3**, Line 22.

Table 1-3 - Sewer Enterprise Fund Long Range Plan with Recommended Revenue Adjustments

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
1 Beginning Balance	\$ 15,530,261.00	\$ 15,014,450.61	\$ 12,674,450.61	\$ 8,699,450.61	\$ 6,354,450.61	\$ 6,969,450.61
2 Revenue:						
3 Non-Operating Revenue	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
4 User Fees	\$ 6,942,939.32	\$ 7,866,478.71	\$ 8,681,609.30	\$ 9,506,184.34	\$ 10,394,369.16	\$ 11,428,792.61
5 Total Revenue	\$ 6,957,939.32	\$ 7,881,478.71	\$ 8,696,609.30	\$ 9,521,184.34	\$ 10,409,369.16	\$ 11,443,792.61
6 Operations Expenses:						
7 Collection System Maintenance	\$ 1,935,415.00	\$ 2,015,522.43	\$ 2,099,713.67	\$ 2,184,253.96	\$ 2,263,206.29	\$ 2,341,467.45
8 Metro and JPA costs - Low Projection	\$ 5,538,334.71	\$ 6,205,956.28	\$ 8,572,395.68	\$ 7,681,930.38	\$ 5,531,162.87	\$ 5,807,325.16
9 Total Operations Expenses	\$ 7,473,749.71	\$ 8,221,478.71	\$ 10,671,609.30	\$ 9,866,184.34	\$ 7,794,369.16	\$ 8,148,792.61
10 Capital Improvement Program:						
11 Collection System CIP	\$ -	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00
12 Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
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14 Reserve Targets:						
15 Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,897,184.58	\$ 4,074,396.31
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19 Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
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22 (Use)/Replacement of Reserves	\$ (515,810.39)	\$ (2,340,000.00)	\$ (3,975,000.00)	\$ (2,345,000.00)	\$ 615,000.00	\$ 1,285,000.00

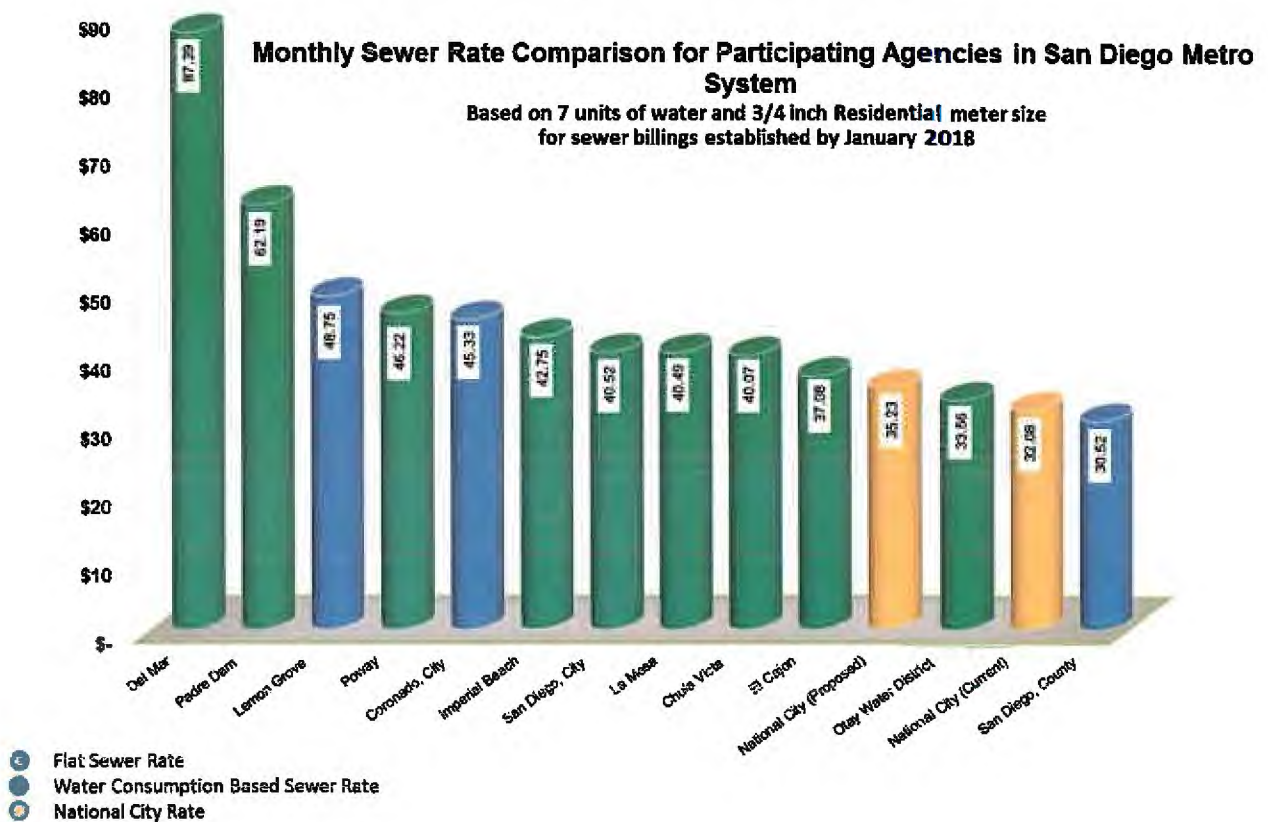
2. Based on cost of service and projected revenue requirements the City should adopt the following sewer service charges. **Table 1-4** shows the proposed sewer charges for FY 2019 through FY 2023 and compares them to existing charges.

Table 1-4: Recommended Annual Sewer Service Charges

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

Figure 1-1 summarizes all San Diego Metro Member Agencies comparative sewer user rates based on 7 HCF of water usage/sewer flow and a residential monthly base fee. It should be noted that the rates shown are those effective July 1, 2017. The figure also includes the City's current monthly rate as well as the proposed FY 2019 rate of \$35.23 per EDU per month. The City's first proposed rate adjustment will **not begin** until July 1, 2018. By that time the majority of these rates will be 5% to 10% higher as all agencies except San Diego either have adopted current rate cases or are in the process of updating their current rate cases to phase in the required Pure Water Program costs. Even with the proposed 5-year rate adjustments National City will still enjoy some of the lowest rates among the users of the San Diego Metro System. The proposed FY 2019 single family rate will be as low as 35.23 which is 37% lower than the **existing** (FY 2018) average Metro member agency rate of \$50.82.

Figure 1-1 Metro Member Agencies Sewer Rates Comparison



3. The City should establish a definitive reserve policy to protect the financial integrity of their sewer enterprise fund. The following operational and capital reserves are recommended:

Operations/Cash Flow Reserve	The operating reserve provides working capital for day-to-day operations and helps to absorb fluctuations in cash balances due to routine difference in revenue and expense cycles. The City of National City places their sewer service charges on the annual County of San Diego Property Tax Roll for cost effective and efficient collection of these charges. Therefore a 50% cash flow reserve is recommended.
Metro Cash Flow Reserve	In 2015 San Diego provided the City with a draft financing plan for the Pure Water Program which established National City's non-debt funded portion of the program to be \$4.4 million in estimated pay-go expenses. It is recommended that the City establish a Metro Cash Flow Reserve in this amount to be used to offset unplanned cost increases for this project
Emergency/Natural Disaster Reserve	Recent historic events such as Hurricanes Harvey & Irma have only emphasized the need for an agency to have additional monies set aside to pay for unforeseen events such a restoring service to flooded pump stations, etc. It is recommended that this reserve be established at a minimum of 60-days of operating cash. This would provide cash-flow until the City is able to secure outside funding and/or FEMA reimbursements.
Capital Expansion and Replacement Reserves	The expansion and replacement reserve provides funding for replacement, repair, or rehabilitation of wastewater infrastructure due to routine capital project planning or in the event of catastrophic failure of a major system asset. The City's current master plan estimates these needs to be \$2 million per year and thus we are recommending that the reserve be established at this level.

4. NV5 recommends that the City provide a provision to give the City the ability to pass through City of San Diego wholesale transportation, treatment, and disposal costs to customers should those costs rise beyond projections in the cost of service model or beyond what the City notices to customers at time of rate implementation. This action would obviate the need for the City to conduct another Proposition 218 mailed 45-day notice and public hearing requirement. The authority to provide this provision is located in California Government Code Section 53756. Specifically, the Government Code reads as follows:

An agency providing water, wastewater, sewer, or refuse collection service may adopt a schedule of fees or charges authorizing automatic adjustments that pass through increases in wholesale charges for water, sewage treatment, or wastewater treatment or adjustments for inflation, if it complies with all of the following:

(a) It adopts the schedule of fees or charges for a property-related service for a period not to exceed five years pursuant to Section 53755.

(b) The schedule of fees or charges may include a schedule of adjustments, including a clearly defined formula for adjusting for inflation. Any inflation adjustment to a fee or charge for a property-related service shall not exceed the cost of providing that service.

(c) The schedule of fees or charges for an agency that purchases wholesale water, sewage treatment, or wastewater treatment from a public agency may provide for automatic adjustments that pass through the adopted increases or decreases in the wholesale charges for water, sewage treatment, or wastewater treatment established by the other agency.

2.0 Introduction

This study (Study) takes a long-range planning approach to establishing wastewater service charges and fees. A discussion of the long-range plan and recommended sewer charge and fee adjustments are included in the following section of this report. The analyses contained herein include operation and maintenance (O&M) costs, City of San Diego Metropolitan Wastewater Department (Metro) transportation, treatment and disposal costs, reserve levels, and identified capital improvement projects (CIP). To that end, the Study examines the revenues generated by the City and makes recommendations for revenue adjustments, as needed. The City retained NV5 in 2017 to update a wastewater cost of service study previously developed by PBS&J in FY 2003. Karyn Keese of The Keze Group, LLC, is the lead rate consultant for this Study and was the rate consultant from PBS&J who prepared the FY 2003 study which established the City's sewer user charges from FY 2003 to FY 2006. As stated earlier, the FY 2006 sewer service charges are still in effect today.

For purposes of this report, the study period is the fiscal years beginning July 1, 2018 and ending June 30, 2023. Unless otherwise noted, references in this report to a specific year are for the City's fiscal year ending June 30. To avoid confusion between calendar and fiscal years, the term FY refers to the year beginning July 1 and ending June 30. Presented herein are the results of a Study of the City's projected revenues, revenue requirements, cost of service, and rates for service.

2.1 Background: City of National City

The City provides wastewater service to approximately 17,000 customers within the incorporated area of the City of National City. It owns and operates approximately 100 miles of pipeline, 2,000 manholes, and 2 lift stations. The collection, treatment, and disposal of wastewater in an environmentally safe and efficient manner promote healthy communities and increase the quality of life for local residents.

The City is responsible for collecting and conveying wastewater flows originating within the City to the City of San Diego's Point Loma Treatment Plant for treatment and disposal. The City's primary goals are operating the sewerage system safely and efficiently while meeting the needs of their customers.

To meet these goals, the City undertakes routine cleaning, inspections, and repairs and rehabilitates its facilities as needed. The wastewater system operates in an area subject to strict regulatory oversight by Federal and State agencies such as the U.S. Environmental Protection Agency (US EPA) and the California State Water Resources Control Board (SWRCB). The City must comply with a multitude of laws including, but not limited to, State Wastewater Discharge Requirements

(WDRs). Complying with these regulations and resulting mandates contributes to a large share of the cost burden on the City's system.

The City completed a Wastewater Master Plan in 2011 which will be updated in the near future, this plan identified an average of \$2 million per year in required rehabilitation and expansion projects for the next 9 years following the Plan. These annual projected capital improvement costs (CIP) are incorporated into this Study and form the basis for the City's annual capital requirements.

2.2 Background: City of San Diego Metropolitan Sewage Treatment System

The City of National City is one of thirteen participating agencies (PAs) who send their wastewater to the City of San Diego Metropolitan Sewage Treatment System (Metro) for treatment and disposal. Along with the other PAs the City entered into the Regional Disposal Agreement with San Diego in 1998. Due to positive financial negotiations with San Diego since that time and especially the establishment of the "Administrative Protocol on Allocation of Operating Reserves and Debt Service Coverage" during FY 2010 the City has enjoyed stable annual billings for the last 8 years from the City of San Diego. However, in 2015 the City of San Diego initiated a multi-billion dollar public works project entitled the Pure Water Program which will provide the double benefit of "secondary equivalency" to San Diego's wastewater customers including National City as well as a significant new potable water supply for the City of San Diego.

In September 2016 the City of San Diego provided the PAs with a range of annual costs from FY 2016 through FY 2022 for Phase I of the Pure Water Program. These annual cost increases began with FY 2018 (current fiscal year) and are the basis for establishing the San Diego portion of the revenue requirement developed by this Study.

In September 2016 the City of San Diego provided the PAs with a range of annual costs from FY 2016 through FY 2022 for Phase I of the Pure Water Program. These projections provided both a low and a high end-of-range. Table 2-1 below summarizes the range of costs provided to National City which are recommended by San Diego to be used in establishing this rate case. After discussions with City staff NV5 is recommending that the Metro low cost numbers be used for this rate analysis, and that a pass-through resolution should be adopted should the costs exceed the Metro low projections.

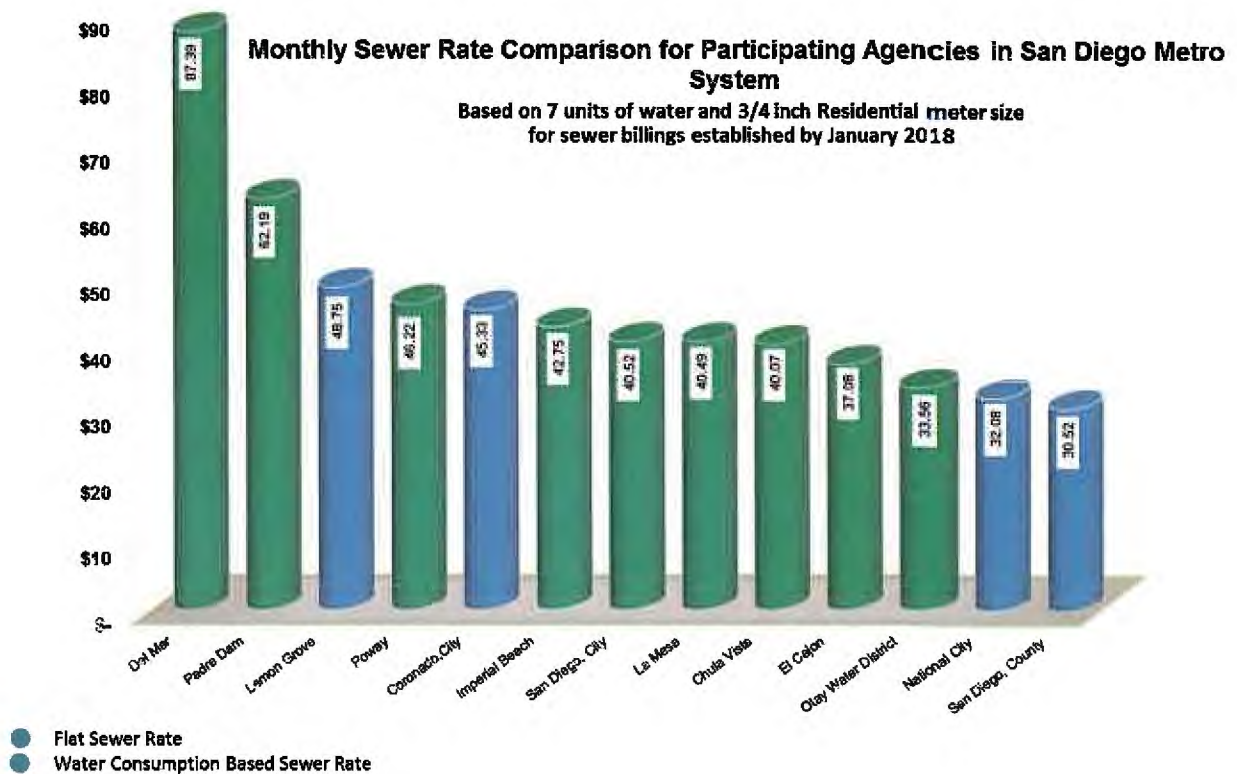
Table 2-1 Summary of Low and High Metro Cost Projections

	FY18	FY19	FY20	FY21	FY22	FY23
Metro Low Treatment Costs	\$5,520,749	\$6,187,843	\$ 8,553,739	\$7,662,714	\$5,511,370	\$5,786,939
Metro Transportation & JPA Costs	\$ 17,586	\$ 18,113	\$ 18,657	\$ 19,216	\$ 19,793	\$ 20,387
Total Metro Low Costs	\$5,538,335	\$6,205,956	\$ 8,572,396	\$7,681,930	\$5,531,163	\$5,807,325
Metro High Treatment Costs	\$6,101,880	\$6,839,195	\$10,264,486	\$9,195,257	\$6,613,645	\$6,944,327
Metro Transportation & JPA Costs	\$ 17,586	\$ 18,113	\$ 18,657	\$ 19,216	\$ 19,793	\$ 20,387
Total Metro High Costs	\$6,119,466	\$6,857,308	\$10,283,143	\$9,214,473	\$6,633,438	\$6,964,714

2.3 Rate Study Summary

The City of National City customers enjoy some of the lowest sewer service charges in the Metro System as shown in **Figure 2-1** and have for many years. The City last adjusted sewer service charges in FY 2006 and the FY 2018 charge is 38% lower than the average Metro PA rate of \$50.82 per month. However, the City's increased internal CIP requirements and the costs associated with the Pure Water Program require that the City adjust their sewer rates for the next five years at an average of 9.8% per year.

Figure 2-1 Sewer Rate Comparison for Participating Agencies in San Diego Metro System

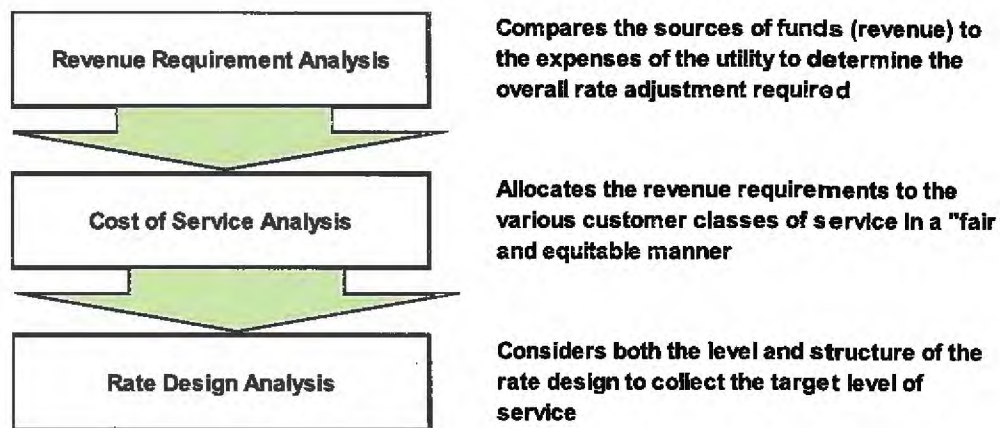


3.0 Wastewater Rate Study

3.1 Overview of the Sewer Service Charge Update Process

A comprehensive rate study typically utilizes three interrelated analyses to address the adequacy and equity of the utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. The process is illustrated in Figure 3-1.

Figure 3-1 Overview of the Comprehensive Rate Study Analysis



The City's sewer utility was evaluated on a "stand-alone" basis. That is, no subsidies between the utility or other City funds occur. By viewing the utility on a stand-alone basis, the need to adequately fund both operations and maintenance (O&M) and capital infrastructure (CIP) must be balanced against the rate impacts on utility customers.

A detailed and comprehensive process was used to review the City's rates. As a part of the rate study process a number of on-site project meeting and conference calls were used to review the results with City management, staff, and the City Council. From this process, final proposed rates were developed and their development is reviewed in this section of the report. Following is a summary of each step in the process.

Revenue Requirement Analysis: The revenue requirement analysis revealed that several significant financial changes have occurred since the City's 2003 rate study and subsequently adopted sewer user rates. The significant changes are:

- The 2011 Wastewater Master Plan contains an annual capital requirement of \$2 million needed in capital projects for the next 9 years. These costs were not included in the City's FY 2018 adopted budget.
- The planning phase of the City of San Diego's Pure Water Program has begun and during FY 2018 to FY 2023 additional Metro costs are anticipated for Phase 1 of this program. City of San Diego staff has identified the increased funding level for the participating agencies from the 2010 adopted Protocol level of \$65 million to \$128 million per year over the next four-years. The City's portion of this budget is currently 7.4%. National City's increased funding level for the Pure Water Program is included in this rate case.

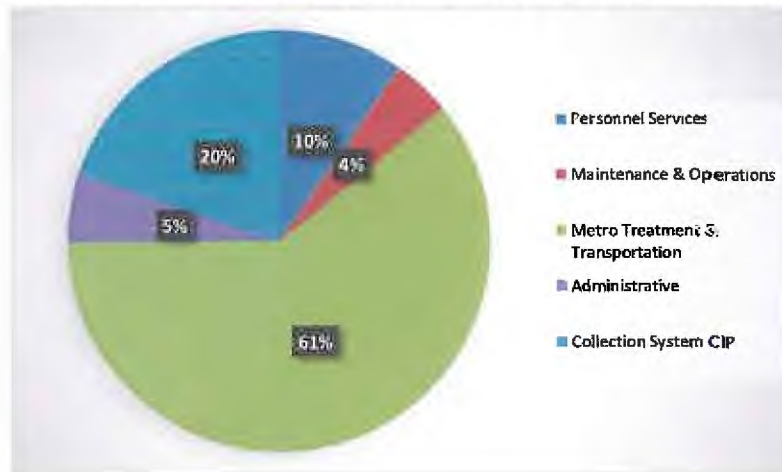
The largest component of the City of National City's revenue requirement is the costs associated with transportation, treatment, and disposal of the City's wastewater by the Metro facilities. A summary of the projected City collection system O&M and CIP, plus San Diego Metro expenses to be included in the City's rate case, are included on **Table 3-1**.

Table 3-1: City of National City Revenue Requirements

	FY19	FY20	FY21	FY22	FY23
Personnel Services	\$ 991,191	\$ 1,044,152	\$ 1,097,540	\$ 1,143,891	\$ 1,188,573
Maintenance & Operations	\$ 457,423	\$ 471,146	\$ 485,280	\$ 499,838	\$ 514,834
Metro Treatment & Transportation	\$ 6,205,956	\$ 8,572,396	\$ 7,681,930	\$ 5,531,163	\$ 5,807,325
Administrative	\$ 540,349	\$ 556,560	\$ 573,257	\$ 590,454	\$ 608,168
Collection System CIP	\$ 2,026,560	\$ 2,027,356	\$ 2,028,177	\$ 2,029,022	\$ 2,029,893
	\$10,221,479	\$12,671,609	\$11,866,184	\$9,794,369	\$10,148,793

Figure 3-2 shows the percentage of each of the major cost centers in the City's rate case. As noted the majority of all required revenue from rates (61%) will be paid directly to the City of San Diego.

Figure 3-2 Major Cost Components of City of National City's FY 2019 Revenue Requirements



As a part of establishing the revenue requirement for the City's rate case City staff requested NV5 consultant's guidance in establishing a sound reserve policy to financially protect the City's sewer enterprise fund. At the end of FY 2017 (June 30, 2017) the City's sewer enterprise fund showed a reserve cash fund balance of \$15.5 million. NV5 consultants reviewed with City staff industry standard guidelines in establishing formal reserve policies as well as the City's needs for financial stability and potential exposures to external forces which could require unplanned O&M or capital expenditures. After review of these guidelines and exposures the following formal reserve policy is recommended for the City consisting of three cash flow reserves and two capital reserves. The establishment of this reserve policy has been integrated into the projected revenue requirements for the rate case.

Operations/Cash Flow Reserve. The operating reserve provides working capital for day-to-day operations and helps to absorb fluctuations in cash balances due to routine difference in revenue and expense cycles. The City of National City places their sewer service charges on the annual County of San Diego Property Tax Roll for cost effective and efficient collection of these charges. The City's fiscal year begins July 1 of each year and must fund their ongoing operations and capital budget requirements starting at that date. However, the City does not receive their first revenues from the tax roll until January of the following year and thus there is a lag of budget funding of six months. Therefore, a 50% cash flow reserve is recommended to allow for the orderly payment of the City's sewer enterprise fund's expenditures throughout the fiscal year

Metro Cash Flow Reserve: In 2015 the City of San Diego launched their Pure Water San Diego Program, a massive public works project, which introduces an additional risk of annual cost overruns to the City's required payments to San Diego for transportation, treatment, and disposal of wastewater collected from the City's customers. In 2015 San Diego provided the City with a draft financing plan for the entire program which established National City's non-debt funded portion of the program to be \$4.4 million in estimated pay-go expenses. It is recommended that the City establish a Metro Cash Flow Reserve in this amount to be used to offset unplanned cost increases for this project.

Emergency/Natural Disaster Reserve: Recent historic events such as Hurricane Harvey have only emphasized the need for an agency to have additional monies set aside to pay for unforeseen events such a restoring service to flooded pump stations, etc. It is recommended that this reserve be established at a minimum of 60-days of operating cash. This would provide cash-flow until the City was able to secure outside funding and/or FEMA reimbursements.

Capital Expansion and Replacement Reserves: As a participating agency (PA) in the San Diego Metro System the City is required by State and US EPA regulations to maintain reserves that provide for the expansion and replacement of the City's collection system. The expansion and replacement reserve provides funding for replacement, repair, or rehabilitation of wastewater infrastructure due to routine capital project planning or in the event of catastrophic failure of a major system asset. The City's current master plan estimates these needs to be \$2 million per year and thus we are recommending that the reserve be established at this level.

The final step in determining the revenue requirement for the City's rate case was to overlay the projected expenditures for the next five years as summarized in **Table 3-1** and the recommended reserve policy. **Table 3-2** creates a long-range plan showing the use of reserves to moderate the annual rate adjustment to 9.8% per year starting in FY 2019 from FY 2018 through FY 2021. The use/replacement of the City's reserves is shown on Line 22. A detailed copy of the five-year revenue requirement is included in **Appendix A** to this report.

Table 3-2: City of National City Long Range Financial Plan

	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
1 Beginning Balance	\$15,530,261.00	\$ 15,014,450.61	\$ 11,750,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)
2 Revenue:						
3 Non-Operating Revenue	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00	\$ 15,000.00
4 User Fees	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32	\$ 6,942,939.32
5 Total Revenue	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32	\$ 6,957,939.32
6 Operations Expenses:						
7 Collection System Maintenance	\$ 1,935,415.00	\$ 2,015,522.43	\$ 2,099,213.62	\$ 2,184,253.96	\$ 2,263,206.23	\$ 2,341,487.45
8 Metro and JPA costs - Low Projection	\$ 5,538,334.71	\$ 6,205,956.28	\$ 8,572,395.68	\$ 7,681,930.38	\$ 5,531,162.87	\$ 5,807,325.16
9 Total Operations Expenses	\$ 7,473,749.71	\$ 8,221,478.71	\$ 10,671,609.30	\$ 9,866,184.34	\$ 7,794,369.16	\$ 8,148,792.61
11 Capital Improvement Program:						
13 Collection System CIP	\$ -	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00	\$ 2,000,000.00
14 Total Expenses	\$ 7,473,749.71	\$ 10,221,478.71	\$ 12,671,609.30	\$ 11,866,184.34	\$ 9,794,369.16	\$ 10,148,792.61
15 Fund Balance Prior to Reserves	\$ 15,014,450.61	\$ 11,750,911.22	\$ 6,037,241.24	\$ 1,128,996.22	\$ (1,707,433.63)	\$ (4,898,286.92)
16 Reserve Targets:						
17 Operations/Cash Flow	\$ 3,736,874.86	\$ 4,110,739.36	\$ 5,335,804.65	\$ 4,933,092.17	\$ 3,897,184.58	\$ 4,074,396.31
18 Metro Cash Flow	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00	\$ 4,400,000.00
19 Emergency/Nat. Disaster	\$ 1,245,624.95	\$ 1,370,246.45	\$ 1,778,601.55	\$ 1,644,364.06	\$ 1,299,061.53	\$ 1,358,132.10
20 Capital Expansion Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
21 Capital Replacement Reserve	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00	\$ 1,000,000.00
22 Total Recommended Reserves	\$ 11,382,499.81	\$ 11,880,985.81	\$ 13,514,406.20	\$ 12,977,456.23	\$ 11,596,246.11	\$ 11,832,528.41
23 Fund Balance Over/(Under) Reserve Target	\$ 3,631,950.80	\$ (130,074.59)	\$ (7,477,164.96)	\$ (11,848,460.01)	\$ (13,303,679.73)	\$ (16,730,815.32)

Cost of Service Analysis: The cost of service analysis revealed that several major changes have occurred in users and use since the City's 2003 rate study and subsequently adopted sewer user rates. The significant changes are:

- As with other communities in San Diego County and Southern California the City's citizens and businesses have decreased their water usage significantly since FY 2003. This has decreased revenues from the commercial and industrial users of the City who are billed on their annual water usage
- The City uses an equivalent dwelling unit (EDU) system of rates for their residential users. Historically the City has used 280 gallons per day (gpd) for a single family residential user for billing purposes. Multi-family/condo units are considered to be 0.78 EDU and mobile home units 0.61 EDUs. These EDUs are consistent with industry standards for EDU based user systems. However, due to the decreased water use by residential as well as commercial/industrial users the gallons per EDU have decreased to an estimated 240 gpd. 240 gpd is consistent with the majority of the PAs wastewater generation rate (in gpd) for EDUs such as the County of San Diego and the City of Lemon Grove.

The City's rate model was updated with the number of residential and commercial/industrial users used for billing purposes on the FY 2018 tax roll. As noted above the gallons for residential EDUs were revised to 240 gpd per EDU and the most recent water usage for commercial/industrial users was included.

Table 3-3 summarizes the current number of City users and their projected sewer flows based on the current tax roll water use data for FY 2018.

Table 3-3: Summary of Current Users and Estimated Sewer Flow

Units of Service and Loadings	No. of Active Customers	FLOW:			BOD:		SS:	
		(A) Total Flow (MGD)	(B) Total Flow (HCF)	(C) Annual Flow (MG/Year)	(D) BOD User (MG/L)	(E) Annual BOD Load (LBS/YR)	(F) SS per User (MG/L)	(G) Annual Load (LBS/YR)
Single Family	5,873	1.4095		514.47	200	858,116	200	858,116
Multi-family/Condo	9,840	1.8420		672.35	200	1,121,439	200	1,121,439
Mobile Homes	370	0.0542		19.77	200	32,977	200	32,977
Subtotal- Residential	16,083	3.3057	0	1,206.59		2,012,532		2,012,532
Commercial - Low*	770	0.7045	343,530	257.13	200	428,882	200	428,882
Commercial - Medium Low	203	0.1495	72,891	54.56	200	91,001	300	136,502
Commercial - Medium	8	0.0387	18,858	14.12	400	47,087	400	47,087
Commercial - Medium High	90	0.1014	49,445	37.01	600	185,190	500	154,325
Commercial - High	29	0.0482	23,494	17.59	680	99,726	900	131,991
Subtotal Non-Residential	1,100	1.0422	508,218	380.40		851,887		898,787
TOTAL	17,183	4.3478	508,218	1,586.99		2,864,419		2,911,319

Rate Design Analysis: As part of the rate setting process a routine review of an agency's sewer service charge rate structure is performed. This is done to assure that the agency's rate structure meets industry standards as well as complies with local, State, and Federal guidelines and regulations.

The City of National City first established their current rate structure in the mid-1990's and it was submitted to the State Water Resources Control Board of the State of California (SWRCB) and the US EPA. The rate structure and the cost allocations upon which it is based were approved by both the SWRCB and the US EPA. These principles still meet industry standards today and follows Best Management Practices (BMP's) established by the State of California, and thus there are no recommended changes to the existing rate structure.

The City uses a combination of EDU's for residential users and water based rates for commercial/industrial users. Single family residential users are considered to be 1 EDU, and multi-family/condo users 0.78 EDU, and mobile home users 0.61 EDU. Commercial/industrial users are grouped based on their estimated sewage strengths into five classes of users. Each year 90% of the prior year's water usage per commercial/industrial customer is used to determine the upcoming year's sewer service charge.

All classes of users will continue to be billed their annual sewer service charge on the County of San Diego tax roll based on either their EDU classification or their annual water usage and sewage strength category. **Table 3-4** compares the current FYE 2018 sewer rates with the proposed FYE 2019 through FYE 2023 of the proposed rate case. The entire output from the rate model showing all steps in the rate case is contained in **Appendix A** to this Study

Table 3-4: Comparison of Current Versus Proposed Sewer User Rates

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

As discussed earlier in this report, the majority of the revenue requirement recovered by the City's sewer service charges go to pay for cost associated with charge from San Diego Metro. **Figure 3-3** summarizes the major components of the proposed FY 2019 monthly single family sewer service charge of \$35.23 per EDU. This figure also shows the use of City reserves to phase in the Pure Water Program and City CIP costs:

Figure 3-3 Components of FY 2019 Single Family Monthly Rate

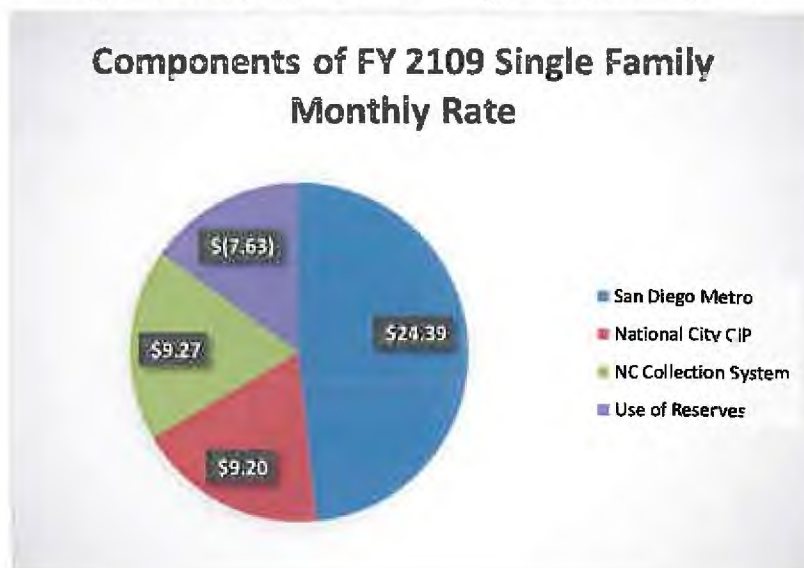
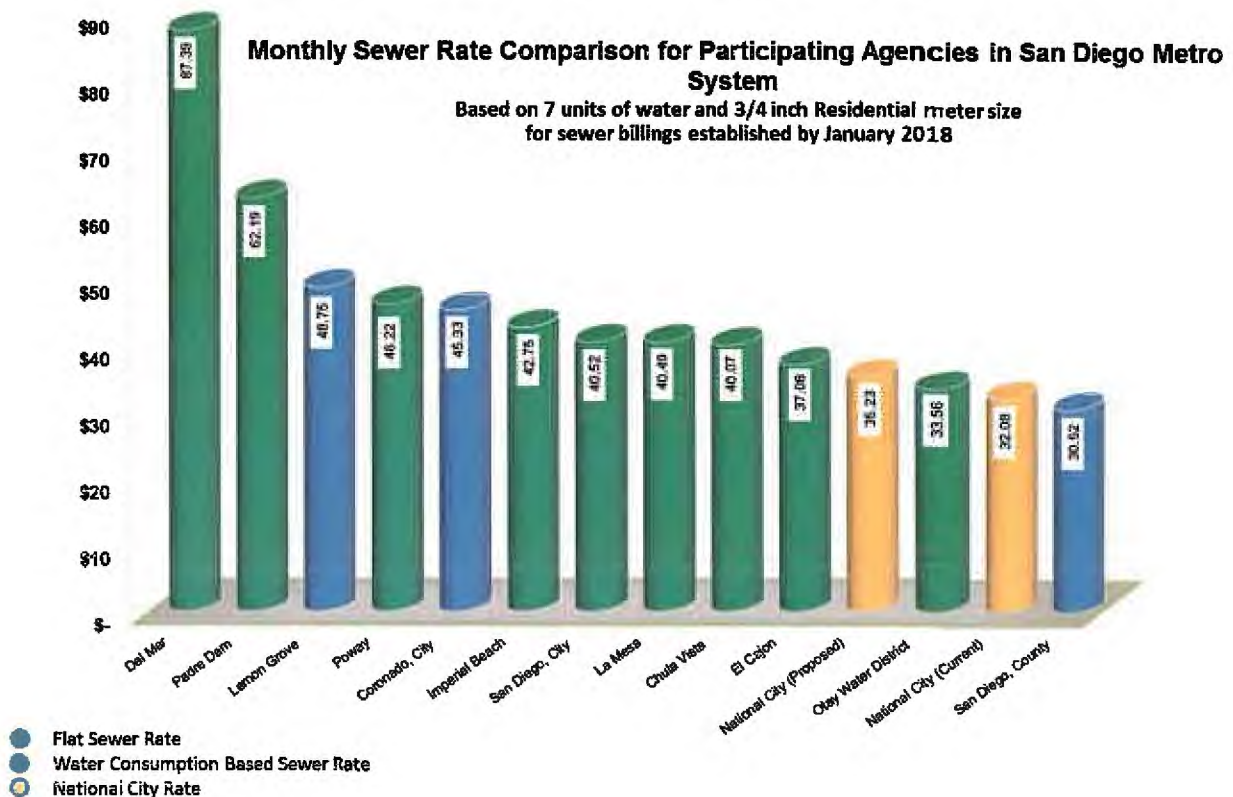


Figure 3-4 summarizes all San Diego Metro Member Agencies comparative sewer user rates based on 7 HCF of water usage/sewer flow and a residential monthly base fee. It should be noted that the rates shown are those effective July 1, 2017. The City's first proposed rate adjustment is not until July 1, 2018. By that time the majority of these rates will be 5% to 10% higher as all agencies except San Diego either have adopted current rate cases or are in the process of updating their current rate cases to phase in the required Pure Water Program costs. Even with the proposed 5-year rate adjustments National City will still enjoy some of the lowest rates among the users of the San Diego Metro System. The proposed FY 2019 single family rate will be as low as \$35.23 which is 37% lower than the existing (FY 2018) average Metro member agency rate of \$50.82

Figure 3-4 Metro Member Agencies Sewer Rate Comparison





Appendix A – Rate Model

- Assumptions
- Wastewater Operations & Maintenance Budget
- Budget Summary
- Step 1 – Customer Summary and Estimated Flows
- Step 2 – Determination of Unit Costs
- Step 3 – Sewer User Rate Calculations by Fund and Cost



NOTICE OF PUBLIC HEARING

to Consider Proposed Adjustments to
Sewer Service Charges

Tuesday, December 5, 2017, 6:00 p.m.

Proposition 218

Pursuant to Article XIID of the California Constitution and the Proposition 218 Omnibus Implementation Act, the City of National City (the "City") hereby gives notice that a public hearing will be held on December 5, 2017, at 6:00 PM, or as soon as possible thereafter as the matter can be heard, at the regularly scheduled City Council meeting. The public hearing will be held in the Council Chamber of the Civic Center, located at 1243 National City Boulevard, National City, California.

Upon conclusion of the public hearing, the City Council will consider a proposed increase to the cost the City charges for sewer service for Fiscal Year 2018/19 through 2022/23. If approved, the rate adjustment will become effective on customers' 2018/19 property tax bills. For more detailed information on how the sewer rates were calculated, copies of the NV5 rate study analysis (see below) are available at <http://www.nationalcityca.gov/government/engineering-public-works/engineering-division/sewer-service> or at the Engineering / Public Works Department, located at 1243 National City Boulevard, National City, California, 91950, Telephone No. (619)-336-4580.

Reason for Proposed Rate Increase

The City is provided wastewater treatment and disposal services by the City of San Diego's Metropolitan Wastewater System ("Metro"). The proposed rate adjustments will allow the City to collect sufficient revenue so the City may continue providing sewer service to customers in the face of sharply increasing operating costs from Metro to fund the Pure Water Program. The proposed rate adjustments will also enable the City to pay for capital improvements that are essential for operating the sewer system in a safe and financially prudent manner. Revenues derived from the City's sewer service charges, and any adopted adjustments described in this notice, will be used solely for the actual and necessary expenses of providing sewer service to customers. The City is prohibited by law from making a profit on sewer service.

Engineering & Public Works Department
1243 National City Boulevard, National City, CA 91950-4301
(619) 336-4380 Engineering * (619) 336-4580 Public Works * Fax (619) 336-4397
www.nationalcityca.gov



The City elected to conduct a comprehensive review of its sewer rates for all users to ensure the long term stability of its sewer services. The new proposed rate increases are based on a September 2017 rate study titled "City of National City Sewer Rate Study" ("Study") conducted by NV5, a well-respected engineering and consulting firm. NV5 considered all sewer-related factors described in this notice, in addition to other, more specific information described in the Study, in conducting their sewer rate analysis. The Study, and its underlying rate methodology, is available at <http://www.nationalcityca.gov/government/engineering-public-works/engineering-division/sewer-service>. Copies of the Study are also available at the Engineering/Public Works Department at the Civic Center. The Study's underlying rate methodology will be discussed in more detail at the December 5th public hearing.

Protest Procedure

The property owner of record may file a written protest to the proposed rate adjustment. Property owners do not have to attend the public hearing in order to file a protest. Protests may be mailed to: City Clerk, 1243 National City Boulevard, National City, California 91950. If protesting by mail, please write on the front of the envelope that the enclosed letter of protest is for the proposed sewer rate adjustments. All protests must be received before the close of the public comment portion of the public hearing on **December 5, 2017**. Any protests received after that date and time, even if postmarked on or prior to that date, will not be counted.

Any protest received via e-mail, fax, or other electronic means shall also not be counted. The signature on the protest must be that of the property owner of record and be an original signature. Protests with copies of signatures will not be counted. Oral comments do not qualify as a protest, unless accompanied by a written protest. While customers who live on property owned by others may attend the public hearing, the City will only count written protests filed by property owners. Only one valid protest per parcel will be counted.

In order to be counted, each protest must contain the following:

1. State that the property owner of record does not agree with the proposed rate increase.

Engineering & Public Works Department
1243 National City Boulevard, National City, CA 91950-4301
(619) 336-4380 Engineering * (619) 336-4580 Public Works * Fax (619) 336-4397
www.nationalcityca.gov



2. Identify the location of the parcel by street address, assessor's parcel number (APN) listed on the address label of your envelope, or City account number.
3. Provide the printed name and original signature of the property owner submitting the protest.
4. If you wish to protest and you own multiple properties, you may file one valid protest for each parcel that you own. Only one protest will be counted per parcel. For example, if you own five parcels and you wish to file protests for each of your properties, you must file five separate protests.
5. If you wish to protest and your parcel is owned by more than one person, or by a corporation or other legal entity, you may only file one protest for that parcel. Proper documentation must be provided showing that the person who signs the protest has the authority to sign on behalf of the other owners, corporation, or legal entity.
6. If the name of the property owner was not shown on San Diego County's last equalized assessment roll as the owner of record, you must provide the City with a certified copy of a recorded deed.

Individuals with disabilities, who require reasonable accommodation under the Americans with Disabilities Act in order to participate in the public hearing, should contact the City Clerk's Office as far in advance of the public hearing as possible.

Proposed Increases

The City last adjusted sewer service charges in FY 2006. The NV5 Study showed that, over the next five years, current sewer service revenues will not meet the increasing cost of City operating and capital expenses. The City system of sewer service charges meets regulatory and industry standards and the current rate schedule reflects the proper elements of a cost-of-service-based rate structure. No structural changes to the current system of charges will be made.

Based upon the Study, rate increases will be considered for each of the City's four distinct sewer customer groups: (1) single-family residential; (2) multi-family; (3) mobile home parks; and (4) commercial/industrial. The City maintains a specific sewer charge formula for each of these four customer groups. Single family, multi-family, and mobile home customers are billed flat rates based on a system of equivalent dwelling units established for each of these three customer groups. Commercial/industrial users are placed into one of five rate categories

Engineering & Public Works Department
1243 National City Boulevard, National City, CA 91950-4301
(619) 336-4380 Engineering * (619) 336-4580 Public Works * Fax (619) 336-4397
www.nationalcityca.gov



based on (1) their respective sewage strengths, and (2) 90% of the users' total water usage from the prior year.

The following rate table contains the recommended sewer service charges that the City Council will consider for adoption at the public hearing:

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

Pass-Through Costs

The above-proposed rate table is based, in part, on projections provided by Metro. The City will not pass through to customers any increases to wholesale treatment costs from Metro that exceed the amounts listed in the rate table above. The City will provide customers at least 30 days' notice before the effective date of any adjustment reflected in the rate table above.

If you have any questions about this process, or this notice in general, please contact the Engineering / Public Works Department at (619)-336-4580.

Engineering & Public Works Department
 1243 National City Boulevard, National City, CA 91950-4301
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ORDINANCE NO. 2017 –

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
REPEALING ORDINANCE NO. 2003-2226, AND ADOPTING AN ORDINANCE
ESTABLISHING SEWER SERVICE CHARGES FOR FISCAL YEARS
2018-19, 2019-20, 2020-21, 2021-22, AND 2022-23

WHEREAS, the City of National City retained an outside consultant to perform a sewer rate study in order to develop a wastewater multi-year financial plan, cost of service analysis, and rate design for the City; and

WHEREAS, on October 3, 2017, the City Council considered the September 2017 Sewer Rate Study that recommended increasing sewer service charges to reflect current costs of providing sewer service to customers within the City. The 2017 Sewer Rate Study is available for inspection in the Office of the City Clerk; and

WHEREAS, on October 7, 2017, the City mailed the Notice of Public Hearing to Consider Proposed Adjustments to Sewer Service Charges to all National City property owners to satisfy the notice requirements of Proposition 218; and

WHEREAS, on December 5, 2017, no majority protest of such property owners was presented upon conclusion of the noticed Proposition 218 Public Hearing to Consider Proposed Adjustments to Sewer Service Charges.

NOW, THEREFORE, BE IT ORDAINED that the City Council of the City of National City hereby repeals Ordinance No. 2003-2226, adopted on July 8, 2003, that established sewer service charges for Fiscal Years 2003-04, 2004-05, and 2005-06.

BE IT FURTHER ORDAINED that in order to meet the current costs of providing sewer service to customers within the City, as established in the “Sewer Rate Study”, the City Council of the City of National City hereby approves, adopts, and authorizes the sewer service charges for fiscal years 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23, as set forth in the attached Exhibit “A”, which is incorporated herein by reference, effective as of January 18, 2018.

Section 1. This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it or a summary of it, shall be published once with the names of the members of the City Council voting for and against the same in a newspaper of general circulation published in the County of San Diego.

Section 2. The City Council declares that the judicial invalidity of any subsection or portion of this Chapter shall not affect the validity of any other remaining section or portion; that the City Council would have adopted each of those remaining portions, notwithstanding any later declared invalidity. If any provision determined invalid under the preceding sentence can either be judicially severed or interpreted in a way that could harmonize it with the remaining provisions, then it may be severed or interpreted and applied so as to give full purpose, meaning, and effect to the remaining provisions of this Chapter.

Section 3. The proposed action is exempt from the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) – general rule; the project is not considered a project under CEQA as there is no possibility that the activity raised by this Ordinance may have a significant impact on the environment; the City currently charges sewer services fees that are eleven years old and, by this ordinance, will substitute the existing fee schedule with an updated schedule.

PASSED and ADOPTED this ____ day of _____, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

EXHIBIT "A"

User Class	Current	2019	2020	2021	2022	2023
Residential: \$ Per Month						
Single Family	\$ 32.08	\$ 35.23	\$ 38.68	\$ 42.47	\$ 46.61	\$ 51.18
Multi-family/Condo	\$ 25.00	\$ 27.48	\$ 30.17	\$ 33.13	\$ 36.36	\$ 39.92
Mobile Homes	\$ 19.50	\$ 21.49	\$ 23.60	\$ 25.91	\$ 28.43	\$ 31.22
Non-Residential: \$ Per HCF						
Commercial - Low	\$ 3.03	\$ 3.61	\$ 3.97	\$ 4.35	\$ 4.78	\$ 5.25
Commercial - Medium Low	\$ 3.12	\$ 3.89	\$ 4.33	\$ 4.73	\$ 5.13	\$ 5.66
Commercial - Medium	\$ 4.09	\$ 4.69	\$ 5.37	\$ 5.76	\$ 6.13	\$ 6.80
Commercial - Medium High	\$ 4.90	\$ 5.48	\$ 6.40	\$ 6.80	\$ 7.12	\$ 7.95
Commercial - High	\$ 6.12	\$ 6.82	\$ 8.14	\$ 8.55	\$ 8.79	\$ 9.88

The following page(s) contain the backup material for Agenda Item: Public Hearing on the Introduction of an Ordinance of the City Council of the City of National City amending Title 11, Section 11.16.010 Speed Zones Designated, of the National City Municipal Code establishing speed limits on various roadways based on ce

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.

ITEM TITLE:

A Public Hearing on the introduction of an Ordinance of the City Council of the City of National City amending Title 11, Section 11.16.010 – Speed Zones Designated, of the National City Municipal Code establishing speed limits on various streets based on certified Engineering and Traffic Surveys

PREPARED BY: Stephen Manganiello

DEPARTMENT: Engineering/Public Works

PHONE: 619-336-4382

APPROVED BY: _____

EXPLANATION:

See attached.



FINANCIAL STATEMENT:

APPROVED: _____ **Finance**

ACCOUNT NO.

APPROVED: _____ **MIS**

N/A

ENVIRONMENTAL REVIEW:

N/A

ORDINANCE: INTRODUCTION: FINAL ADOPTION:

STAFF RECOMMENDATION:

Introduce Ordinance for first reading.

BOARD / COMMISSION RECOMMENDATION:

ATTACHMENTS:

1. Explanation
2. Speed Survey Summary and Recommendations
3. Ordinance

Explanation

Section 22357 of the State of California Vehicle Code (CVC) permits local authorities, by ordinance, to establish speed limits greater than the prima facie speed limit of 25 miles per hour (MPH) when, on the basis of an engineering and traffic survey, the local authority determines that a speed greater than 25 MPH would facilitate the orderly movement of vehicular traffic and would be reasonable and safe. Section 40802 of the CVC provides the requirements for use of radar, laser or other electronic devices to measure and enforce vehicle speeds. Section 627 of the CVC and Section 2B.13 of the California Department of Transportation Manual on Uniform Traffic Control Devices (MUTCD) outline the criteria to be considered as part of conducting an engineering and traffic survey.

Engineering and traffic surveys must be completed and certified by a registered professional Civil or Traffic Engineer every five to seven years in accordance with Section 627 of the CVC and Section 2B.13 of the MUTCD, in order to allow National City Police Officers to enforce speed limits using radar, laser or other electronic devices. Furthermore, in accordance with Section 40802 of the CVC, officers must have successfully completed a radar operator course of not less than 24 hours, approved and certified by the Commission on Peace Officer Standards and Training, and the radar, laser or other electronic device used to measure vehicle speeds must be properly calibrated and meet or exceed the minimal operational standards of the National Traffic Highway Safety Administration.

Speed zones are primarily established to protect the public from the unreasonable behavior of reckless, unreliable, or otherwise dangerous drivers. Speed limits are generally established at or near the 85th percentile speed, which is defined as the speed at or below which 85 percent of traffic is moving. Speed limits established on this basis conform to the consensus of those who drive on the roadways as to what speed is reasonable and safe, and are not dependent on the judgment of one or a few individuals.

The engineering and traffic survey, as defined in Section 627 of the CVC, must consider the prevailing speeds, collision records, pedestrian and bicycle activity, and roadway traffic and roadside conditions not readily apparent to the driver. Therefore, a field review of related roadway conditions and traffic variables is conducted, which is considered in combination with the statistical data and collision history of a particular roadway segment to determine a safe and reasonable speed limit.

The specific procedures used in the performance of an engineering and traffic study are outlined in Section 2B.13 of the MUTCD. For example, "Speed zones (other than statutory speed limits) shall only be established on the basis of an engineering and traffic survey study that has been performed in accordance with traffic engineering practices. The engineering study shall include an analysis of the current speed distribution of free-flowing vehicles."

As further stated in the MUTCD, when a speed limit is to be posted, it shall be established at the nearest 5 mph increment of the 85th percentile speed of free-flowing traffic, with the following exceptions:

1. The posted speed may be reduced by 5 mph from the nearest 5 mph increment of the 85th percentile speed, in compliance with CVC Sections 627 and 22358.5.
2. For cases in which the nearest 5 mph increment of the 85th percentile speed would require a rounding up, then the speed limit may be rounded down to the nearest 5 mph increment below the 85th percentile speed, if no further reduction is used. Refer to CVC Section 21400(b).

If the speed limit to be posted has had the 5 mph reduction applied, then an engineering and traffic survey shall document in writing the conditions and justification for the lower speed limit and be approved by a registered professional Civil or Traffic Engineer. The reasons for the lower speed limit shall be in compliance with CVC Sections 627 and 22358.5.

Additionally, the MUTCD recommends that speed zoning with 5-mph increments are preferable in urban areas, and that short speed zones should be avoided. Therefore, adjustments may be made to provide uniform speed zones along a corridor, rather than various fluctuations in posted speed limits.

Staff authorized Kimley-Horn and Associates, through an "On-Call" Professional Engineering Services contract, to conduct engineering and traffic surveys for 151 individual roadway segments in National City. The roadway segments selected were confirmed with the National City Police Department prior to conducting the surveys and include all of the Arterial and Collector roadways identified in the National City General Plan Circulation Element. The engineering and traffic surveys were conducted in accordance with Section 627 of the CVC and Section 2B.13 of the MUTCD. Attached is a summary of the speed survey results and recommendations. All of the certified engineering and traffic surveys with back-up data are on file in the Office of the City Engineer.

The attached ordinance would amend Title 11, Section 11.16.010 – Speed Zones Designated, of the National City Municipal Code, to establish speed limits for 151 roadway segments in National City and allow for enforcement using radar, laser or other electronic devices based on certified engineering and traffic surveys.

Staff supports the findings and recommendations of the certified engineering and traffic surveys and therefore, recommends adoption of the ordinance. Staff will return to City Council on December 19, 2017, to hold a public hearing and provide a final reading of the Ordinance. If adopted by City Council, the declared prima facie speed limits will not become effective until City Public Works staff erect the appropriate regulatory speed limit signs upon the streets identified in the Ordinance on the basis of the certified engineering and traffic surveys.

Table 3: Speed Survey Summary and Recommendations (Page 1 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
1	Harbor Drive	North City Limit to 8th Street	45 MPH	45 MPH	34 - 43	0.000	23,001	45 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
2	Harbor Drive	8th Street to Civic Center Drive	40 MPH	48 MPH	39 - 48	0.095	17,567	45 MPH	Round 85th percentile speed down; no other reduction taken.
3	Tidelands Avenue	Civic Center Drive to 19th Street	35 MPH	38 MPH	28 - 37	0.465	2,902	35 MPH	Round 85th percentile speed down; no other reduction taken.
4	Tidelands Avenue	19th Street to Bay Marina Drive	35 MPH	35 MPH	25 - 34	1.784	1,906	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
5	Tidelands Avenue	Bay Marina Drive to 32nd Street	35 MPH	37 MPH	24 - 33	0.000	1,260	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
6	Marina Way	Bay Marina Drive to 32nd Street	25 MPH	23 MPH	15 - 24	0.000	1,275	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
7	Cleveland Avenue	Civic Center Drive to 19th Street	35 MPH	37 MPH	27 - 36	1.327	4,404	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
8	Cleveland Avenue	19th Street to Bay Marina Drive	35 MPH	41 MPH	29 - 38	1.507	4,649	35 MPH	Consistency with adjacent segment.
9	McKinley Avenue	14th Street to 19th Street	25 MPH	27 MPH	15 - 24	0.000	502	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
10	McKinley Avenue	19th Street to 23rd Street	25 MPH	33 MPH	17 - 26	0.000	679	30 MPH	Round 85th percentile speed down; no other reduction taken.
11	Wilson Avenue	Civic Center Drive to 18th Street	30 MPH	35 MPH	26 - 35	0.502	3,509	30 MPH	Consistency with adjacent segment.
12	Wilson Avenue	18th Street to 24th Street	30 MPH	32 MPH	19 - 28	0.419	3,416	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
13	Hoover Avenue	22nd Street to Mile of Cars Way	30 MPH	28 MPH	15 - 24	0.000	2,998	25 MPH	Round 85th percentile speed down; no other reduction taken.
14	Hoover Avenue	Miles of Cars Way to 30th Street	35 MPH	41 MPH	30 - 39	0.246	6,179	35 MPH	Consistency with adjacent segment.
15	Hoover Avenue	30th Street to 33rd Street	35 MPH	34 MPH	25 - 34	0.000	3,230	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
16	Roosevelt Avenue	Division Street to 4th Street	35 MPH	36 MPH	28 - 37	0.521	4,611	30 MPH	Bike facility / bike safety.
17	Roosevelt Avenue	4th Street to 8th Street	35 MPH	34 MPH	24 - 33	0.402	5,446	30 MPH	Bike facility / bike safety.
18	Roosevelt Avenue	8th Street to Plaza Boulevard	25 MPH	25 MPH	18 - 27	0.000	5,908	30 MPH	Consistency with adjacent segment.
19	Roosevelt Avenue	Plaza Boulevard to Civic Center Drive	25 MPH	30 MPH	22 - 31	1.036	2,814	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.

Table 3: Speed Survey Summary and Recommendations (Page 2 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
20	Roosevelt Avenue	Civic Center Drive to 16th Street	30 MPH	32 MPH	21 - 30	0.000	2,547	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
21	West Avenue	16th Street to 18th Street	30 MPH	30 MPH	22 - 31	0.000	1,522	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
22	National City Boulevard	Division Street to 4th Street	30 MPH	36 MPH	27 - 36	0.586	16,800	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
23	National City Boulevard	4th Street to 8th Street	30 MPH	36 MPH	26 - 35	1.386	14,229	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
24	National City Boulevard	8th Street to Plaza Boulevard	30 MPH	33 MPH	21 - 30	0.273	16,103	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
25	National City Boulevard	Plaza Boulevard to Civic Center Drive	35 MPH	37 MPH	28 - 37	0.455	12,773	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
26	National City Boulevard	Civic Center Drive to 16th Street	30 MPH	38 MPH	26 - 35	0.625	14,058	35 MPH	Round 85th percentile speed down; no other reduction taken.
27	National City Boulevard	16th Street to 18th Street	30 MPH	35 MPH	25 - 34	0.673	13,040	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
28	National City Boulevard	18th Street to 24th Street	35 MPH	36 MPH	28 - 37	0.193	15,157	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
29	National City Boulevard	24th Street to 30th Street	35 MPH	40 MPH	32 - 41	0.261	17,546	35 MPH	Consistency with adjacent segment.
30	National City Boulevard	30th Street to South City Limit	35 MPH	37 MPH	30 - 39	0.380	20,307	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
31	D Avenue	Division Street to 4th Street	25 MPH	29 MPH	22 - 31	2.051	4,280	25 MPH	Round 85th percentile speed down; no other reduction taken.
32	D Avenue	4th Street to 8th Street	25 MPH	27 MPH	18 - 27	1.769	4,948	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
33	D Avenue	8th Street to Plaza Boulevard	25 MPH	26 MPH	18 - 27	0.000	6,785	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
34	D Avenue	Plaza Boulevard to 16th Street	30 MPH	30 MPH	21 - 30	0.670	6,535	25 MPH	Bike facility / bike safety.
35	D Avenue	16th Street to 18th Street	30 MPH	30 MPH	21 - 30	0.000	6,142	25 MPH	Bike facility / bike safety.
36	D Avenue	18th Street to 24th Street	30 MPH	38 MPH	28 - 37	0.511	5,707	35 MPH	Round 85th percentile speed down; no other reduction taken.
37	D Avenue	24th Street to 26th Street	30 MPH	34 MPH	24 - 33	0.000	4,759	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
38	D Avenue	26th Street to 30th Street	30 MPH	39 MPH	31 - 40	0.000	4,714	35 MPH	Round 85th percentile speed down; no other reduction taken.
39	Highland Avenue	North City Limit to Division Street	35 MPH	36 MPH	26 - 35	0.000	15,049	30 MPH	Consistency with adjacent segment.
40	Highland Avenue	Division Street to 4th Street	35 MPH	32 MPH	24 - 33	1.333	13,227	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
41	Highland Avenue	4th Street to 8th Street	35 MPH	33 MPH	22 - 31	2.899	13,533	30 MPH	Round 85th percentile speed down; no other reduction taken.

Table 3: Speed Survey Summary and Recommendations (Page 3 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
42	Highland Avenue	8th Street to Plaza Boulevard	35 MPH	30 MPH	21 - 30	1.340	16,407	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
43	Highland Avenue	Plaza Boulevard to 16th Street	35 MPH	35 MPH	27 - 36	1.283	20,437	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
44	Highland Avenue	16th Street to 18th Street	35 MPH	33 MPH	23 - 32	0.591	22,234	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
45	Highland Avenue	18th Street to 24th Street	35 MPH	35 MPH	27 - 36	0.682	21,403	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
46	Highland Avenue	24th Street to 30th Street	35 MPH	36 MPH	27 - 36	0.971	22,537	30 MPH	Pedestrian safety / proximity to school.
47	Highland Avenue	30th Street to South City Limit	35 MPH	32 MPH	24 - 33	0.355	32,257	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
48	L Avenue	8th Street to Plaza Boulevard	30 MPH	30 MPH	23 - 32	1.233	6,057	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
49	L Avenue	16th Street to 18th Street	25 MPH	26 MPH	19 - 28	0.000	4,623	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
50	L Avenue	18th Street to 21st Street	25 MPH	34 MPH	25 - 34	0.607	4,844	30 MPH	Round 85th percentile speed down; no other reduction taken.
51	L Avenue	21st Street to 24th Street	25 MPH	36 MPH	26 - 35	0.000	4,620	30 MPH	Residential density / frequency of driveways.
52	L Avenue	24th Street to 28th Street	25 MPH	29 MPH	22 - 31	0.000	4,467	25 MPH	Round 85th percentile speed down; no other reduction taken.
53	L Avenue	28th Street to 30th Street	25 MPH	27 MPH	20 - 29	1.024	4,262	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
54	Palm Avenue	I-805 to Division Street	35 MPH	38 MPH	29 - 38	0.000	23,486	35 MPH	Round 85th percentile speed down; no other reduction taken.
55	Palm Avenue	Division Street to 4th Street	35 MPH	35 MPH	28 - 37	0.000	11,498	30 MPH	Pedestrian safety / proximity to school.
56	Palm Avenue	4th Street to 8th Street	35 MPH	33 MPH	24 - 33	0.530	8,269	30 MPH	Round 85th percentile speed down; no other reduction taken.
57	Palm Avenue	8th Street to Plaza Boulevard	35 MPH	32 MPH	24 - 33	0.831	7,541	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
58	Palm Avenue	Plaza Boulevard to 16th Street	35 MPH	32 MPH	26 - 35	1.021	6,732	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
59	Palm Avenue	16th Street to 18th Street	35 MPH	27 MPH	17 - 26	2.044	4,266	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
60	Palm Avenue	18th Street to 22nd Street	35 MPH	27 MPH	16 - 25	0.000	966	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
61	Newell Street	18th Street to Prospect Street	35 MPH	39 MPH	29 - 38	0.000	2,618	35 MPH	Round 85th percentile speed down; no other reduction taken.
62	Grove Street	Prospect Street to Sweetwater Road	25 MPH	31 MPH	23 - 32	0.696	1,862	25 MPH	Residential density / frequency of driveways.
63	Euclid Avenue	North City Limit to Division Street	35 MPH	41 MPH	32 - 41	0.467	12,585	35 MPH	Consistency with adjacent segment.
64	Euclid Avenue	Division Street to 4th Street	35 MPH	40 MPH	31 - 40	0.171	12,942	35 MPH	Pedestrian safety / proximity to school, park.

Table 3: Speed Survey Summary and Recommendations (Page 4 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
65	Euclid Avenue	4th Street to 8th Street	35 MPH	39 MPH	30 - 39	0.439	15,004	35 MPH	Round 85th percentile speed down; no other reduction taken.
66	Euclid Avenue	8th Street to Plaza Boulevard	35 MPH	36 MPH	28 - 37	1.000	17,894	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
67	Euclid Avenue	Plaza Boulevard to 16th Street	35 MPH	39 MPH	31 - 40	0.276	13,771	35 MPH	Round 85th percentile speed down; no other reduction taken.
68	Euclid Avenue	16th Street to 18th Street	35 MPH	33 MPH	23 - 32	0.000	12,999	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
69	Euclid Avenue	18th Street to 24th Street	35 MPH	38 MPH	30 - 39	0.267	10,935	35 MPH	Round 85th percentile speed down; no other reduction taken.
70	Euclid Avenue	24th Street to Sweetwater Road	45 MPH	42 MPH	33 - 42	0.061	15,198	40 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
71	Harbison Avenue	Division Street to 4th Street	30 MPH	38 MPH	29 - 38	0.000	4,011	35 MPH	Round 85th percentile speed down; no other reduction taken.
72	Harbison Avenue	4th Street to 8th Street	30 MPH	35 MPH	26 - 35	0.642	6,882	30 MPH	Residential density / frequency of driveways.
73	Harbison Avenue	8th Street to Plaza Boulevard	35 MPH	35 MPH	27 - 36	1.011	7,344	30 MPH	Consistency with adjacent segment.
74	Harbison Avenue	Plaza Boulevard to 16th Street	35 MPH	37 MPH	29 - 38	0.276	7,016	30 MPH	Pedestrian safety / proximity to school.
75	Plaza Bonita Road	Sweetwater Road to Bonita Mesa Road	40 MPH	37 MPH	30 - 39	0.298	4,843	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
76	Plaza Bonita Center Way	Valley Road to Sweetwater Road	35 MPH	43 MPH	35 - 44	0.000	19,654	40 MPH	Round 85th percentile speed down; no other reduction taken.
77	Division Street	National City Boulevard to D Avenue	30 MPH	36 MPH	27 - 36	0.443	11,399	30 MPH	Consistency with adjacent segment.
78	Division Street	D Avenue to Highland Avenue	30 MPH	30 MPH	21 - 30	0.620	14,240	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
79	Division Street	Highland Avenue to Palm Avenue	35 MPH	42 MPH	33 - 42	0.579	12,560	35 MPH	Residential density / frequency of driveways.
80	Division Street	Palm Avenue to T Avenue	35 MPH	41 MPH	32 - 41	0.323	16,306	35 MPH	Pedestrian safety / proximity to school.
81	Division Street	T Avenue to Euclid Avenue	35 MPH	40 MPH	30 - 39	0.437	16,263	35 MPH	Pedestrian safety / proximity to school.
82	Division Street	Euclid Avenue to Harbison Avenue	40 MPH	46 MPH	35 - 44	0.326	15,054	40 MPH	Residential density / frequency of driveways.
83	Main Street	I-5 to National City Boulevard	35 MPH	32 MPH	21 - 30	0.982	26,269	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
84	4th Street	National City Boulevard to D Avenue	35 MPH	33 MPH	24 - 33	1.513	4,303	30 MPH	Round 85th percentile speed down; no other reduction taken.
85	4th Street	D Avenue to Highland Avenue	35 MPH	36 MPH	26 - 35	0.718	6,089	30 MPH	Residential density / frequency of driveways. Bike facility / bike safety.

Table 3: Speed Survey Summary and Recommendations (Page 5 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
86	4th Street	Highland Avenue to Palm Avenue	35 MPH	36 MPH	26 - 35	1.058	7,223	30 MPH	Residential density / frequency of driveways. Bike facility / bike safety.
87	4th Street	Palm Avenue to T Avenue	35 MPH	38 MPH	29 - 38	0.480	9,066	35 MPH	Round 85th percentile speed down; no other reduction taken.
88	4th Street	T Avenue to Euclid Avenue	30 MPH	38 MPH	29 - 38	0.264	8,235	35 MPH	Round 85th percentile speed down; no other reduction taken.
89	4th Street	Euclid Avenue to Clairmont Avenue	35 MPH	36 MPH	28 - 37	0.000	8,023	30 MPH	Bike facility / bike safety. Reverse angle parking.
90	4th Street	Clairmont Avenue to Harbison Avenue	35 MPH	37 MPH	28 - 37	0.406	6,374	30 MPH	Bike facility / bike safety. Pedestrian safety / proximity to school
91	8th Street	Harbor Drive to I-5	35 MPH	36 MPH	27 - 36	0.575	9,150	30 MPH	Bike facility / bike safety.
92	8th Street	I-5 to National City Boulevard	35 MPH	37 MPH	26 - 35	1.183	22,489	30 MPH	Bike facility / bike safety.
93	8th Street	National City Boulevard to D Avenue	30 MPH	27 MPH	17 - 26	1.220	14,205	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
94	8th Street	D Avenue to Highland Avenue	30 MPH	29 MPH	20 - 29	0.612	14,321	25 MPH	Round 85th percentile speed down; no other reduction taken.
95	8th Street	Highland Avenue to L Avenue	35 MPH	38 MPH	29 - 38	0.929	14,099	35 MPH	Round 85th percentile speed down; no other reduction taken.
96	8th Street	L Avenue to Palm Avenue	35 MPH	39 MPH	30 - 39	0.386	17,082	35 MPH	Round 85th percentile speed down; no other reduction taken.
97	8th Street	Palm Avenue to Euclid Avenue	35 MPH	41 MPH	32 - 41	1.141	17,185	35 MPH	Consistency with adjacent segment.
98	8th Street	Euclid Avenue to Harbison Avenue	35 MPH	39 MPH	30 - 39	0.761	14,755	35 MPH	Round 85th percentile speed down; no other reduction taken.
99	8th Street	Harbison Avenue to Plaza Boulevard	35 MPH	38 MPH	26 - 35	0.422	14,179	35 MPH	Round 85th percentile speed down; no other reduction taken.
100	Plaza Boulevard	Coolidge Avenue to Hoover Avenue	30 MPH	30 MPH	21 - 30	2.985	2,959	25 MPH	Bike facility / bike safety.
101	Plaza Boulevard	Hoover Avenue to National City Boulevard	30 MPH	22 MPH	16 - 25	1.141	3,797	25 MPH	Consistency with adjacent segment.
102	Plaza Boulevard	National City Boulevard to D Avenue	30 MPH	37 MPH	25 - 34	0.732	8,858	30 MPH	Consistency with adjacent segment.
103	Plaza Boulevard	D Avenue to Highland Avenue	30 MPH	37 MPH	28 - 37	0.914	11,985	30 MPH	Pedestrian safety / proximity to school.
104	Plaza Boulevard	Highland Avenue to Palm Avenue	35 MPH	34 MPH	24 - 33	0.621	16,613	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
105	Plaza Boulevard	Palm Avenue to I-805	35 MPH	39 MPH	30 - 39	0.329	28,593	35 MPH	Round 85th percentile speed down; no other reduction taken.

Table 3: Speed Survey Summary and Recommendations (Page 6 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
106	Plaza Boulevard	I-805 to Euclid Avenue	35 MPH	37 MPH	30 - 39	0.288	29,576	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
107	Plaza Boulevard	Euclid Avenue to Harbison Avenue	30 MPH	42 MPH	32 - 41	0.905	21,006	35 MPH	Pedestrian safety / proximity to school.
108	Plaza Boulevard	Harbison Avenue to 8th Street	40 MPH	43 MPH	34 - 43	0.567	15,364	40 MPH	Round 85th percentile speed down; no other reduction taken.
109	Paradise Valley Road	8th Street to Plaza Entrada	40 MPH	45 MPH	38 - 47	0.136	25,498	40 MPH	Consistency with adjacent segment.
110	Civic Center Drive	Harbor Drive to National City Boulevard	30 MPH	33 MPH	25 - 34	0.614	5,896	30 MPH	Round 85th percentile speed down; no other reduction taken.
111	16th Street	Wilson Avenue to National City Boulevard	25 MPH	23 MPH	15 - 24	2.313	1,509	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
112	16th Street	National City Boulevard to D Avenue	35 MPH	35 MPH	25 - 34	1.101	5,907	30 MPH	Pedestrian safety / proximity to school.
113	16th Street	D Avenue to Highland Avenue	35 MPH	38 MPH	28 - 37	0.950	6,890	35 MPH	Round 85th percentile speed down; no other reduction taken.
114	16th Street	Highland Avenue to L Avenue	35 MPH	35 MPH	27 - 36	0.000	7,828	30 MPH	Residential density / frequency of driveways.
115	16th Street	L Avenue to Palm Avenue	35 MPH	35 MPH	26 - 35	0.498	8,818	30 MPH	Residential density / frequency of driveways.
116	16th Street	Palm Avenue to Grove Street	35 MPH	37 MPH	27 - 36	0.000	7,999	30 MPH	Residential density / frequency of driveways.
117	16th Street	Grove Street to Euclid Avenue	35 MPH	34 MPH	25 - 34	0.482	6,362	30 MPH	Residential density / frequency of driveways.
118	16th Street	Euclid Avenue to Lanoitan Avenue	35 MPH	37 MPH	29 - 38	0.000	9,184	30 MPH	Residential density / frequency of driveways.
119	16th Street	Lanoitan Avenue to Harbison Avenue	35 MPH	36 MPH	28 - 37	0.655	8,386	30 MPH	Residential density / frequency of driveways.
120	18th Street	Wilson Avenue to National City Boulevard	30 MPH	20 MPH	10 - 19	1.778	3,917	25 MPH	Pedestrian safety / proximity to school.
121	18th Street	National City Boulevard to D Avenue	35 MPH	35 MPH	27 - 36	1.286	6,737	30 MPH	Bike facility / bike safety.
122	18th Street	D Avenue to Highland Avenue	35 MPH	33 MPH	25 - 34	0.270	8,101	30 MPH	Round 85th percentile speed down; no other reduction taken.
123	18th Street	Highland Avenue to L Avenue	35 MPH	35 MPH	27 - 36	0.880	7,522	30 MPH	Residential density / frequency of driveways.
124	18th Street	L Avenue to Palm Avenue	35 MPH	37 MPH	28 - 37	1.407	9,320	30 MPH	Residential density / frequency of driveways.
125	18th Street	Palm Avenue to Newell Street	35 MPH	36 MPH	28 - 37	1.897	8,376	30 MPH	Pedestrian safety / proximity to school. Consistency with adjacent segment.

Table 3: Speed Survey Summary and Recommendations (Page 7 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
126	18th Street	Newell Street to Euclid Avenue	35 MPH	32 MPH	23 - 32	0.324	6,378	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
127	18th Street	Euclid Avenue to Granger Avenue	35 MPH	34 MPH	25 - 34	0.866	7,665	30 MPH	Round 85th percentile speed down; no other reduction taken.
128	18th Street	Granger Avenue to Rachael Avenue	35 MPH	36 MPH	27 - 36	0.876	4,994	30 MPH	Pedestrian safety / proximity to school.
129	19th Street	Tidelands Avenue to Cleveland Avenue	30 MPH	34 MPH	23 - 32	0.000	3,685	30 MPH	Round 85th percentile speed down; no other reduction taken.
130	22nd Street	Wilson Avenue to National City Boulevard	30 MPH	29 MPH	18 - 27	0.970	1,812	25 MPH	Round 85th percentile speed down; no other reduction taken.
131	Bay Marina Drive	Tidelands Avenue to Marina Way	30 MPH	35 MPH	26 - 35	0.399	5,599	30 MPH	Consistency with adjacent segment.
132	Bay Marina Drive	Marina Way to I-5	30 MPH	34 MPH	23 - 32	0.000	8,526	30 MPH	Round 85th percentile speed down; no other reduction taken.
133	Mile of Cars Way	I-5 to Hoover Avenue	35 MPH	32 MPH	23 - 32	0.105	24,951	30 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
134	Mile of Cars Way	Hoover Avenue to National City Boulevard	35 MPH	35 MPH	27 - 36	0.167	17,393	35 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
135	24th Street	National City Boulevard to D Avenue	35 MPH	40 MPH	31 - 40	0.412	10,510	35 MPH	Consistency with adjacent segment.
136	24th Street	D Avenue to Highland Avenue	35 MPH	35 MPH	27 - 36	0.422	10,335	30 MPH	Pedestrian safety / proximity to school.
137	24th Street	Highland Avenue to L Avenue	35 MPH	34 MPH	25 - 34	0.620	3,530	30 MPH	Round 85th percentile speed down; no other reduction taken.
138	30th Street	Hoover Avenue to National City Boulevard	35 MPH	33 MPH	24 - 33	0.000	3,575	30 MPH	Round 85th percentile speed down; no other reduction taken.
139	30th Street	National City Boulevard to D Avenue	35 MPH	37 MPH	29 - 38	0.000	6,318	30 MPH	Bike facility / bike safety.
140	30th Street	D Avenue to Highland Avenue	30 MPH	37 MPH	25 - 34	1.083	10,061	30 MPH	Pedestrian safety / proximity to school.
141	30th Street	Highland Avenue to L Avenue	35 MPH	39 MPH	28 - 37	0.983	20,092	35 MPH	Round 85th percentile speed down; no other reduction taken.
142	30th Street	L Avenue to 2nd Avenue	40 MPH	40 MPH	25 - 34	0.569	22,808	35 MPH	Consistency with adjacent segment.
143	Sweetwater Road	2nd Avenue to I-805/Euclid Avenue	35 MPH	38 MPH	30 - 39	0.843	22,341	35 MPH	Round 85th percentile speed down; no other reduction taken.

Table 3: Speed Survey Summary and Recommendations (Page 8 of 8)

Location Number	Location Name	Limits	Existing Speed Limit (mph)	85th Percentile Speed (mph)	10 mph Pace	Accidents per Million Vehicles Miles (ACC/MVM)	Average Daily Traffic (ADT)	Recommended Speed Limit (mph)	Justification and Recommendation
144	Sweetwater Road	I-805/Euclid Avenue to Valley Road	40 MPH	46 MPH	36 - 45	0.451	25,973	45 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
145	Sweetwater Road	Valley Road to Plaza Bonita Road	45 MPH	46 MPH	37 - 46	0.253	17,907	45 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
146	Sweetwater Road	Plaza Bonita Road to Calmoor Street	45 MPH	48 MPH	40 - 49	0.335	16,004	45 MPH	Round 85th percentile speed down; no other reduction taken.
147	Sweetwater Road	Calmoor Street to Plaza Bonita Center Way	45 MPH	46 MPH	37 - 46	0.207	16,568	45 MPH	Round to nearest 5 mph increment of the 85th percentile speed.
148	32nd Street	Tidelands Avenue to Marina Way	25 MPH	30 MPH	20 - 29	0.000	574	25 MPH	Consistency with adjacent segment.
149	Valley Road	Sweetwater Road to Calle Abajo	40 MPH	48 MPH	37 - 46	0.186	8,883	45 MPH	Round 85th percentile speed down; no other reduction taken.
150	Valley Road	Plaza Bonita Center Way to San Miguel Court	35 MPH	45 MPH	35 - 44	0.625	2,548	40 MPH	Bike facility / bike safety.
151	Manchester Road	Plaza Boulevard to Angelo Drive	25 MPH	27 MPH	19 - 28	0.000	1,461	25 MPH	Round to nearest 5 mph increment of the 85th percentile speed.

ORDINANCE NO. 2017 –

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
AMENDING THE NATIONAL CITY MUNICIPAL CODE BY AMENDING
TITLE 11, SECTION 11.16.010 – SPEED ZONES DESIGNATED,
ESTABLISHING SPEED LIMITS ON VARIOUS ROADWAYS BASED
ON CERTIFIED ENGINEERING AND TRAFFIC SURVEYS

WHEREAS, Section 22357 of the State of California Vehicle Code (CVC) permits local authorities, by ordinance, to establish speed limits greater than the prima facie speed limit of 25 miles per hour (MPH) when, on the basis of an engineering and traffic survey, the local authority determines that a speed greater than 25 MPH would facilitate the orderly movement of vehicular traffic and would be reasonable and safe; and

WHEREAS, Section 40802 of the CVC provides the requirements for use of radar, laser or other electronic devices to measure and enforce vehicle speeds; and

WHEREAS, Section 627 of the CVC and Section 2B.13 of the California Department of Transportation Manual on Uniform Traffic Control Devices (MUTCD) outline the criteria to be considered as part of conducting an engineering and traffic survey; and

WHEREAS, the City authorized engineering and traffic surveys to be conducted and certified by a professional engineer in accordance with Section 627 of the CVC and Section 2B.13 of the MUTCD, and so desires to establish speed limits greater than 25 MPH.

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of National City, California, that Section 11.16.010 (Speed Zones Designated) of the National City Municipal Code is hereby amended to read as follows:

11.16.010 Speed Zones Designated.

A. Pursuant to Sections 22357 and 40802 of the CVC, the City Council of the City of National City, on the basis of engineering and traffic surveys conducted and certified by a professional engineer in accordance with Section 627 of the CVC and Section 2B.13 of the MUTCD, does hereby establish the following speed limits as reasonable and safe to facilitate the orderly movement of vehicular traffic on the portions of roadways within the City of National City summarized in subsections “B” through “F” below.

B. Twenty-five miles per hour is declared and established as the prima facie speed limit on the following streets:

1. 16th Street from Wilson Avenue to National City Boulevard
2. 18th Street from Wilson Avenue to National City Boulevard
3. 22nd Street from Wilson Avenue to National City Boulevard
4. 32nd Street from Tidelands Avenue to Marina Way
5. 8th Street from National City Boulevard to “D” Avenue
6. 8th Street from “D” Avenue to Highland Avenue
7. “D” Avenue from Division Street to 4th Street
8. “D” Avenue from 4th Street to 8th Street
9. “D” Avenue from 8th Street to Plaza Boulevard

10. "D" Avenue from Plaza Boulevard to 16th Street
11. "D" Avenue from 16th Street to 18th Street
12. Grove Street from Prospect Street to Sweetwater Road
13. Hoover Avenue from 22nd Street to Mile of Cars Way
14. "L" Avenue from 16th Street to 18th Street
15. "L" Avenue from 24th Street to 28th Street
16. "L" Avenue from 28th Street to 30th Street
17. Manchester Road from Plaza Boulevard to Angelo Drive
18. Marina Way from Bay Marina Drive to 32nd Street
19. McKinley Avenue from 14th Street to 19th Street
20. Palm Avenue from 16th Street to 18th Street
21. Palm Avenue from 18th Street to 22nd Street
22. Plaza Boulevard from Coolidge Avenue to Hoover Avenue
23. Plaza Boulevard from Hoover Avenue to National City Boulevard

C. Thirty miles per hour is declared and established as the prima facie speed limit on the following streets:

1. 16th Street from National City Boulevard to "D" Avenue
2. 16th Street from Highland Avenue to "L" Avenue
3. 16th Street from "L" Avenue to Palm Avenue
4. 16th Street from Palm Avenue to Grove Street
5. 16th Street from Grove Street to Euclid Avenue
6. 16th Street from Euclid Avenue to Lanoitan Avenue
7. 16th Street from Lanoitan Avenue to Harbison Avenue
8. 18th Street from National City Boulevard to "D" Avenue
9. 18th Street from "D" Avenue to Highland Avenue
10. 18th Street from Highland Avenue to "L" Avenue
11. 18th Street from "L" Avenue to Palm Avenue
12. 18th Street from Palm Avenue to Newell Street
13. 18th Street from Newell Street to Euclid Avenue
14. 18th Street from Euclid Avenue to Granger Avenue
15. 18th Street from Granger Avenue to Rachael Avenue
16. 19th Street from Tidelands Avenue to Cleveland Avenue
17. 24th Street from "D" Avenue to Highland Avenue
18. 24th Street from Highland Avenue to "L" Avenue

19. 30th Street from Hoover Avenue to National City Boulevard
20. 30th Street from National City Boulevard to "D" Avenue
21. 30th Street from "D" Avenue to Highland Avenue
22. 4th Street from National City Boulevard to D Avenue
23. 4th Street from "D" Avenue to Highland Avenue
24. 4th Street from Highland Avenue to Palm Avenue
25. 4th Street from Euclid Avenue to Clairmont Avenue
26. 4th Street from Clairmont Avenue to Harbison Avenue
27. 8th Street from Harbor Drive to I-5
28. 8th Street from I-5 to National City Boulevard
29. Bay Marina Drive from Tidelands Avenue to Marina Way
30. Bay Marina Drive from Marina Way to I-5
31. Civic Center Drive from Harbor Drive to National City Boulevard
32. Division Street from National City Boulevard to D Avenue
33. Division Street from "D" Avenue to Highland Avenue
34. Harbison Avenue from 4th Street to 8th Street
35. Harbison Avenue from 8th Street to Plaza Boulevard
36. Harbison Avenue from Plaza Boulevard to 16th Street
37. Highland Avenue from North City Limit to Division Street
38. Highland Avenue from Division Street to 4th Street
39. Highland Avenue from 4th Street to 8th Street
40. Highland Avenue from 8th Street to Plaza Boulevard
41. Highland Avenue from 24th Street to 30th Street
42. Highland Avenue from 30th Street to South City Limit
43. "L" Avenue from 8th Street to Plaza Boulevard
44. "L" Avenue from 18th Street to 21st Street
45. "L" Avenue from 21st Street to 24th Street
46. Main Street from I-5 to National City Boulevard
47. McKinley Avenue from 19th Street to 23rd Street
48. Mile of Cars Way from I-5 to Hoover Avenue
49. Palm Avenue from Division Street to 4th Street
50. Palm Avenue from 4th Street to 8th Street
51. Palm Avenue from 8th Street to Plaza Boulevard
52. Palm Avenue from Plaza Boulevard to 16th Street
53. Plaza Boulevard from National City Boulevard to "D" Avenue

54. Plaza Boulevard from "D" Avenue to Highland Avenue
55. Roosevelt Avenue from Division Street to 4th Street
56. Roosevelt Avenue from 4th Street to 8th Street
57. Roosevelt Avenue from 8th Street to Plaza Boulevard
58. Roosevelt Avenue from Plaza Boulevard to Civic Center Drive
59. Roosevelt Avenue from Civic Center Drive to 16th Street
60. West Avenue from 16th Street to 18th Street
61. Wilson Avenue from Civic Center Drive to 18th Street
62. Wilson Avenue from 18th Street to 24th Street

D. Thirty-five miles per hour is declared and established as the prima facie speed limit on the following streets:

1. 16th Street from "D" Avenue to Highland Avenue
2. 24th Street from National City Boulevard to "D" Avenue
3. 30th Street from Highland Avenue to "L" Avenue
4. 30th Street from L Avenue to 2nd Avenue
5. 4th Street from Palm Avenue to "T" Avenue
6. 4th Street from "T" Avenue to Euclid Avenue
7. 8th Street from Highland Avenue to "L" Avenue
8. 8th Street from "L" Avenue to Palm Avenue
9. 8th Street from Palm Avenue to Euclid Avenue
10. 8th Street from Euclid Avenue to Harbison Avenue
11. 8th Street from Harbison Avenue to Plaza Boulevard
12. Cleveland Avenue from Civic Center Drive to 19th Street
13. Cleveland Avenue from 19th Street to Bay Marina Drive
14. "D" Avenue from 18th Street to 24th Street
15. "D" Avenue from 24th Street to 26th Street
16. "D" Avenue from 26th Street to 30th Street
17. Division Street from Highland Avenue to Palm Avenue
18. Division Street from Palm Avenue to "T" Avenue
19. Division Street from "T" Avenue to Euclid Avenue
20. Euclid Avenue from North City Limit to Division Street
21. Euclid Avenue from Division Street to 4th Street
22. Euclid Avenue from 4th Street to 8th Street
23. Euclid Avenue from 8th Street to Plaza Boulevard
24. Euclid Avenue from Plaza Boulevard to 16th Street

25. Euclid Avenue from 16th Street to 18th Street
26. Euclid Avenue from 18th Street to 24th Street
27. Harbison Avenue from Division Street to 4th Street
28. Highland Avenue from Plaza Boulevard to 16th Street
29. Highland Avenue from 16th Street to 18th Street
30. Highland Avenue from 18th Street to 24th Street
31. Hoover Avenue from Mile of Cars Way to 30th Street
32. Hoover Avenue from 30th Street to 33rd Street
33. Mile of Cars Way from Hoover Avenue to National City Boulevard
34. National City Boulevard from Division Street to 4th Street
35. National City Boulevard from 4th Street to 8th Street
36. National City Boulevard from 8th Street to Plaza Boulevard
37. National City Boulevard from Plaza Boulevard to Civic Center Drive
38. National City Boulevard from Civic Center Drive to 16th Street
39. National City Boulevard from 16th Street to 18th Street
40. National City Boulevard from 18th Street to 24th Street
41. National City Boulevard from 24th Street to 30th Street
42. National City Boulevard from 30th Street to South City Limit
43. Newell Street from 18th Street to Prospect Street
44. Palm Avenue from I-805 to Division Street
45. Plaza Bonita Road from Sweetwater Road to Bonita Mesa Road
46. Plaza Boulevard from Highland Avenue to Palm Avenue
47. Plaza Boulevard from Palm Avenue to I-805
48. Plaza Boulevard from I-805 to Euclid Avenue
49. Plaza Boulevard from Euclid Avenue to Harbison Avenue
50. Sweetwater Road from 2nd Avenue to I-805/Euclid Avenue
51. Tidelands Avenue from Civic Center Drive to 19th Street
52. Tidelands Avenue from 19th Street to Bay Marina Drive
53. Tidelands Avenue from Bay Marina Drive to 32nd Street

E. Forty miles per hour is declared and established as the prima facie speed limit on the following streets:

1. Division Street from Euclid Avenue to Harbison Avenue
2. Euclid Avenue from 24th Street to Sweetwater Road
3. Paradise Valley Road from 8th Street to Plaza Entrada

4. Plaza Bonita Center Way from Valley Road to Sweetwater Road
5. Plaza Boulevard from Harbison Avenue to 8th Street
6. Valley Road from Plaza Bonita Center Way to San Miguel Court

F. Forty-five miles per hour is declared and established as the prima facie speed limit on the following streets:

1. Harbor Drive from North City Limit to 8th Street
2. Harbor Drive from 8th Street to Civic Center Drive
3. Sweetwater Road from I-805/Euclid Avenue to Valley Road
4. Sweetwater Road from Valley Road to Plaza Bonita Road
5. Sweetwater Road from Plaza Bonita Road to Calmoor Street
6. Sweetwater Road from Calmoor Street to Plaza Bonita Center Way
7. Valley Road from Sweetwater Road to Calle Abajo

BE IT FURTHER ORDAINED that this Ordinance shall have no effect on prosecutions for violations occurring prior to its effective date.

BE IT FURTHER ORDAINED that this Ordinance is adopted to preserve the public health and safety, pursuant to Section 36937 of the Government Code, since this Ordinance must be in effect to permit speed limit enforcement by the National City Police Department using radar, laser, or other electronic devices.

PASSED and ADOPTED this ____ day of _____, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

The following page(s) contain the backup material for Agenda Item: Resolution of the City Council of the City of National City authorizing the Mayor to execute a Maintenance & Operating Agreement by and between the City and A Reason to Survive (ARTS), consisting of a term of 36 months with an option to extend the term fo

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.

ITEM TITLE:

Resolution of the City Council of the City of National City authorizing the Mayor to execute a Maintenance & Operating Agreement by and between the City and A Reason to Survive (ARTS), consisting of a term of 36 months with an option to extend the term for up to two additional 60 month periods for the city-owned land and building located at 200 East 12th Street in National City. |

PREPARED BY: Gregory Rose
Property Agent

DEPARTMENT: Housing & Economic
Development

PHONE: 619 336-4266

APPROVED BY: 

EXPLANATION:

(Please see attached background report).

FINANCIAL STATEMENT:

APPROVED:  Finance

ACCOUNT NO.

APPROVED: _____ MIS

See background report for financial statement.

ENVIRONMENTAL REVIEW:

The Maintenance & Operating Agreement is not considered a project as defined by the California Environmental Quality Act (CEQA), and is therefore not subject to CEQA.

ORDINANCE: **INTRODUCTION:** **FINAL ADOPTION:**

STAFF RECOMMENDATION:

Approve the resolution.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

1. Background Report
2. Maintenance & Operating Agreement |

Background

As part of the General Plan the City's goal is to develop a cultural arts program to encourage and facilitate the development of art in public spaces and promote greater public awareness of architectural, urban design and cultural heritage to the City. ARTS has been a catalyst in establishing an Arts, Culture and Education district in the downtown area. ARTS is dedicated to creating a movement behind the importance of the arts as a prevention and intervention vehicle to create positive transformation in children and youth facing adversity. They have become a part of the fabric of society in National City and continue to be motivated, flexible and a positive partner to work with. ARTS hopes to enter into a new Maintenance and Operating Agreement ("Agreement") with the City so they can continue to offer arts, culture and education to National City youth.

First Lease Agreement with ARTS

The original lease was entered into on July 1, 2012:

- The term was for 36 months with an option to extend the lease for up to three (3) additional 12 month periods.
- Rent was \$50,000 per year in quarterly installments starting 10/1/2012.
- ARTS ("Lessee") agreed to provide \$30,000 in capital projects annually within the City of National City ("Lessor"), for each year of the lease. Examples of potential capital projects were capital improvements to the Arts Center building, public art throughout the community, event banners, gateway improvements, public signage, transit stop improvements, landscape, streetscape, and park improvements. Capital project values were calculated based on the direct out of pocket cost expended by Lessee on the project. Proposed projects were approved by the Lessor with an annual estimated budget that was verified annually within an annual report provided by the Lessee.
- The Lessee provided quarterly reports to the City denoting National City participant numbers, total participant numbers, events coordinated, capital projects completed, community service hours completed in coordination with local schools, and any other pertinent statistics.

Second Lease Agreement with ARTS

In June of 2015 the City entered into a five year lease with ARTS, with an option to extend the lease for two additional 60 month periods. This lease included but was not limited to the following:

- Rent was \$50,000 per year and \$75,000 per year in capital projects.
- Expansion of the premises to include the basement and the south parking lot. The basement would be used for storage. The south parking lot would be used for storage and as a work area or extension of their prop shop.
- ARTS agreed to increase the amount in capital projects provided annually within the City from \$30,000 to \$75,000 for each year of the lease.

- The City stated a willingness to undertake improvements so that all building/safety codes would be met in the basement and on the west side of the building. This includes installing electric power and life safety systems.
- The City stated a willingness to improve the floors in the visual arts and music rooms to provide ADA compliance. However, the City's ability to undertake such improvements was dependent on the annually approved budget as well as the annually approved capital improvement program.
- The City agreed to donate one or more City vehicles deemed as surplus to support ARTS public art and education programs. ARTS was responsible for all expenses to operate the vehicles.
- ARTS agreed that upon completion of public art projects, the physical work of art would be transferred to the City and ARTS waived and released all rights of ownership to the work of art.

Proposed Maintenance and Operating Agreement

The City was approached by ARTS in June of 2017 to amend their lease to allow for more flexibility to fundraise and to further activate the building. The interim City Attorney suggested we enter into a Maintenance and Operating Agreement in lieu of a lease as it was more applicable for this relationship. A Maintenance and Operating Agreement makes the relationship more of a partnership, with ARTS assuming more responsibility for the day-to-day maintenance of the building. The new agreement will:

- Make ARTS responsible for minor maintenance and repairs up to \$3,000. The City will handle repairs over \$3,000.
- ARTS will be able to serve alcohol at ARTS hosted event.
- ARTS will be able to rent the building out to third parties for events.
- ARTS will provide capital improvements to the Arts Center building, projects and programming of at least \$125,000 annually.
- ARTS will pay the City \$112,500 in unpaid rent in one lump sum, or provide Projects & programs to the CITY whose collective cost of completion equals the unpaid rent.

Financial Statement for Propose Maintenance and Operating Agreement

ARTS will be obligated to provide capital improvements to the Arts Center building, and projects & programming of at least \$125,000 annually in lieu of a cash payment. The \$125,000 per year toward projects and programs has to be completed on an annual basis. ARTS shall report progress, staff time and resources toward their goals on a quarterly basis. If ARTS is unable to prove progress towards their new annual commitment, the City reserves the right to cancel the Agreement after the initial 6 months of the Agreement. Repayment of the existing \$112,500 debt will be tracked separately from the new annual requirement of \$125,000. ARTS shall have until the end of the initial term to repay the existing debt or the Agreement's options will not be exercised. The CITY will pay for \$20,000 worth of electricity and reasonable water usage at the Premises. ARTS shall pay for all costs of electricity that exceeds that sum.



MAINTENANCE AND OPERATING AGREEMENT

by and between

CITY OF NATIONAL CITY

and

A REASON TO SURVIVE

Dated as of December, 2015

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**MAINTENANCE AND OPERATING AGREEMENT
BY AND BETWEEN
THE CITY OF NATIONAL CITY
AND
A REASON TO SURVIVE**

This Maintenance and Operating Agreement (the “Agreement”) is entered into as of December 5, 2015, by and between the CITY OF NATIONAL CITY, a municipal corporation (the “CITY”), and A REASON TO SURVIVE (“ARTS”), a California non-profit corporation.

RECITALS

- A. WHEREAS, the CITY owns the improved real property commonly known as 200 East 12th Street, National City, California (the “Property”). The improvements on the Property are sometimes referred to as the “Arts Center” building. A description of the Property is attached hereto as Exhibit “A” and Exhibit “B”, incorporated herein by reference.
- B. WHEREAS Article 11, Section 7 of the California Constitution empowers the City to provide for the health and welfare of its residents.
- C. WHEREAS, the CITY desires to enter into a Maintenance and Operating Agreement due to the special services to be performed under this Agreement for the City and to facilitate a more collaborative relationship between the CITY and the operator of the Premises.
- D. WHEREAS, one of the goals of the CITY’s General Plan is to develop a cultural arts program that encourages and facilitates the development of art in public spaces and promotes greater public awareness of architectural, urban design, and cultural heritage of the CITY.
- E. WHEREAS, the CITY desires the services of an organization to maintain and operate the Property in a manner beneficial to the public.
- F. WHEREAS, ARTS has been a catalyst in delivering arts, culture and education programs and projects in National City, and has created a movement behind the importance of the arts as a prevention and intervention vehicle to create positive transformation in children and youth facing adversity.
- G. WHEREAS, the CITY has further determined that ARTS is skilled in creating Public Art (defined below), including capital art projects, which beautifies the community, and is capable of lifting the spirits of residents and visitors to National City.
- H. WHEREAS, the CITY wishes to have ARTS maintain and operate the Property as an arts center for the community’s benefit, and ARTS is willing to operate and maintain the Property for such a purpose.

- I. WHEREAS, the benefits of ARTS' continued work in National City, as explained in these Recitals, justifies ARTS' options to pay the Unpaid Rent (defined below) as provided in this Agreement.

NOW, THEREFORE, in consideration of the foregoing facts, and in consideration of the promises and covenants hereinafter set forth, the parties agree as follows:

ARTICLE 1 TERM OF AGREEMENT

- 1.1 Term. The term of this Agreement shall be thirty-six (36) months, commencing January 1, 2018 (the "Commencement Date") and expiring on December 31, 2021.
- 1.2 Option to Extend Term. If ARTS is not in default of any provision of this Agreement upon the expiration of the term described in Article 1.1, the City Manager or designee may extend the term for up to two (2) additional sixty (60) month periods. The initial thirty-six month term, and any extension pursuant to this Article 1.2, shall collectively be referred to hereafter as the "Term."

ARTICLE 2 THE PROPERTY

- 2.1 License for Use of Property. For the purpose of operating the public arts center for the benefit of the residents and visitors of National City, the CITY grants ARTS a revocable license to enter and operate the Property, subject to the covenants and conditions hereinafter set forth, as of the Commencement Date.
- 2.1.1 Parking. ARTS shall neither have reserved parking nor exclusive on-site parking spaces. The CITY will maintain control of the public parking lot adjacent to the ARTS building.
- 2.2 Ownership of Personal Property and Improvements. The rights and obligations of the parties regarding the ownership of personal property and improvements on the Property shall be as follows:
- 2.2.1 Ownership of Personal Property. All improvements existing on the Property (Improvements), together with all fixtures permanently attached to the Property (Fixtures), as of the Commencement Date shall remain the property of the CITY during the Term. ARTS shall not remove any Improvements or Fixtures from the Property and shall also not waste, destroy, or modify any Improvements or Fixtures on the Property, except as permitted by this Agreement.
- 2.2.2 Ownership of Improvements and Equipment. All improvements made to the property by ARTS shall become the property of the CITY.

ARTICLE 3
PERMITTED USE

- 3.1 Purpose. It is the intention of the parties that operation of the Property by ARTS will encourage and foster arts education programming, creative youth development, project-based learning, and support services for the students and families at the ARTS Center Building, as well as the creation of public art projects in the community.
- 3.2 Projects and Programs. In exchange for its use of the Property, ARTS shall provide capital projects and programming services (“Projects”) within National City’s jurisdictional boundaries during the Term. Such Projects shall serve as consideration for the use of the Property and shall include: (a) capital improvements to the ARTS Center building; (b) the performance of works of authorship as described in Civil Code Articles 980-989 and in Articles 106A and Section 113(d) of Title 17 of the United States Code (hereafter “Public Art”), throughout the community utilizing various media; (c) community event banners; (d) public gateway improvements, that may include aspects of Public Art; and (e) landscape, streetscape, and park improvements. The obligations described in this Article 3.2 are in addition to all other Property maintenance obligations more specifically described herein.
- 3.2.1. Value of Projects and Programs. The annual value of the Projects and Programs shall total at least one hundred twenty-five thousand dollars (\$125,000.00). Of this \$125,000, ARTS must obtain at least \$25,000 for the Projects through fundraising.
- 3.2.2. Method of Determining Value of Projects and Programs. The value of all Projects shall be determined according to (a) the dollar value of each Project, as represented by a separate written agreement approved by the City Manager, or designee, or (b) copies of invoices, receipts, or bills demonstrating the dollar value of materials purchased for a Project. ARTS must promptly make all invoices, receipts, or bills demonstrating the dollar value of materials purchased for a Project available to the City Manager, or designee, upon written request.
- 3.2.2. Pre-Existing Balance. ARTS expressly acknowledges that, before the Term of this Agreement commenced, ARTS owed the CITY \$112,500 in unpaid rent under the July 1, 2015 Lease Agreement (“Unpaid Rent”). The Unpaid Rent represents monthly rent accrued between October 1, 2015 and December 31, 2017. ARTS must either: pay the Unpaid Rent in one lump sum, or provide Projects to the CITY whose collective cost of completion equals the Unpaid Rent. No fundraising minimums will apply to ARTS’ payment of the Unpaid Rent. If ARTS chooses to pay the Unpaid Rent pursuant to Article 3.2.2., ARTS must separately track and invoice the value of those Projects that will apply to pay off the \$112,500 from other Projects intended to satisfy Article 3.2.1.

- 3.2.3 Waiver of Artistic Rights. Consistent with Article 9.2, ARTS expressly waives and disclaims any residual rights in the Projects granted to ARTS by state or federal law, including Civil Code Articles 980 through 989 relating to intellectual property and artistic works, and 17 United States Code Section 106A and Section 113(d) relating to artists rights.
- 3.3 Hours of Operation. ARTS will open the Property to the public Monday through Friday from 9:00 a.m. to 5:00 p.m.
- 3.4 Service Fees. ARTS shall not provide any programs and services for profit. However, ARTS may charge user fees for classes and programs offered to school groups and the community to offset costs incurred by ARTS in its maintenance and operation of the Property. Any fees charged under this Article 3.4 must be approved by the City Manager or designee. There will be no fee for the public to gain access to the Property during those hours of operation listed in this Article 3.
- 3.5 Reporting by ARTS. ARTS shall provide quarterly reports to the City Manager, or designee, that provide Statistical Information (defined below) for the immediately preceding quarter. Each quarterly report shall contain, at a minimum, the total number of: (a) National City residents who participated in ARTS' Projects; (b) participants and volunteers who participated in ARTS' Projects; (c) events and programs coordinated; (d) and capital projects completed. The quarterly reports shall also include reports on ARTS' operating and maintenance plans, long-term and short-term goals, and any other pertinent statistics. The information required to appear in the quarterly reports by this Article 3.5 will be referred to as "Statistical Information." Each quarterly report will include all previous quarters' Statistical Information, if any. ARTS will deliver the quarterly report to the CITY at a mutually agreeable date and time.
- 3.6 Annual Budget. ARTS shall provide the CITY Manager, or designee, with a courtesy copy of the proposed budget for ARTS' estimated maintenance and operating expenses for the Property by July 1st of each year during the Term. ARTS shall provide to the City Manager, or designee, an audited financial report and tax return, forty-five (45) days following June 30 of each year during the Term.
- 3.7 Volunteer Management. ARTS may utilize volunteers to operate the Property, and in providing the Projects required by this Agreement. ARTS is responsible for recruiting, training, and managing all volunteers on the Property. Volunteers are considered the responsibility of ARTS for the purpose of workers compensation or general liability.
- 3.8 Alcohol Use. ARTS, or third parties with permission from ARTS, may, hold events on the Property where alcoholic beverages are served. Alcoholic beverages shall be served subject to the following requirements:
- Alcohol will not be served during youth programming under any circumstances.
 - Alcohol will be served in limited areas of the Property, designated by ARTS in advance, and approved by the City Manager or designee.

- Alcoholic beverages must be served by a licensed bartender, with a copy of the bartender’s license on the Property.
- The event host must obtain approval from the state Department of Alcoholic Beverage Control to serve alcohol.
- The event host is responsible for all guest behavior during and following the service of alcohol.
- “Last call” for service of alcohol shall be at least thirty (30) minutes prior to the scheduled end of the event.

When third parties (with permission from ARTS) serve alcoholic beverages, the following additional requirements shall apply:

- The third party shall provide the CITY proof of liability insurance acceptable to the City’s Risk Manager.
- The third party shall provide two licensed security guard for every 100 guests registered to attend the event.
- ARTS shall reserve the authority to immediately terminate an event if ARTS determines, in its sole discretion, the third party has not complied with any requirement of this Article 3.8.
- ARTS shall provide the CITY a copy of their third party rental agreement template for approval.

3.9 Consideration. ARTS payment of \$1.00 to the CITY, in addition to ARTS’ provision of “Projects” under Article 3.2 and the mutual benefit to be derived from ARTS’ performance under the remainder of this Agreement, shall serve as the sole consideration due the CITY for ARTS’ license to use and operate the Premises.

3.10 Compliance with Laws. ARTS, at its sole expense, shall procure, maintain, and hold available for the CITY’s inspection any governmental license or permit required for the proper and lawful conduct of ARTS’ operation of the Property. ARTS shall not use the Property for any use or purpose in violation of the laws of the United States of America, or the laws, ordinances, regulations, orders, or requirements of the State of California, the County of San Diego, the CITY, or of other lawful authorities. ARTS shall, at its sole expense, comply with all applicable statutes, laws, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the Term (Laws or Orders), regulating the use by ARTS of the Property.

ARTICLE 4 UTILITIES

4.1 Utility Services. The CITY shall be responsible for maintaining reasonable utility services to the Property. The CITY shall pay for Twenty Thousand and no/100 Dollars (\$20,000) worth of electricity and reasonable water usage at the Premises. ARTS shall pay for all costs of electricity that exceeds the sum listed in this Section 4.1. If the CITY

determines, in its sole discretion, that ARTS is negligent in its use of the utilities, including water usage, the CITY may hold a good faith meet and confer meeting with ARTS to discuss its utilities usage.

ARTICLE 5 REPAIRS AND MAINTENANCE

- 5.1 ARTS' Repair and Maintenance Obligations. ARTS acknowledges that it has made a thorough inspection of the Property and that it accepts the Property "as-is" as of the Commencement Date. At ARTS' own cost and expense, ARTS shall repair, replace, and maintain the Property in good, tenable condition as necessary. ARTS shall not be obligated to repair or replace damage to the Property caused by ordinary wear and tear. ARTS shall maintain the Property in an accessible manner for use by individuals with disabilities and comply with federal and state law regarding accessibility, including but not limited to the Americans with Disabilities Act and California's Disabled Persons Act. Other than repair work in emergency situations not exceeding Three Thousand and no/100 Dollars (\$3,000), ARTS shall not perform any repair work without the CITY's prior written consent. As used in this Article 5.1, "emergency" means a sudden, unexpected occurrence that poses a clear and imminent danger, requiring immediate action to prevent or mitigate the loss or impairment of life, health, property, or essential public services. All emergency repairs performed by the City on the Property are governed by Public Contract Code Section 22050. ARTS' obligations under this Article shall apply regardless of whether the repairs, restorations, and replacements are ordinary or extraordinary, foreseeable or unforeseeable, capital or noncapital, the fault or not the fault of ARTS, its agents, employees, volunteers, invitees, visitors, or contractors. All replacements made by the ARTS shall be of like size, kind, and quality to the items replaced.
- 5.2 CITY Repair and Maintenance Obligations. For any repair and maintenance work exceeding Three Thousand and no/100 Dollars (\$3,000), the CITY will consider the nature and priority of the work and available funding to determine if and when such repairs will be completed.
- 5.3 CITY Right to Inspect; CITY Not Obligated to Repair or Maintain. ARTS shall permit the CITY to enter the Property at all times during usual hours of operation to inspect the Property. Any entry pursuant to this Article 5.3 shall not unreasonably interfere with ARTS' operation of the Property. However, nothing contained in this Article 5 shall create any duty on the part of the CITY to do any work which, under any provision of this Agreement, ARTS may be required to do.

ARTICLE 6 IMPROVEMENTS; ALTERATIONS

- 6.1 Alterations. ARTS may alter, replace, add to, change, or construct additional improvements to the Property (collectively, "Alterations") as ARTS may find necessary or convenient for its operation of the Property. Any Alterations performed by ARTS

under this Article 6.1 shall be performed: (a) at ARTS' sole cost and expense; (b) with the CITY's prior written consent; and (c) in accordance with construction plans submitted to and approved by the CITY.

- 6.2 Construction Permits and Licenses. At all times during the Term, ARTS shall procure, at its sole cost and expense, all permits and licenses that are necessary or required from any local governmental agency for the proposed construction of any Alterations. The CITY may, in its sole discretion, waive CITY permitting fees where applicable.
- 6.3 Proposed Plans. In its sole discretion, the CITY may require ARTS to do any of the following:
- Submit a complete set of proposed plans of any Alterations to the CITY;
 - Apply for and receive a permit from the Building Department to complete any Alterations;
 - Within sixty (60) days of a written request, furnish the CITY with a complete set of "as-built" plans for any CITY-approved Alterations.
- 6.4 Prevailing Wages. ARTS shall comply with prevailing wage statutes for any work not performed by volunteers.

ARTICLE 7 MECHANICS' LIENS; STOP NOTICES

- 7.1 Mechanics' Liens; Stop Notices. ARTS shall pay, or cause to be paid, the total cost and expense of all works of improvement, as that phrase is defined in the Mechanics Lien Law in effect at time and place of construction, done by it, or caused to be done by it, on the Property, and for all materials furnished for or in connection with any such work. If any lien or stop notice is filed against the Property, ARTS shall cause the lien or stop notice to be discharged of record within one hundred eighty (180) days after it is filed. ARTS shall indemnify, defend, and hold the CITY harmless from any and all liability, loss, damage, costs, attorneys' fees, and all other expenses on account of claims of lien of laborers, materialmen, or others for work performed, or materials or supplies furnished for ARTS or persons claiming under ARTS.
- 7.2 Notice of Lien or Stop Notice. Should any claim of lien or stop notice related to ARTS' work of improvement of the Property be filed against the Property, or any action be filed against the Property, or any action affecting the title to the Property be commenced, the party receiving notice of such lien or stop notice or action shall immediately give the other party written notice thereof.
- 7.3 Notice of Non-Responsibility. The CITY or its representatives shall have the right to post and keep posted on the Property notices of non-responsibility or such other notices which the CITY may deem to be proper for the protection of the CITY's interest in the

Property. ARTS shall, before the commencement of any work which might result in any such lien or stop notice, give to the CITY written notice of its intention to do so with sufficient time to enable posting of such notices.

ARTICLE 8 TAXES

- 8.1 Definition. “Taxes” shall mean all taxes, governmental bonds, special assessments, charges, or transfer taxes, license and transaction fees, including, but not limited to, (a) any state, local, federal income tax, or any real or personal property tax, (b) increases in taxes attributable to ARTS’ operation of the Property, or (c) any taxes which are essentially payments to a governmental agency, other than the CITY, for the right to make improvements to the Property.
- 8.2 Possessory Interest. Notwithstanding Article 2.1, ARTS acknowledges that this Agreement may create a possessory interest subject to property taxation and that ARTS may be subject to the payment of taxes levied on such interest. ARTS shall pay, before delinquency, all taxes, assessments, and fees assessed or levied upon the Property.
- 8.3 Responsibility for Payment of Taxes. The CITY shall not be obligated to pay any Taxes accruing against any interest in ARTS’ use of the Property at any time before or during the Term. ARTS shall pay any Taxes that accrue against any interest in ARTS’ use of the Property. Additionally, ARTS shall pay any Taxes levied upon any Improvements, Fixtures, or Personal Property located on the Property to the extent such Taxes result from ARTS’ operations or other activities held upon, or in connection with, the Property.

ARTICLE 9 INDEMNIFICATION AND INSURANCE

- 9.1 ARTS Indemnity. The CITY shall not be liable for, and ARTS shall defend, indemnify, and hold harmless the CITY, its officers, officials, agents, employees, and volunteers from any and all claims, costs, liability, loss, damages to property, injuries to, or death of any person or persons, and all claims, demands, suits, actions, proceedings, reasonable attorneys’ fees, and defense costs, of any kind or nature, including workers’ compensation claims resulting from, related to, or arising out of ARTS’ improvement, operation or use of the Property, or arising either directly or indirectly from any act, error, omission, or negligence of ARTS or its contractors, licensees, invitees, members, agents, servants or employees; provided, however, that this indemnification and hold harmless shall not include any claims or liability arising from the established sole negligence or willful misconduct of the City, its agents, officers, officials, employees, or volunteers. CITY will cooperate reasonably in the defense of any action, and ARTS shall employ competent counsel, reasonably acceptable to the CITY’S City Attorney.

The indemnity, defense, and hold harmless obligations contained herein shall survive the termination of this Agreement for any alleged or actual omission, act, or negligence under this Agreement that occurred during the term of this Agreement.

- 9.1.1 Third Party Indemnity. ARTS shall not invite third party organizations onto the Property until said third party organization furnishes CITY a written agreement in which it indemnifies and holds CITY harmless, upon terms satisfactory to CITY.
- 9.1.2 Waivers from Third Parties. ARTS agrees to obtain from all guests, invitees, or third party organizations whose participants visit the Property, a waiver of liability and hold harmless agreement upon terms satisfactory to the CITY.
- 9.2 Ownership Rights and Licenses to Artwork; Waiver. Through its provision of Projects to the CITY, ARTS makes an unconditional donation, in perpetuity, of all Public Art to the CITY. ARTS acknowledges that the CITY is authorized to accept donations of Public Art pursuant to Sections 37354 and 37355 of the Government Code. Before beginning each Project that contains Public Art, ARTS and all individuals participating in the Project must sign a CITY-approved waiver that expressly waives and disclaims any and all rights they each may have under the California Art Preservation Act, as set forth in Civil Code Section 980-989, and any rights under the Visual Artists Rights Act, as set forth at 17 U.S.C. Section 106A and Section 113(d) to any Public Art created pursuant to this Agreement. ARTS, and all participants who create Public Art, shall not attempt to defeat Sections 3.2.3 and 9.2 by cooperating with any organization which seeks to bring an action under Civil Code Article 989 or any other applicable provision of law.
- 9.2.1. Ownership of Materials. Ownership of all materials and concepts produced for the CITY under this Agreement, including but not limited to completed Projects, and all rights to licensing and reproductions of Public Art, shall pass to and become the property of the CITY once the CITY accepts the completed Project. The CITY, at its option, will store all drawings and materials that may assist with future repairs.
- 9.2.2. Assignment of Rights. ARTS hereby assigns to the CITY all rights to produce, give, sell, and distribute still or motion images and models or other likeness of any kind of Public Art but shall exercise no rights thereto inconsistent with any provision of this Article 9.2. Any Memoranda, Reports, Maps, Drawings, Renderings, Photos, Plans, Specifications, and other documents prepared by ARTS for any Projects, whether paper or electronic, shall become the property of the CITY for use with respect to the specific Project provided to the CITY, and shall be turned over to the CITY upon completion of the Project, or any phase thereof, as contemplated by this Agreement.
- 9.2.3. Survival. The provisions of this Article 9.2 shall survive the termination of this Agreement.
- 9.3 Insurance. ARTS, at its sole cost and expense, shall purchase and maintain, and shall require its subcontractors, and third party organizations ARTS invites onto the Property, to purchase and maintain throughout the term of this Agreement, the following insurance policies:

- 9.3.1 **Commercial General Liability Insurance (CGL):** Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal and advertising injury with minimum limits of \$2,000,000 per occurrence and \$4,000,000 aggregate, covering all bodily injury and property damage arising out of its operations under this Agreement. The policy shall name the CITY and its officers, agents, employees, and volunteers as additional insureds, and a separate additional insured endorsement shall be provided. The general aggregate limit must apply solely to this “project” or “location.” The Commercial General Liability required by this Section must include Sexual Misconduct Liability coverage.
- 9.3.2 **Automobile Insurance** covering all bodily injury and property damage incurred during the performance of this Agreement, with a minimum coverage of \$1,000,000 combined single limit per accident. Such automobile insurance shall include owned, non-owned, and hired vehicles (“Any Auto”). The policy shall name the CITY and its officers, agents, employees, and volunteers as additional insureds, and a separate additional insured endorsement shall be provided.
- 9.3.3 **Workers’ Compensation Insurance** in an amount sufficient to meet statutory requirements covering all of ARTS’ employees, and employers’ liability insurance with limits of at least \$1,000,000 per accident. In addition, the policy shall be endorsed with a waiver of subrogation in favor of the City. Said endorsement shall be provided prior to commencement of work under this Agreement.
- 9.3.4 **Property insurance** against all risks of loss to any improvements or betterments made by ARTS, or any third party with permission from ARTS, at full replacement cost with no coinsurance penalty provision.
- 9.3.5 The aforesaid policies shall constitute primary insurance, at least as broad as ISO CG 20 01 04 13, as to the CITY, its officers, employees, and volunteers, so that any other policies held by the CITY shall not contribute to any loss under said insurance. Said policies shall provide for thirty (30) days prior written notice to the CITY’s Risk Manager, at the address listed in Article 9.3.7 below, of cancellation or material change.
- 9.3.6 If required insurance coverage is provided on a “claims made” rather than “occurrence” form, ARTS shall maintain such insurance coverage for three years after expiration of the term (and any extensions) of this Agreement. In addition, the “retro” date must be on or before the date of this Agreement.
- 9.3.7 The Certificate Holder for all policies of insurance required by this Article 9.3 shall be:

City of National City
 c/o Risk Manager
 1243 National City Boulevard
 National City, CA 91950-4397

- 9.3.8 Insurance shall be written with only insurers authorized to conduct business in California that hold a current policy holder's alphabetic and financial size category rating of not less than A VIII according to the current Best's Key Rating Guide, or a company of equal financial stability that is approved by the CITY'S Risk Manager. In the event coverage is provided by non-admitted "surplus lines" carriers, they must be included on the most recent California List of Eligible Surplus Lines Insurers (LESLI list) and otherwise meet rating requirements.
- 9.3.9 This Agreement shall not take effect until certificate(s) or other sufficient proof that these insurance provisions have been complied with, are filed with and approved by the CITY'S Risk Manager. If ARTS does not keep all of such insurance policies in full force and effect at all times during the terms of this Agreement, the CITY may elect to treat the failure to maintain the requisite insurance as a breach of this Agreement and terminate the Agreement as provided herein.
- 9.3.10 All deductibles and self-insured retentions in excess of \$10,000 must be disclosed to and approved by the CITY. CITY reserves the right to modify the insurance requirements of this Article 9.3, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.
- 9.3.11 If ARTS maintains broader coverage or higher limits (or both) than the minimum limits shown above, the CITY requires and shall be entitled to the broader coverage or higher limits (or both) maintained by ARTS. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the CITY.

ARTICLE 10 TERMINATION

- 10.1 This Agreement may be terminated with or without cause by the CITY. Termination without cause shall be effective only upon 60-day's written notice to ARTS. During said 60-day period, ARTS shall perform all services in accordance with this Agreement. This Agreement may also be terminated immediately by the CITY for cause in the event of a material breach of this Agreement, misrepresentation by ARTS in connection with the formation of this Agreement or the performance of services, or the failure to perform services as directed by the CITY. Termination with or without cause shall be effected by delivery of written Notice of Termination to ARTS as provided for herein. The CITY further reserves the right to immediately terminate this Agreement upon: (a) the filing of a petition in bankruptcy affecting ARTS; (b) a reorganization of ARTS for the benefit of creditors; or (c) a business reorganization, change in business name or change in business status of ARTS.

ARTICLE 11
HAZARDOUS MATERIALS

- 11.1 Hazardous Materials Laws-Definition. As used in this Article, the term “Hazardous Materials’ Laws” means any and all federal, state or local laws or ordinances, rules, decrees, orders, regulations or court decisions (including the so-called “common law”) relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under, or about the Property, soil and ground water conditions, or other similar substances or conditions. The following legal authority is a non-exhaustive list of the legal authority that applies to the definition of the term “Hazardous Materials Laws”:
- the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C., Section 9601 *et seq.*)
 - the Hazardous Materials Transportation Act, as amended (49 U.S.C., Section 1801 *et seq.*), and
 - the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C., Section 6901 *et seq.*)
- 11.2 Hazardous Materials - Definition. As used in this Article the term “Hazardous Materials” means any chemical, compound, material, substance or other matter that:
- 11.2.1 is a flammable, explosive, asbestos, radioactive nuclear medicine, vaccine, bacteria, virus, hazardous waste, toxic, overtly injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials;
- 11.2.2 is controlled, referred to, designated in or governed by any Hazardous Materials Laws;
- 11.2.3 gives rise to any reporting, notice or publication requirements under any Hazardous Materials Laws, or;
- 11.2.4 is any other material or substance giving rise to any liability, responsibility or duty upon the CITY or the ARTS with respect to any third person under any Hazardous Materials Law.
- 11.3 ARTS Representations and Warranties. ARTS represents and warrants that, during the Term or any extension thereof, ARTS shall comply with the following provisions of this Article unless otherwise specifically approved in writing by the CITY, subject to the terms and conditions of the ARTS’ maintenance obligations provided elsewhere in this Agreement:

- 11.3.1 ARTS shall not cause or permit any Hazardous Materials to be brought, kept or used in or about the Property by ARTS, its agents, employees, assigns, contractors or invitees, except as required by ARTS' permitted use of the Property in the normal course of operations;
- 11.3.2 Any handling, transportation, storage, treatment, or usage by ARTS of Hazardous Materials that is to occur on the Property following the Commencement Date shall be in compliance with all applicable Hazardous Materials Laws;
- 11.3.3 Any leaks, spills, release, discharge, emission or disposal of Hazardous Materials which may occur on the Property following the Commencement Date shall be promptly and thoroughly cleaned and removed from the Property by ARTS at its sole expense, and any such discharge shall be promptly reported in writing to the CITY, and to any other appropriate governmental regulatory authorities;
- 11.3.4 No friable asbestos shall be constructed, placed on, deposited, stored, disposed of, or located by ARTS on the Property;
- 11.3.5 No underground improvements, including but not limited to treatment or storage tanks, or water, gas or oil wells shall be located by ARTS on the Property without the CITY's prior written consent;
- 11.3.6 ARTS shall promptly supply the CITY with copies of all notices, reports, correspondence, and submissions made by ARTS to the United States Environmental Protection Agency, the United Occupational Safety and Health Administration, and any other local, state or federal authority which requires submission of any information concerning environmental matters or hazardous wastes or substances pursuant to applicable Hazardous Materials' Laws; and
- 11.3.7 ARTS shall promptly notify the CITY of any liens threatened or attached against the Property pursuant to any Hazardous Materials' Law. If such a lien is filed against the Property, then, within the earlier of (i) twenty (20) days following such filing, or (ii) before any governmental authority commences proceedings to sell the Property pursuant to the lien, ARTS shall either:
- (a) pay the claim and remove the lien from the Property, or
 - (b) furnish either:
 - (1) a bond or cash deposit reasonably satisfactory to the CITY in an amount not less than the claim from which the lien arises, or;
 - (2) other security satisfactory to the CITY in an amount not less than that which is sufficient to discharge the claim from which the lien arises.

11.3.8 At the end of this Agreement, ARTS shall surrender the Property to the CITY free of any and all Hazardous Materials and in compliance with all Hazardous Materials' Laws affecting the Property.

ARTICLE 12 ASSIGNMENT; THIRD PARTY USE OF PROPERTY

- 12.1 Assignment; CITY's Consent Required. ARTS shall not voluntarily or involuntarily assign or otherwise transfer all or any portion of its rights and duties under this Agreement without the CITY's prior written consent. Any attempted assignment or transfer without the CITY's prior written consent shall be void.
- 12.2 Third Party Use of the Property. ARTS may engage third party organizations to provide special services or programming at the Property if:
- 12.2.1 The CITY consents, in writing, to the third party organizations' proposed use of the Property and;
- 12.2.2 The third party organization obtains policies of insurance acceptable to the City's Risk Manager and Article 9.3 of this Agreement.

ARTICLE 13 DEFAULTS BY ARTS OR BY CITY; REMEDIES

- 13.1 Events of Default; Remedies. The following sub-articles shall apply if either ARTS or the CITY neglects, fails to perform, or fails to observe any of their respective obligations under the terms, covenants, or conditions contained in this Agreement ("Default"):
- 13.1.1 Thirty-Day Correction of Default. If either ARTS or the CITY determines that the other party is in Default, then the non-defaulting party must provide the defaulting party written notice of the Default and thirty (30) days to correct the Default.
- 13.1.2 Extended Correction of Default. If the defaulting party determines that more than thirty (30) days is required to correct the Default, the defaulting party must provide the other party written notice of the reasons why additional time is required to correct such Default. The defaulting party must use diligent efforts to correct a Default under this Article 13.1.2 and, in any case, must correct such Default within ninety (90) days from the date of the written notice of default.
- 13.1.3 Remedies for Failure to Correct Default. If the defaulting party fails to comply with Article 13.1.1. or 13.1.2, then the non-defaulting party may immediately terminate this Agreement. The defaulting party shall be liable to the non-defaulting party for any and all damages sustained by the non-defaulting party as a result of the defaulting parties' breach.

ARTICLE 14
ABANDONMENT

- 14.1 Abandonment. ARTS shall not vacate or abandon the Property at any time during the Term nor permit the Property to remain unoccupied for a period of longer than five (5) consecutive days during the term of this Agreement. These provisions shall not apply if the Property is closed and operation is temporarily discontinued therein on account of strikes, lockouts, acts of nature, or similar causes beyond the reasonable control of ARTS. Any exceptions must be submitted in writing to the City Manager or designee for approval.

ARTICLE 15
DAMAGE OR DESTRUCTION

- 15.1 ARTS' Duty to Repair Casualty. ARTS shall, as expeditiously as reasonably possible, repair any damages to the Property caused by fire, earthquake, or any other identifiable event of a sudden, unexpected, or unusual nature ("Casualty"), and repair, restore, and replace any such damaged or destroyed Fixtures, Improvements or Personal Property ("Casualty Repairs"). Any Casualty Repairs made under this Article 15 are:
- (a) To be performed at ARTS' sole cost and expense;
 - (b) To be performed except as otherwise provided in this Article 15; and are
 - (c) Subject to all other terms and conditions of this Agreement.
- 15.2 Construction Provisions. In the event of any reconstruction of the Property, Fixtures or Improvements required of ARTS pursuant to this Article, ARTS shall repair the Property, and repair or rebuild such Fixtures and Improvements, to substantially the same condition they were in immediately preceding such Casualty.
- 15.3 No Abatement. In the event of reconstruction, replacement, or repair by ARTS pursuant to this Article, ARTS shall continue its operations on the Property during any such period to the extent reasonably practicable from the standpoint of prudent business management, and in continuing compliance with applicable laws and regulations. ARTS shall not be entitled to any compensation or damages from CITY for: (a) loss of use of the whole or any part of the Property; (b) ARTS' Personal Property; or (c) any inconvenience or annoyance occasioned by such damage, reconstruction, or replacement.
- 15.4 Major Destruction. Notwithstanding any of the foregoing provisions of this Article to the contrary, if, at any time after the Commencement Date, (a) the Improvements are damaged or destroyed to the extent of more than twenty-five percent (25%) of their replacement cost, or (b) the damage is such that the Improvements cannot be repaired and restored within one hundred and eighty (180) days after the Casualty, then ARTS shall have the right to terminate this Agreement upon thirty (30) days' prior written notice to the CITY.

ARTICLE 16
EMINENT DOMAIN

16.1 Condemnation. ARTS may terminate this Agreement within twenty (20) days after the date that a condemning authority (by a party other than the CITY) takes possession of the Property by delivery of written notice of such condemnation if:

- (a) If all of the Property is taken under eminent domain proceedings; or
- (b) less than all of the Property is taken under such eminent domain proceeding and the part taken substantially impairs the ability of ARTS to use the remainder of the Property for the purposes permitted by this Agreement.

In the absence of such written notice from a condemning authority, ARTS may terminate this Agreement within twenty (20) days after the condemning authority shall have taken possession.

16.2 Continuation of Operating Agreement after Condemnation. If this Agreement is not terminated by ARTS, it shall remain in full force and effect as to any portion of the Property remaining, and this Agreement will end as of the date possession of the part taken by the public entity as to the part of the Property that is taken.

16.3 Award. All monies awarded in any condemnation shall belong to the CITY. The CITY shall have no liability to ARTS for any award not provided by the condemning authority.

ARTICLE 17
SALE OR MORTGAGE BY CITY

17.1 Sale or Mortgage. The CITY may, pursuant to existing and subsequently enacted CITY ordinances and State laws, at any time, and without the consent of ARTS, vacate, sell, purchase, exchange, transfer, assign, lease, encumber or convey the CITY's interest in whole or in part, in the Property (collectively referred to in this Article as a "Sale"). The CITY shall provide to ARTS written notice of the CITY's intent to a Sale or discontinuance pursuant to this Article at least ninety (90) days prior to said proposed transfer.

17.2 Release on Sale. From and after a Sale or discontinuance of the CITY's entire interest in the Property, the CITY shall be released from all liability to ARTS and ARTS successors and assigns arising from this Agreement because of any act, occurrence, or omission of the CITY occurring after such Sale.

ARTICLE 18
CITY'S RIGHT OF ACCESS

18.1 Right of Entry. CITY, its agents, employees, and contractors may enter the Property at any time with or without notice to ARTS to:

- (a) respond to health and safety concerns;
- (b) inspect the Property and Improvements;
- (c) determine whether ARTS is complying with its obligations in this Agreement (including its obligations with respect to compliance with Hazardous Materials Laws)
- (d) post notices of non-responsibility or similar notices
- (e) inspect the progress of construction of any improvement; or
- (f) make repairs that this Agreement requires or allows CITY to make, or make repairs to any adjoining space or utility services, or make repairs, alterations, or improvements to any other portion of the Property

All work enumerated in this Article 18.1 must be done as promptly as reasonably possible and so as to cause as little interference to ARTS as reasonably possible.

ARTICLE 19 NOTICES

- 19.1 Notices. Whenever in this Agreement it shall be required or permitted that notice or demand be given or served by either party to this Agreement to or on the other, such notice or demand shall be in writing, mailed or personally delivered to the other party at the addresses specified below. Mailed notices shall be sent by United States Postal Service, postage prepaid and shall be deemed to have been given, delivered, and received three (3) business days after the date such notice or other communication is posted by the United States Postal Service. All other such notices or other communications shall be deemed given, delivered, and received upon actual receipt. Either party may, by written notice delivered pursuant to this provision, at any time designate a different address to which notices shall be sent.

CITY: City Manager
 City of National City
 1243 National City Boulevard
 National City, CA 91950-4397

With a copy to: Community Services Recreation Superintendent
 City of National City
 140 East 12th Street, Suite B
 National City, CA 91950

ARTS: A Reason to Survive, Inc.
 Executive Director
 200 East 12th Street
 National City, CA 91950

ARTICLE 20
NON-DISCRIMINATION

- 20.1 Non-Discrimination. ARTS hereby covenants by and for itself, its successors, assigns and all persons claiming under or through it, that this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against, or segregation of, any person or group of persons on account of race, age, color, creed, religion, sex, sexual orientation, marital status, national origin, physical handicap, medical condition or ancestry in the use, operation, or enjoyment of the Property.

ARTICLE 21
RECORDS, ACCOUNTS, AND AUDITS

- 21.1 ARTS' Duty to Keep Records. ARTS shall, at all times during the Term, and for a period of five (5) years following expiration or earlier termination of this Agreement, keep or cause to be kept, true and complete books, records and accounts of all (a) construction undertaken pursuant to the rights conferred on ARTS under this Agreement, and (b) financial transactions in the operation of all business activities, of whatever nature, conducted pursuant to the rights granted by this Agreement. Such records shall also include the source and disposition of all trash and other waste collected and disposed of by ARTS in the operation of its business. Said records must be supported by source documents such as receipts, invoices, sales slips, cash register tapes, purchase invoices or other pertinent documents.
- 21.2 CITY's Right to Audit. All ARTS books, accounts, and records shall be kept and made available at one location within the limits of the County of San Diego. The CITY shall have the right at any reasonable time to examine and perform audits of ARTS' records pertaining to (a) construction undertaken pursuant to the rights conferred on ARTS under this Agreement, and (b) its operations on the Property, including, without limitation, any records pertaining to ARTS' use of utilities on the Property. The cost of said audits shall be borne by the CITY, except that ARTS shall provide to the CITY, at ARTS' expense, necessary data to enable the CITY to fully comply with each and every requirement of the State of California or by the United States of America for information or reports relating to this Agreement and to ARTS' use of the Property.

ARTICLE 22
ADMINISTRATIVE PROVISIONS

- 22.1 Authority. ARTS represents and warrants that it has full power and authority to execute and fully perform its obligations under this Agreement pursuant to its governing instruments, without the need for any further action, and that the person executing this Agreement on behalf of ARTS is the duly designated agent of ARTS and is authorized to do so.

- 22.2 Captions. The captions and headings appearing in this Operating Agreement are inserted for convenience only and in no way define, limit, construe, or describe the scope or intent of the provisions of this Agreement.
- 22.3 CITY Approval. Except where stated in this Agreement to the contrary, the phrases “CITY approval,” and “CITY’s written approval” or such similar phrases shall mean approval of the City Manager or designee, which approval shall not be unreasonably withheld.
- 22.4 Cumulative Remedies. In the event of a default under this Agreement, each party’s remedies shall be limited to those remedies set forth in this Agreement. Any such remedies are cumulative and not exclusive of any other remedies under this Agreement to which the non-defaulting party may be entitled.
- 22.5 Entire Agreement. This Agreement, together with all addenda and exhibits attached hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof, and all prior or contemporaneous agreements, understandings and representations, oral or written, are superseded.
- 22.6 Exhibits. All exhibits referred to herein are attached hereto and incorporated by reference: Exhibit “A”: Legal description of the Property
- 22.7 Force Majeure. If either party is prevented or delayed from performing any act or discharging any obligation hereunder, because of any and all causes beyond either party’s reasonable control, including unusual delays in deliveries, abnormally adverse weather conditions, unavoidable casualties, strikes, labor disputes, inability to obtain labor, materials or equipment, acts of God, governmental restrictions, regulations or controls, any hostile government actions, acts of terrorism, civil commotion and fire or other casualty, legal actions attacking the validity of this Agreement or the CITY or ARTS’ operations of the Property, or any other casualties beyond the reasonable control of either party (“Force Majeure”), performance of such act shall be excused for the period of such delay, and the period for performance of such act shall be extended for a period equivalent to the period of such delay. Force Majeure shall not include any bankruptcy, insolvency, or other financial inability on the part of either party hereto.
- 22.8 Governing Law. This Agreement shall be governed, construed, and enforced in accordance with the laws of the State of California.
- 22.9 Independent Contractor. ARTS acknowledges that it is an independent contractor; that it alone retains control of the manner of conducting its activities in furtherance of this Agreement; and that it, as well as any persons, contractors or agents it may employ, are not employees of CITY for any purpose.
- 22.10 Interpretation. The provisions of this Agreement shall be liberally construed to effectuate its purpose. The language of all parts of this Agreement shall be construed simply according to its plain meaning and shall not be construed for or against either party.

- 22.11 ARTS' Agreement Administration. ARTS confirms that ARTS' Agreement Administrator has been given full operational responsibility for compliance with the terms of this Agreement. ARTS shall provide the CITY with a written schedule of its normal hours of business operation on the Property, and ARTS' Agreement Administrator, or a representative designated thereby, shall be available to the CITY during ARTS' normal business hours, to resolve problems or answer question pertaining to this Agreement and ARTS' operations on the Property.
- 22.12 Modification. The provisions of this Agreement may not be modified, except by a written amendment signed by both parties.
- 22.13 Partial Invalidity. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby. Each provision shall be valid and enforceable to the fullest extent permitted by law.
- 22.14 Successors and Assigns. This Agreement shall be binding on and inure to the benefit of the parties and their successors and assigns, except as may otherwise be provided herein. ARTS shall not assign this agreement to any other party unless approved in writing by the CITY.
- 22.15 Time of Essence. Time is of the essence of each and every provision of this Agreement.
- 22.16 Waiver. No provision of this Operating Agreement or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed.

IN WITNESS WHEREOF, the CITY and ARTS have duly executed this Agreement as of the day and year first above written.

CITY OF NATIONAL CITY

A REASON TO SURVIVE a California non-profit corporation, d.b.a. "ARTS"

By: _____
Ron Morrison, Mayor

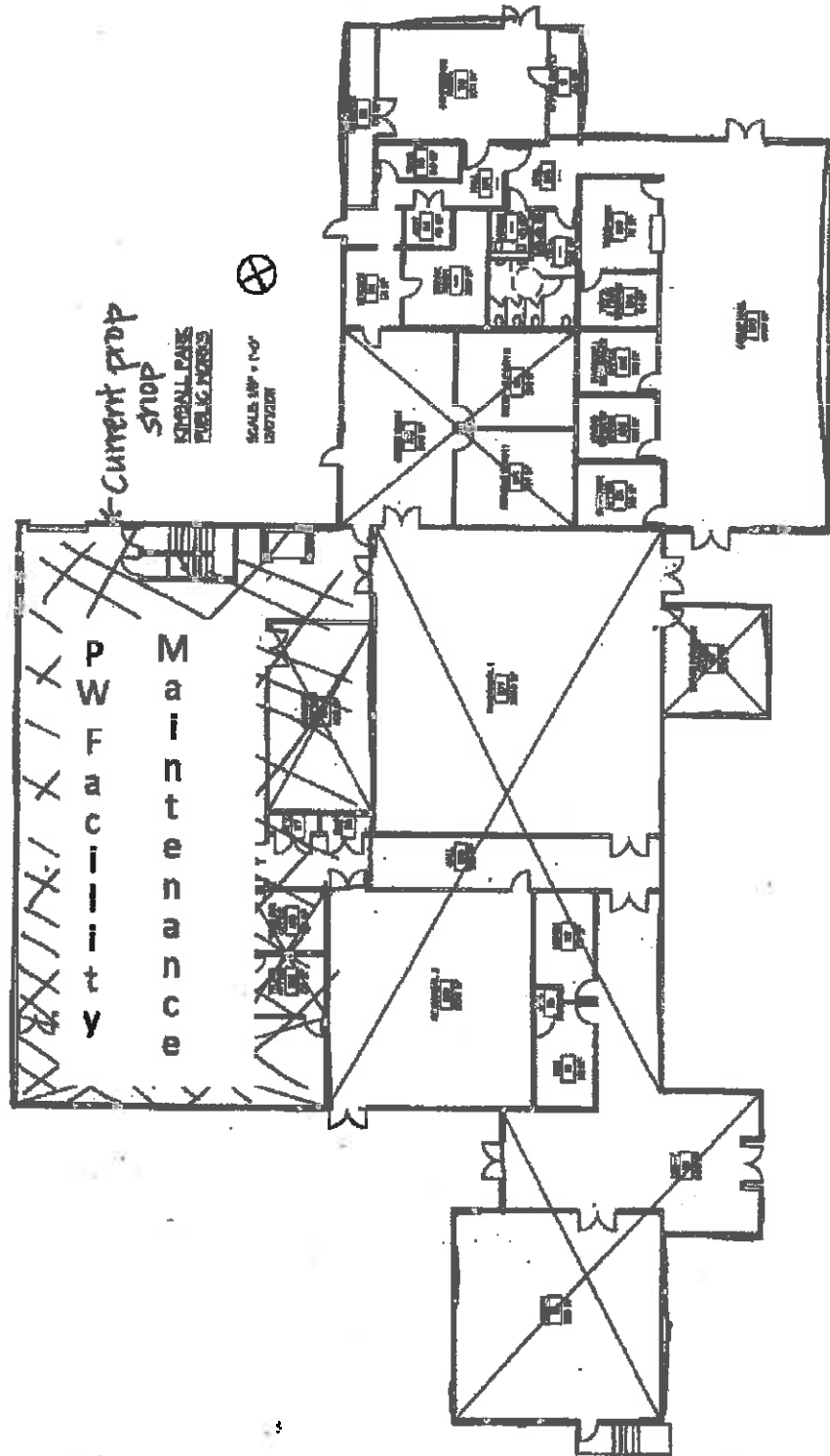
By: _____
Fabienne Hanks, Board Chair

APPROVED AS TO FORM:
Angil P. Morris-Jones

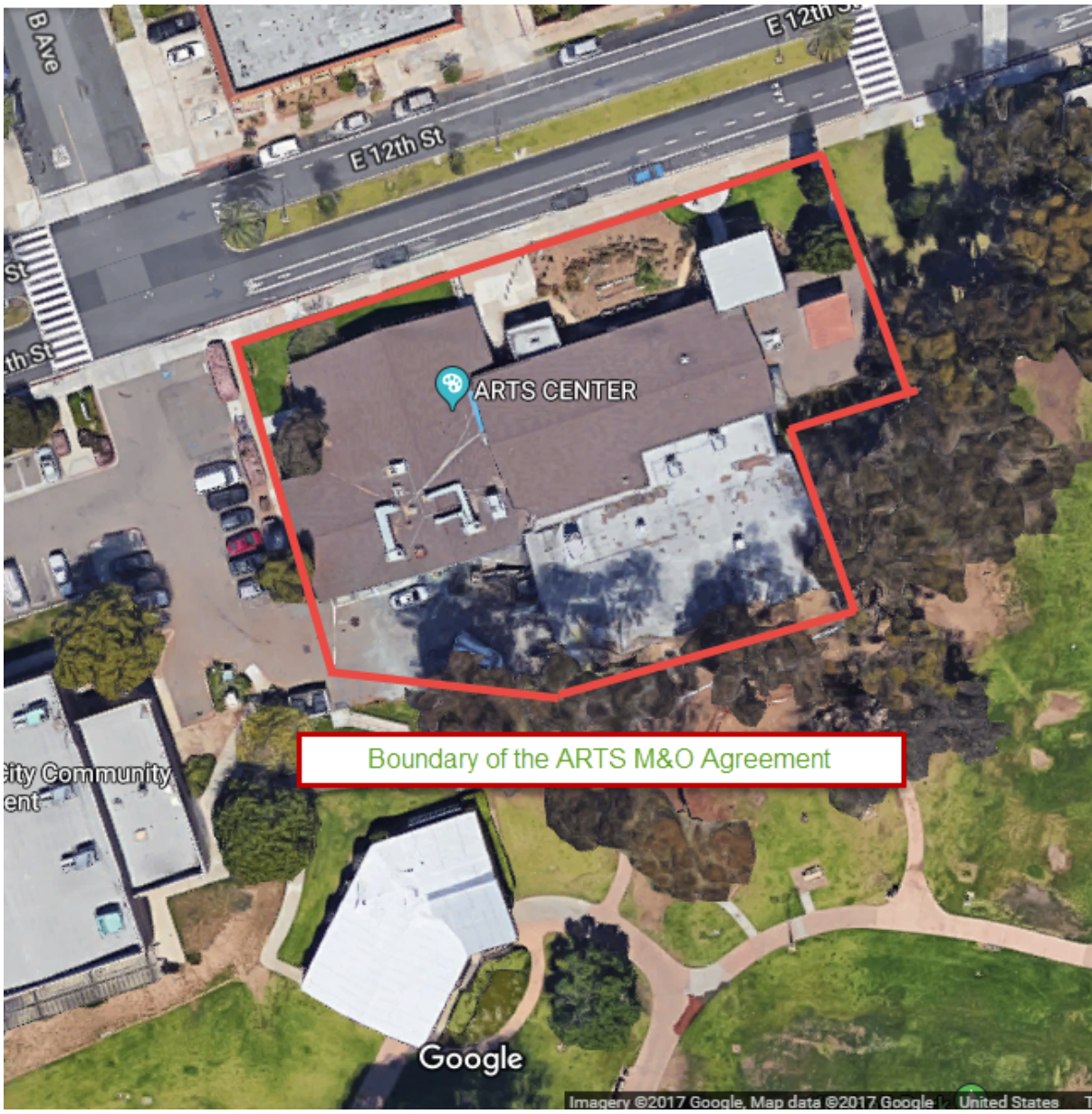
By: _____
Amanda Montgomery, Board Member

By: _____
Roberto M. Contreras
Deputy City Attorney

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RESOLUTION NO. 2017 –

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY
AUTHORIZING THE MAYOR TO EXECUTE A MAINTENANCE AND OPERATING
AGREEMENT BY AND BETWEEN THE CITY OF NATIONAL CITY AND
A REASON TO SURVIVE (ARTS), CONSISTING OF A TERM OF 36 MONTHS
WITH AN OPTION TO EXTEND THE TERM FOR UP TO TWO ADDITIONAL 60
MONTH PERIODS FOR THE CITY-OWNED LAND AND BUILDING
LOCATED AT 200 EAST 12TH STREET IN NATIONAL CITY

WHEREAS, as part of the General Plan, the City's goal is to develop a cultural arts program to encourage and facilitate the development of art in public spaces and promote greater public awareness of architectural, urban design, and cultural heritage of the City; and

WHEREAS, A Reason to Survive ("ARTS") has been a catalyst in establishing an arts, culture, and education district in the National City downtown area, and is dedicated to creating a movement to educate the public on the importance of the arts as a prevention and intervention vehicle to create positive transformation in children and youth facing adversity; and

WHEREAS, the City owns the improved real property commonly known as 200 East 12th Street, National City (the "Property"); and

WHEREAS, the improvements on the Property are sometimes referred to as the "Arts Center" building; and

WHEREAS, the City desires the services of an organization to maintain and operate the Property in a manner beneficial to the culture and educational enrichment of the general public; and

WHEREAS, the City has further determined that ARTS is skilled in creating public art, including capital art projects, that beautifies the community, and is capable of lifting the spirits of residents and visitors to National City ; and

WHEREAS, ARTS and the City desire to enter into a Maintenance and Operating Agreement ("Agreement") for the Property with a term of thirty-six (36) months with an option to extend the term for up to two (2) sixty (60) month periods for ARTS to provide arts, culture, and education at the property located at 200 East 12th Street; and

WHEREAS, ARTS will pay one dollar (\$1) and deliver projects and programs in an annual value of \$125,000 in consideration of the Agreement; and

WHEREAS, as of December 31, 2017, ARTS will owe a balance of \$112,500 in unpaid rent ("Unpaid Rent"); and

WHEREAS, the Unpaid Rent will be paid off by the additional delivery of \$112,500 in Projects and Programs during the initial thirty-six (36) month term; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of National City authorizes the Mayor to execute a Maintenance and Operating Agreement by and between the City and A Reason to Survive (ARTS), consisting of a term of 36 months with an option to extend the term for up to two additional 60 month periods for the City-owned land and building located at 200 East 12th Street in National City. Said Maintenance and Operating Agreement is on file in the office of the City Clerk.

PASSED and ADOPTED this 5th day of December, 2017.

Ron Morrison, Mayor

ATTEST:

Michael R. Dalla, City Clerk

APPROVED AS TO FORM:

Angil P. Morris-Jones
City Attorney

The following page(s) contain the backup material for Agenda Item: Report from the Civil Service Commission to the City Council of the City of National City. (Human Resources)

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO. |

ITEM TITLE:

Report from the Civil Service Commission to the City Council of the City of National City

PREPARED BY: Lilia Muñoz

PHONE: 336-4309

DEPARTMENT: Human Resources

APPROVED BY: 

EXPLANATION:

Pursuant to City of National City Municipal Code Title 16, Section 16.09.020, the chair of each commission shall appear before the City Council on an annual basis and present a brief report on the activities and accomplishments of the commission. With this item, staff brings before you the chair's report on the activities of the Civil Service Commission for the period July, 2016 through June, 2017.

FINANCIAL STATEMENT:

APPROVED: _____ **Finance**

ACCOUNT NO.

APPROVED: _____ **MIS**

There is no direct fiscal impact associated with this item.

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, is not subject to environmental review.

ORDINANCE: INTRODUCTION: FINAL ADOPTION:

STAFF RECOMMENDATION:

Accept and file report.

BOARD / COMMISSION RECOMMENDATION:

The Civil Service Commission voted unanimously to approve and submit the report at their meeting of November 9, 2017.

ATTACHMENTS:

Report from Civil Service Commission



DATE: December 5, 2017

TO: Mayor and City Council

FROM: David Garcia, Chairperson to the Civil Service Commission

SUBJECT: Annual Report from the Civil Service Commission to the City Council of the City of National City

BACKGROUND

The Civil Service Commission (CSC) is a five member Commission:

Chairperson David E. Garcia
Vice Chairperson Rafael S. Courtney
Commissioner Leslie Coyote
Commissioner Fred A. Puhn
Commissioner William J. Sendt

As defined by City of National City Municipal Code Section 16.02.050, it is the authority of the CSC to:

- A. Determine the order of business for the conduct of its meetings and hold regular meetings once every other month, and such special meetings as are necessary on call of the chair or a majority of the members of the commission after at least twenty-four hours' written notice has been posted and served upon the members. A majority of the members of the commission shall constitute a quorum for the transaction of business. A majority of a quorum vote is necessary to act upon a matter. All meetings shall be conducted in compliance with the Ralph M. Brown Act (the "Open Meeting Law," California Government Code Section 549850 et seq.)
- B. Act in an advisory capacity to the city council and the director of human resources on personnel matters in the city service, and when requested by the city council or the director of human resources, hold hearings and make recommendations on any matter of personnel administration.
- C. Hear appeals submitted by persons in the competitive service, or candidates for a position in the competitive service, relative to any alleged infringement upon their rights and privileges granted by this title or the civil service rules, and certify its findings and recommendations.

- D. In any investigation or hearing conducted by the commission, have the power to examine witnesses under oath and compel their attendance or production of evidence by subpoena issued in the name of the city and attested by the city clerk. It shall be the duty of the chief of police or his/her designee to cause all such subpoenas to be served, and refusal of a person to attend or to testify in answer to such a subpoena shall subject the person to prosecution in the same manner set forth by law for failure to appear before the city council in response to a subpoena issued by the city council. Each member of the civil service commission shall have the power to administer oaths to witnesses.
- E. Publish and post notices of the examinations for positions in the competitive service, receive applications therefore, conduct and score examinations, and certify to the appointing power a list of all persons eligible for appointment in the appropriate class in the competitive service. The civil service commission shall cause the duties imposed upon it by this paragraph to be performed by the director of human resources.
- F. Keep a record of its resolutions, transactions, findings, and determinations, which record shall be a public record unless the city attorney determines otherwise.

(Ord. No. 2013-2381, § 1, 2-5-2013)

The purpose of this report is to provide the City Council with a report of the activities of the CSC for the period July, 2016 through June, 2017.

DISCUSSION

The Municipal Code calls for the CSC to meet every other month, for a total of six times a year. During the period under discussion, the CSC held a total of five meetings. One meeting was cancelled as there were no business items pending.

<u>Scheduled Meeting Date</u>	<u>Outcome</u>	<u>Attendance</u>
July 14, 2016	Meeting held	All present
September 8, 2016	Meeting cancelled	N/A
November 10, 2016	Meeting held	One commissioner absent
January 12, 2017	Meeting held	All present
March 9, 2017	Meeting held	Two commissioners absent
May 11, 2017	Meeting held	One commissioner absent

At said meetings, the CSC:

- Approved the creation of one new classification
 - Deputy City Manager

- Exempted positions from classified service
 - Deputy City Manager
- Amended the class specification of one classification
 - Executive Assistant IV
- Suspended Competition, allowing for the internal promotion of two employees that had been performing the hire level duties for an extended period of time
- Approved a shorten probationary period for one employee
- Waived the provision of Civil Service Rule 407.1(B).2 and temporarily appoint six fire safety employees for a period of one year to implement pilot program (Rule 407.1 allows for temporary appointments of up to six months)
- Reviewed and denied appeal of examination results from Firefighter employee

GOALS

Over the next report period the goals of the CSC is to continue development in the form of training to enhance knowledge in the area of their function, and to address the possible need of recruitment procedures for applicants in a promotional examination process.

The following page(s) contain the backup material for Agenda Item: Discussion regarding City Council Policy #802, "City Support for Special Events, Activities, Programs and Services." (Finance)

**CITY OF NATIONAL CITY, CALIFORNIA
COUNCIL AGENDA STATEMENT**

MEETING DATE: December 5, 2017

AGENDA ITEM NO.:

ITEM TITLE:

Discussion regarding City Council Policy # 802, "City Support for Special Events, Activities, Programs and Services."

PREPARED BY: Mark Roberts, Director of Finance

PHONE: 619-336-4330

DEPARTMENT: Finance

APPROVED BY: Mark Roberts

EXPLANATION:

See explanation.

FINANCIAL STATEMENT:

ACCOUNT NO.

NA

APPROVED: Mark Roberts **FINANCE**

APPROVED: _____ **MIS**

ENVIRONMENTAL REVIEW:

This is not a project and, therefore, not subject to environmental review.

ORDINANCE: INTRODUCTION FINAL ADOPTION

STAFF RECOMMENDATION:

Provide staff direction regarding amendment of City Council Policy # 802, "City Support for Special Events, Activities, Programs and Services."

BOARD / COMMISSION RECOMMENDATION:

ATTACHMENTS:

1. Explanation
2. City Council Policy # 802, "City Support for Special Events, Activities, Programs and Services"

Attachment

Discussion regarding City Council Policy # 802, "City Support for Special Events, Activities, Programs and Services."

December 5, 2017

Explanation

At its regular scheduled meeting of September 19, 2017, the City Council discussed documentation provided by organizations for funding received from the City for programs, services, and activities and directed staff to bring forward Council Policy # 802 for discussion.

At its regular scheduled meeting of November 15, 2016, the City Council gave direction to staff to bring back policy language intended to create accountability in such cases where the City Council provides funding to an outside group or individual for the performance of a program, service, or activity other than a special event or capital project. Having reviewed existing City Council policies, staff determined amendment of City Council Policy # 802, "City Support for Special Events, Activities, Programs and Services," was the most appropriate manner by which to provide for such accountability and proposed the following language, which was approved by the Council at its regular scheduled meeting of January 17, 2017:

"To the extent economic conditions and the City's resources allow, one-time funding support may be authorized in support of a program, service or activity, other than a special event, when found by the City Council to be of benefit to the community or the City.

- a. Requests must include a specific purpose for the funding (i.e. to pay, in whole or in part, for the purchase or rental of specific supplies or equipment).
- b. Payments will be processed by the Department of Finance upon receipt of documentation of allowable incurred expenses, in a format prescribed by the Director of Finance."

As currently written, City Council Policy # 802 is not applicable to ongoing programs, services, or activities. Therefore, an organization receiving funding for such programs, services, or activities is not bound by the requirement to provide documentation of expenses. The expense documentation requirement also does not apply to events co-sponsored by the City.

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: City Support for Special Events, Activities, Programs and Services POLICY 802
--

ADOPTED: October 3, 2006

AMENDED: January 17, 2017

BACKGROUND:

The Council recognizes that special events are a lifestyle that defines National City's history and makes our City unique. However, City Council is also concerned with the increasing cost of City support of special events, examples of which are concerts, festivals, parades and sporting events which take place at City parks and facilities or in City streets and rights-of-way. The Council notes that City support of special events, be it police traffic service, fire standby service or other support, is not specifically budgeted and is provided through reductions in the level of service for budgeted programs.

DEFINITIONS:

1. "SPECIAL EVENT" as defined in Municipal Code Section 15.60.005 means any organized activity conducted for a common or collective purpose, use or benefit which involves the utilization of, or has an impact upon, public property or facilities and the need for providing municipal and public safety services in response to the event.

Examples of Special Events include, but are not limited to:

- a. Parades
 - b. Public concerts and other community cultural events
 - c. Demonstrations
 - d. Circuses
 - e. Fairs and festivals
 - f. Community or neighborhood block parties and street dances
 - g. Mass participation sports (marathons, bicycles races and tours)
 - h. Film making activities
 - i. Public speaker events
2. "CITY SUPPORT" means any City services required to maintain minimal interference and inconvenience to the general public resulting from a Special Event.

City Support includes, but is not limited to:

- a. Special Event permit processing
- b. Police services
- c. Sanitation and cleanup
- d. Maintaining access for emergency vehicles and provision of medical care
- e. Street closures
- f. Use of City Stage, PA equipment and/or Information Trailer

TITLE: City Support for Special Events, Activities, Programs and Services **POLICY 802**

ADOPTED: October 3, 2006

AMENDED: January 17, 2017

City Support does not include internal security, crowd control and other services considered the responsibility of the Special Event Sponsor.

3. “NON PROFIT” means a non-profit tax exempt organization (501(c)(3)) that is exempted from payment of income taxes by federal or state law and which has been in existence for a minimum of six (6) months preceding the date of application for a special event.
4. “PUBLIC FACILITY” means any property, building, or public access (street, park, theater, etc.) that lies within the City and which is owned or operated by the City for public benefit or usage.
5. “EVENT ORGANIZER” means any person, group, or corporation assuming responsibility for planning, promoting, and carrying out a Special Event.
6. “CITY MANAGER” means the City Manager or designee.
7. “CITY CO-SPONSORED EVENT” is defined as an annual event that occurs within the boundaries of National City. The co-sponsoring agency must be a National City non-profit or branch thereof and the event must benefit National City and its residents. Applications must be submitted as a special event application to the Neighborhood Services Department, deadlines are noted annually. The current City co-sponsorship events list (Attachment A) are considered grandfathered and will not need to apply annually for approval.
8. “CITY SPONSORED EVENT” is defined as an annual community-wide event that is planned and managed by one or more City departments. The current City sponsored events list (Attachment “B”) are considered grandfathered and will not need to apply annually for approval. These events will not require a secondary City Council approval through the TUP or Special Event process. City Staff will process event applications and City Council will be updated of these events annually and or on a quarterly basis.

PURPOSE:

It is the purpose of this policy to provide guidelines for the support of special events, consistent with the least possible disruption to normal City services.

POLICY:

A. Co-Sponsored Events

It is the policy of the City Council that:

TITLE: City Support for Special Events, Activities, Programs and Services **POLICY 802**

ADOPTED: October 3, 2006

AMENDED: January 17, 2017

1. To the extent that economic conditions and the City's resources allow, the City manager upon City Council notification, may provide reasonable City support of up to \$1,200 per event day to non-profit special events that benefit National City residents, are held wholly within City limits, and which are listed in Attachment A and are considered to be City co-sponsored annual events.
2. Any new non-profit applicant (not on Attachment A) requesting co-sponsorship must apply to be considered for the City co-sponsored event list which will be reviewed annually by the 802 policy committee. The 802 policy committee will recommend changes to the co-sponsored event list only when required on an annual basis (per Section 7 of Definitions- page 2). As a City co-sponsored event, organizations shall prominently place the City's logo in all advertising materials promoting the event and provide space for the City to set up an information booth, per the City Council's discretion.
3. Any new Special Event or TUP applicant not currently on the approved co-sponsored list and requesting fee waivers, may only be considered to have fees waived up to the minimum level of \$1000 per event day. Attachments "A" and "B" are the current list of approved co-sponsored and sponsored events respectively. Any new events considering co-sponsorship must apply through the annual process.

B. Sponsored Events

It is the policy of the City Council that to the extent economic conditions and the City's resource allow, National City will sponsor and provide community-wide annual events which are listed in Attachment B. Event fees that are incurred by City departments will be charged against an account designed for that purpose. The City Manager shall notify the City Council of upcoming events on a quarterly basis.

C. Other Events, Activities, Programs and Services

It is the policy of the City Council that:

1. To the extent that economic conditions and the City's resources allow, the City Manager may provide City support for a special event conducted by a non-profit organization. City support would be limited to a waiver of permit processing fees and the event must benefit National City residents. Examples include an event where there is insufficient time for Council approval, such as in the event of a catastrophe or an emergency situation. The City Manager shall notify the City Council of any such support on a monthly basis.
2. The City Manager shall charge City costs for any special event of a commercial nature; also, the City Manager shall require organizers of commercial special

TITLE: City Support for Special Events, Activities, Programs and Services **POLICY 802**

ADOPTED: October 3, 2006

AMENDED: January 17, 2017

events to pay the City a negotiated percentage of gross revenues of a flat fee. Such revenues will be deposited into the City's General Fund.

3. Proceeds from a special event of a commercial nature that benefits a local non-profit organization, shall show proof of donation within 10 business days. Such proof shall be submitted to the City's Finance Department (Revenue & Recovery). Failure to provide proof of donation will result in loss of deposit and may jeopardize future use of City facilities.
4. To the extent economic conditions and the City's resources allow, one-time funding support may be authorized in support of a program, service or activity, other than a special event, when found by the City Council to be of benefit to the community or the City.
 - a. Requests must include a specific purpose for the funding (i.e. to pay, in whole or in part, for the purchase or rental of specific supplies or equipment).
 - b. Payments will be processed by the Department of Finance upon receipt of documentation of allowable incurred expenses, in a format prescribed by the Director of Finance.

D. El Toyon Park

The use of El Toyon Park for special events is prohibited.

E. Use of Mobile Stage

The mobile stage shall be used only on City parklands, and/or other public property within the limits of National City. Regular use that is approved annually includes starred events on Attachments "A" and "B". Any events outside this purview and requesting use of the City stage must apply through the special event process. The USER of the stage shall be responsible for any damage to the unit resulting from carelessness or misuse.

RELATED POLICY REFERENCES:

City Council Policy # 704 – Limitation on City Approved Special Events within the City

City Council Policy # 801 – Field and Facility Rules and Regulations

TITLE: City Support for Special Events, Activities, Programs and Services **POLICY 802**

ADOPTED: October 3, 2006

AMENDED: January 17, 2017

ATTACHMENT 'A'
NATIONAL CITY CO-SPONSORED EVENTS

<u>Event Title</u>	<u>Organizer</u>	<u>Timing</u>
Sweetwater Kiwanis Carnival	Sweetwater Kiwanis Club	March
Granger Jr. High Cultural Fair*	Granger Jr. High	Spring
Job Fair	N.C. Chamber of Commerce	Spring
July 4 th Carnival*	National City Host Lions Club	July
Mabuhay Festival	Mabuhay Festival	June
Auto Heritage Days*	N.C. Chamber of Commerce	August
Relay for Life*	American Cancer Society	August
Salute to Navy	N.C. Chamber of Commerce	October
Maytime Band Review	Maytime Band Association	October
Sweetwater High Homecoming	Sweetwater High School	Fall
Community Concert Band Series (up to 4 concerts annually/per year)	N.C. Community Concert Band	Quarterly
Spirit of the Holidays	N.C. College Campus Lions	December
Christmas in July Clean-Ups	Christmas in July	Various

**Indicates use of City Mobile Stage*

Note: Co-sponsored events that reoccur on the same date, or weekend, each year will maintain "first rights" to their date if the special event permit application is received within five months of the recurring event date. After the five-month application deadline, other interested parties will be able to apply. Events scheduled on recurring weekends (such as the 1st, 2nd, 3rd, 4th, or 5th weekend of a month) will be defined by the first date of the event is open to the public.

TITLE: City Support for Special Events, Activities, Programs and Services **POLICY 802**

ADOPTED: October 3, 2006

AMENDED: January 17, 2017

ATTACHMENT 'B'
NATIONAL CITY SPONSORED EVENTS

<u>Event Title</u>	<u>Organizer</u>	<u>Timing</u>
Movies in the Park	Community Services	Summer
Miss. National City Pageant*	Community Services	July
National Night Out	Police, Community Services, FFA	August
9/11 Remembrance Ceremony	Fire	September
State of the City	Mayor's Office	Fall
Tower of Terror*	Fire, Community Services	October
Veteran's Day	Community Services	November
Christmas Tree Lighting	Community Services	December
Community Service Day	Community Services	April
National City Public Safety Fair	Police, Fire	April

**Indicates use of City Mobile Stage*

The following page(s) contain the backup material for Agenda Item: Resolution of the Community Development Commission-Housing Authority of the City of National City accepting the findings from the analysis completed by Keyser Marston Associates, Inc., of four financial proposals submitted through a Request for Proposals

**CITY OF NATIONAL CITY, CALIFORNIA
COMMUNITY DEVELOPMENT COMMISSION-HOUSING AUTHORITY
COUNCIL AGENDA STATEMENT**

MEETING DATE: | December 5, 2017 |

AGENDA ITEM NO. |

ITEM TITLE:

Resolution of the Community Development Commission-Housing Authority of the City of National City accepting the findings from the analysis completed by Keyser Marston Associates, Inc., of four financial proposals submitted through a Request for Proposals process; selecting the development team comprised of Community HousingWorks, Inc., a California non-profit public benefit corporation, and Mercy Housing California, Inc., a California non-profit public benefit corporation, for the recapitalization and rehabilitation of Kimball and Morgan Towers located at 1317 and 1415 "D" Avenue in National City; and authorizing the City Manager to execute an Exclusive Negotiating Agreement in order to begin negotiations with the selected developer.

PREPARED BY:

| Carlos Aguirre, Housing & Economic Dev. Mgr. |

PHONE: | 619-336-4391 |

DEPARTMENT: Housing & Economic
Development

APPROVED BY: 

EXPLANATION:

See attached Background Report and Keyser Marston Associates, Inc. ("KMA") Financial Review of the Development Proposals.

FINANCIAL STATEMENT:

APPROVED: 

Finance

ACCOUNT NO.

APPROVED: _____

MIS

A ranking of the Developer's financial proposals can be found on page 4 and 5 of KMA's report (Attachment No. 2) based on the points awarded to each proposal and their respective financial return.

ENVIRONMENTAL REVIEW:

The review of development proposals is not considered a project as defined by the California Environmental Quality Act (CEQA), and therefore, is not subject to CEQA review.

ORDINANCE:

INTRODUCTION:

FINAL ADOPTION:

STAFF RECOMMENDATION:

Adopt the Resolution.

BOARD / COMMISSION RECOMMENDATION:

| n/a |

ATTACHMENTS:

1. Background Report
2. KMA Financial Review of Development Proposals
3. Resolution

**COMMUNITY DEVELOPMENT COMMISSION-HOUSING AUTHORITY
OF THE CITY OF NATIONAL CITY**

STAFF REPORT

December 5, 2017

Item

Resolution of the Community Development Commission-Housing Authority of the City of National City accepting the findings from the analysis completed by Keyser Marston Associates, Inc., of four financial proposals submitted through a Request for Proposals process; selecting the development team comprised of Community HousingWorks, Inc., a California non-profit public benefit corporation, and Mercy Housing California, Inc., a California non-profit public benefit corporation, for the recapitalization and rehabilitation of Kimball and Morgan Towers located at 1317 and 1415 “D” Avenue in National City; and authorizing the City Manager to execute an Exclusive Negotiating Agreement in order to begin negotiations with the selected developer.

Background

Kimball and Morgan Senior Towers (“Towers”) are located in central National City, within the Kimball Community. The two nine-story Towers are located on D Avenue between Kimball Way and 15th Street. Morgan Senior Tower is a 151-unit affordable senior residential property built in 1978. Kimball Senior Tower is a 152-unit affordable senior residential property completed in 1986.

On March 4, 2016, the HA’s Board of Commissioners (“HA’s Board”) was presented with a draft RFQ to provide direction in considering qualified development teams for the recapitalization and rehabilitation of the Towers. The RFQ process presented was modeled after the RFQ previously issued in March 2010 for the Kimball and Morgan Tower Enhancement and Expansion Project. The HA was supportive and voted in favor of City staff issuing the RFQ as drafted. The draft RFQ incorporated a Selection Committee to be composed of experienced professionals and community members with working knowledge of affordable housing development, public finance, and community needs that could deliberate on and rank RFQ submissions with respect to the goals, objectives, and scoring criteria provided in the RFQ. The RFQ was issued on March 24, 2016. The RFQ solicited responses from professional affordable housing development teams and considered the following criteria:

1. Experience and qualifications (Max. Score: 25)
2. Leveraging of non-HA resources (Max. Score: 20)
3. Financial Capacity (Max. Score: 20)
4. Operating Experience (Max. Score: 20)
5. Resident Services and Involvement (Max Score: 15)

City staff reviewed the RFQ submissions first for completeness and, on the week of May 30, 2016, delivered copies of the eight RFQ submittals to each member of the Selection Committee. The Selection Committee convened on Monday, June 6, 2016 to review and score each submission in an effort to select the project development teams who would be invited to

interview. The Selection Committee selected five RFQ proposals for interviews scheduled for Monday, June 13, 2016. After the interviews were completed, the Selection Committee scored the development teams interviewed based on the RFQ's criteria taking into consideration the quality of each interview with the Selection Committee. By calculating an average of all cumulative scoring provided by each Selection Committee Member, the development team consisting of Community Housing Works and Mercy Housing California ranked the highest overall out of a total of 100 points:

1. Community HousingWorks and Mercy Housing California (Overall Score: 83.4)
2. Bridge Housing Corporation (Overall Score: 81.6)
3. Chelsea and Serving Seniors (Overall Score: 77.8)
4. National Community Renaissance of California and Reiner Communities (Overall Score: 77.5)
5. The RAHD Group, Affirmed Housing, Community Preservation Partners LLC, Thompson Consulting, and Casa Familiar (Overall Score: 70.6)

At the Regular Meeting on October 4, 2016 of the HA, City staff provided a recommendation to the HA's Board to select Community Housing Works and Mercy Housing as the developer for the rehabilitation and recapitalization of Kimball and Morgan Towers based on the scoring provided by the Selection Committee. However, after public and written comments were considered by the HA's Board requesting that the HA's Board provide an opportunity for presentations by each development team, the HA's Board directed City staff to coordinate presentations to be made directly to the HA's Board.

As requested by the HA's Board, the five development teams that had previously delivered presentations to the Selection Committee were called to present at the HA's meeting on Tuesday, October 25, 2016. The HA's Board was provided with each RFQ submission and any materials also provided during the RFQ Selection Committee presentations. The development team RFQ responses that were originally submitted were made available for review on the City of National City website. The order of the presentations was drawn randomly by the City Clerk. As directed by the HA's Board, the presentation ground rules were provided in advance to each development team and were the following:

1. Presentations will be the same as made to the original Selection Committee, including the answers to the prior interview questions.
2. Presenters will have no more than 20 minutes, immediately followed by 20 minutes for questions and answers.
3. Presentations should not include a discussion of financial proposals to the HA unless such proposal was part of the original presentation.
4. Presenters should address the attached interview questions during their 20 minute presentations.
5. During development presentations, members of other development teams are asked to refrain from being present in City Council Chambers, out of fairness to each presenting group.
6. As requested by the HA's Board, presenters should refrain from submitting organized public comment.

City staff returned on December 6, 2016 carrying forward the recommendation made on October 4, 2016 to enter into an Exclusive Negotiation Agreement with the development team comprised of Community HousingWorks and Mercy Housing since the information provided in the development team presentations made on October 25, 2016 to the HA Board had already been provided and incorporated in the ranking provided by the Selection Committee. However, upon the HA Board's consideration of the strengths found in the qualifications of all five development teams through the presentations made on October 25, 2016 and upon public comments received that suggested that it would not be in the HA's best interest to select a developer without qualifying their financial proposals further, the HA's Board agreed that a review of each development team's financial proposals was necessary to make a final determination.

City staff informed the HA's Board that a financial review of proposals would be a lengthy and expensive process, however, several of the development teams stated that they would be interested in funding their participation in a Request for Proposals ("RFP") process that would allow for a thorough comparison of their financial proposals. Based on the developer's interest to fund the process, the HA's Board directed City staff at the HA meeting on December 6, 2016 to provide approaches to implement a RFP process that would incorporate a comparison of financial proposals for the rehabilitation and refinancing of the Towers.

Request for Proposals Process and Staff Recommendation

City staff has worked with Keyser Marston Associates, Inc. ("KMA") since May 2013 to model and evaluate financing structures for rehabilitating and recapitalizing the Towers. Because of the extensive work KMA conducted, City staff requested a proposal from KMA that would compare approaches to further evaluate the financial models proposed by each development team. On February 7, 2017, the HA's Board considered the approaches included in KMA's proposal. The HA Board then directed City staff to return with a consultant services contract with KMA ("KMA Agreement") to implement a specific approach for the RFP process to further review each financial proposal, provided that the participating development teams ("Participating Developers") covered the cost of the RFP process and review. On April 18, 2017, the HA Board approved the KMA Agreement to proceed with a financial evaluation of the Participating Developers contingent that each Participating Developer enter into a Participation Agreement that would require each Participating Developer to cover the cost of KMA to issue an RFP and evaluate the proposals equally.

Four of five development teams considered by the HA Board consisting of (i) Community HousingWorks and Mercy Housing California (collectively, "CHW-Mercy"); (ii) Bridge Housing Corporation ("Bridge"); (iii) Chelsea Investment Corporation and Serving Seniors (collectively, "Chelsea-Serving Seniors"); and (iv) RAHD Group, Affirmed Housing Corporation, Community Preservation Partners LLC, Thompson Consulting and Casa Familiar (collectively, the "Affirmed Group") agreed to participate in the RFP process and pay all costs incurred by the HA in equal share with respect to the KMA Agreement by executing a Participation Agreement. The fifth development team previously considered by the HA Board composed of National Community Renaissance of California and Reiner Communities decided not participate in the RFP process. The Participating Developers were made aware that the HA reserved the right to select any one or none of the Participating Developers.

On June 30, 2017 KMA issued the RFP on behalf of the Housing Authority. KMA's criteria, approach, key findings, and financial analysis are found in Attachment No. 2 of this Staff Report. Based on KMA's extensive analysis and key findings, City staff recommends the selection of the team comprised of Community HousingWorks, Inc. and Mercy Housing California, Inc. for the recapitalization and rehabilitation of Kimball and Morgan Towers located at 1317 and 1415 "D" Avenue in National City. City staff also recommends that the HA authorize the City Manager to execute an Exclusive Negotiating Agreement to begin negotiations with Community HousingWorks, Inc. and Mercy Housing California, Inc.



KEYSER MARSTON ASSOCIATES.
ADVISORS IN PUBLIC/PRIVATE REAL ESTATE DEVELOPMENT

TO: Alfredo Ybarra, Director
Housing & Economic Development Department
City of National City

FROM: KEYSER MARSTON ASSOCIATES, INC.

DATE: November 28, 2017

SUBJECT: Review of Development Proposals
Kimball and Morgan Towers RFP

ADVISORS IN:
REAL ESTATE
AFFORDABLE HOUSING
ECONOMIC DEVELOPMENT

SAN FRANCISCO
A. JERRY KEYSER
TIMOTHY C. KELLY
KATE EARLE FUNK
DEBBIE M. KERN
REED T. KAWAHARA
DAVID DOEZEMA

LOS ANGELES
KATHLEEN H. HEAD
JAMES A. RABE
GREGORY D. SOO-HOO
KEVIN E. ENGSTROM
JULIE L. ROMÉY

SAN DIEGO
PAUL C. MARRA

I. INTRODUCTION

A. Background

In accordance with our agreement dated May 1, 2017, Keyser Marston Associates, Inc. (KMA) has undertaken an analysis to assist the Community Development Commission-Housing Authority of the City of National City (Housing Authority) in its efforts to select an affordable housing developer to refinance and renovate the 152-unit Kimball Tower and the 151-unit Morgan Tower (Towers), located on D Avenue between Kimball Way and 15th Street.

On March 24, 2016, the Housing Authority issued a Request for Qualifications (RFQ) to affordable housing developers. The Housing Authority formed a Selection Committee made up of experienced professionals and community members to review, score, and interview the RFQ submissions. Following the outcome of the RFQ process, the Housing Authority received feedback from respondents suggesting that the Housing Authority issue a Request for Proposals (RFP) for a better understanding of each respondent's anticipated scope of work and financial proposal.

The Housing Authority requested KMA’s assistance in the issuance of an RFP, evaluating developer responses, preparing long-term feasibility analyses, and providing guidance as to the structuring of the business arrangement between the Housing Authority and the selected developer. It is the Housing Authority’s desire to retain ownership of the land and negotiate a long-term ground lease with the selected developer. The selected developer would purchase and operate the existing senior housing units and other improvements from the Housing Authority. The developer would also provide a financial package to finance the rehabilitation of the Towers, preserve current levels of affordability at or below 50% Area Median Income (AMI), and repay any financial assistance provided by the Housing Authority.

The Housing Authority issued the RFP on June 30, 2017 to the following four development teams:

Developer	Team Members
BRIDGE Housing Corporation (BRIDGE)	BRIDGE, Harley Ellis Devereau, and Allgire General Contractors
Chelsea Investment Corporation (CIC)	CIC and Serving Seniors
Community HousingWorks (CHW)	CHW and Mercy Housing
Morgan and Kimball Community Partners (MKCP)	Community Preservation Partners, The RAHD Group, Thompson Consulting, and Casa Familiar

B. KMA Approach

In undertaking this assignment, KMA completed the following work tasks:

1. Discussed with the Housing Authority the primary goals and objectives for the Towers.
2. Reviewed pertinent information related to the Towers including the RFQ responses submitted by each developer.
3. Prepared the RFP for distribution to the four development teams.
4. Identified appropriate evaluation criteria and scoring for proposal evaluation.
5. Responded to developer questions regarding the RFP.

6. Participated in tours of the Towers with each development team. Each development team was provided an opportunity to visit each property including common areas/public lounges, laundry room, boiler room, electric room, elevator room, residential units, tenant services offices, and Nutrition Center.
7. Evaluated each developer’s RFP response, including the proposed deal structure and business terms.
8. Evaluated each developer’s financial pro forma, including 55-year cash flow projections for each developer proposal.
9. Prepared independent financial models of each developer’s proposal, adjusting various assumptions used in their financial pro formas, including the developer’s 55-year cash flow projections for each Tower.

C. Evaluation Criteria

The RFP identified the following criteria and points to evaluate each development team’s RFP response.

Evaluation Criteria		Maximum Points
(1) Development Program	i. Incorporates specific necessary elements for efficient operation of an affordable housing complex and rehabilitation of the Towers ii. Assumes full property renovation and rehabilitation including energy efficient improvements, technology upgrades, upgraded building systems, and property/residential improvements	20 points
(2) Depth of Affordability	i. Extends affordability covenants as long as feasible and extends the useful life of improvements for at least 20 years ii. Maintains deep levels of affordability for existing and future tenants	20 points
(3) Overall Project Feasibility	i. Financial pro forma contains valid assumptions and estimates within reasonable range of industry standards	35 points

Evaluation Criteria		Maximum Points
	<ul style="list-style-type: none"> ii. Project demonstrates long-term economic sustainability iii. Project provides for a financial return to the Housing Authority 	
(4) Soundness of Financing Plan	<ul style="list-style-type: none"> i. Financing plan is reasonable and achievable to enable project completion in a timely manner ii. Financing plan provides a realistic timeline for securing financing iii. Demonstrates successful experience with similar financing plans on comparable projects 	25 points
Total		100 points

D. Developer Financial Proposals

As requested in the RFP, each development team submitted a financial proposal and pro forma for each Towers. Every development team assumed in their financial proposal the use of 4% Low Income Housing Tax Credits and tax-exempt bonds for one or both Towers, except for CHW. CHW proposed to apply for 9% tax credits in the At-Risk Set-aside for Morgan Tower given Morgan Tower’s expiring FHA 231 Agreement.

The tax reform plan recently approved by the U.S. House of Representatives calls for the elimination of private activity tax-exempt bonds. If approved by the Senate, states would no longer have the ability to issue tax-exempt private activity bonds and their linked authority to provide 4% Low Income Housing Tax Credits. As a result, the financial proposals submitted by each development team would no longer be valid. At this time, it is unknown if the Senate will pass the tax reform plan and become law as currently drafted.

II. KEY FINDINGS

As summarized in Summary Tables 1 through 3, attached, the RFP submittals were ranked based on the evaluation criteria noted above and each development team’s financial proposal. The financial proposal figures below represent the following:

1. Upfront cash proceeds to the Housing Authority, estimated as the purchase price for the existing senior housing units and other improvements less the Seller Note proposed to be carried back by the Housing Authority;
2. Net present value of annual subsidy contributions from the developer to the Nutrition Center over a 55-year period;
3. Net present value of Seller Note repayments to the Housing Authority; and
4. Net present value of other annual contributions provided to the Housing Authority from project cash flow over 55 years.

The ranking and points awarded do not take into consideration the possibility that 4% tax credits and tax-exempt bonds may no longer be available after December 31, 2017.

Rank	Developer	Points ⁽¹⁾		Financial Proposal ⁽²⁾	
		Kimball	Morgan	Developer Response ⁽³⁾	KMA Adjusted Pro Forma ⁽⁴⁾
#1	Community HousingWorks	90 pts.	85 pts.	\$67.0 M	\$62.6 M
#2	Chelsea Investment Corporation	85 pts.	85 pts.	\$70.0 M	\$60.9 M
#3	MK Community Partners	75 pts.	75 pts.	\$52.2 M	\$54.1 M
#4	BRIDGE Housing	70 pts.	70 pts.	\$27.4 M	\$38.0 M

(1) See Summary Table 1, Selection Criteria Scoring Sheet, attached.
(2) Reflects upfront cash payment and present value of annual contributions (i.e., payment to Nutrition Center, repayment of seller note, and other cash flow to the Housing Authority) for Kimball Tower and Morgan Towers combined. See Summary Tables 2 and 3, attached.
(3) Based on RFP response submitted by developer; see Section III.
(4) Reflects pro formas adjustments made by KMA related to acquisition costs, rehabilitation costs, and monthly rent; see Section IV.

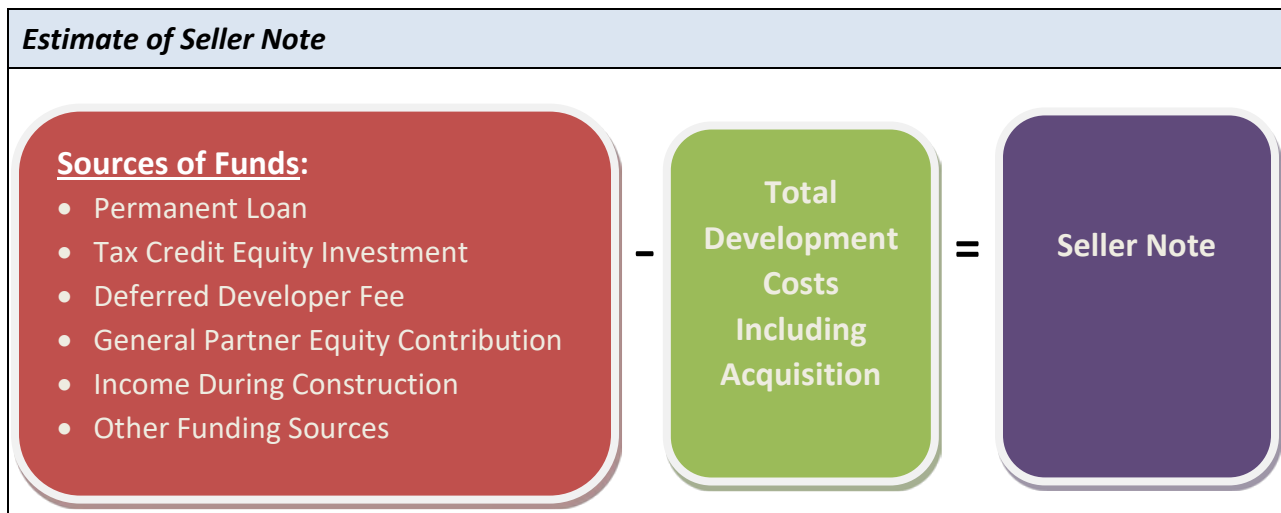
As shown above, Community HousingWorks ranked #1, receiving the highest number of points. The CHW proposal was projected to provide the highest financial return to the Housing Authority at \$62.6 M based on the KMA adjusted pro forma. This was followed by #2 ranked Chelsea Investment Corporation, estimated to provide the Housing Authority with a return of \$60.9 M; #3 ranked MK Community Partners with a Housing Authority financial return of \$54.1 M; and #4 ranked BRIDGE Housing with a financial return to the Housing Authority of \$38.0 M.

It is important to note that the financial proposal figures shown above in either the “Developer Response” column or the “KMA Adjusted Pro Forma” column do not represent the ultimate outcome of any transaction that the Housing Authority may enter with a selected developer. Rather, there are a series of variables yet to be determined (e.g., scope of cost of rehabilitation, appraised acquisition costs, and achievable fair market rent, etc.) that will influence the final financial outcomes for the Towers.

III. DEVELOPER FINANCIAL PROPOSALS

The RFP required each team to submit a financial proposal and pro forma using the KMA pro forma template. Each developer’s pro forma is summarized in a side-by-side comparison format in Attachment A, and includes the following:

- Table 1: Development Costs – Estimates the costs incurred by the developer to acquire and rehabilitate the Towers.
- Table 2: Net Operating Income (NOI) – Estimate of stabilized NOI generated by each Tower from monthly rental income and other income (i.e., laundry/vending); less operating expenses.
- Table 3: Estimate of Seller Note – Calculated as the difference between achievable sources of funds and total development costs, as illustrated below:



- Table 4: Cash Proceeds to the Housing Authority – Upfront cash paid to the Housing Authority. Estimated as the purchase price proposed by each developer less the seller note.

A. Key Terms and Assumptions in Developers' Pro Formas and Financial Proposals

KMA reviewed the financial proposals and pro formas submitted by each development team for each Tower. An overview of key assumptions used in each developer's financial pro proposal is presented below. The following does not reflect a complete itemization of all inputs and assumptions assumed by each development team.

(1) BRIDGE Housing

Kimball Tower:

1. Ground lease term of 65 years with two 10-year options (total of 85 years).
2. Annual ground lease payment of \$237,500 per year (escalating at 2.5% per year) for potential use toward Nutrition Center.
3. Acquisition costs of \$143,000 per unit or \$21.8 M total.
4. Monthly rent of \$1,194 for 150 units based on National City's Payment Standard Voucher of \$1,235 less a \$41 utility allowance.
5. Operating expenses¹ of \$6,288 per unit per year.
6. Refinancing with a tax-exempt bond at 5.41% interest for 35 years; and 4% tax credits with an estimated price of \$0.96.
7. Total developer fee of \$5.1 M.
8. General Partner equity contribution of \$3.6 M.
9. Seller Note totaling \$13.6 M.
10. 50% of residual receipts paid to the Housing Authority beginning in Year 1 for repayment of the Seller Note.
11. Projected repayment of Seller Note in Year 55.

¹ Excludes replacement reserves, property taxes, service amenities, affordable housing monitoring fee, issuer's fee, and annual contribution toward Nutrition Center.

Morgan Tower:

1. Ground lease term of 65 years with two 10-year options (total of 85 years).
2. Annual ground lease payment of \$237,500 per year (escalating at 2.5% per year) for potential use toward Nutrition Center.
3. Acquisition costs of \$152,000 per unit or \$23.0 M total.
4. Monthly rent of \$1,194 on 150 units based on National City's Payment Standard Voucher of \$1,235 less a \$41 utility allowance.
5. Operating expenses¹ of \$6,336 per unit per year.
6. Refinancing with a tax-exempt bond at 5.41% interest for 35 years; and 4% tax credits with an estimated price of \$0.96.
7. Total developer fee of \$5.2 M.
8. General Partner equity contribution of \$3.7 M.
9. Seller Note totaling \$14.4 M.
10. 50% of residual receipts paid to the Housing Authority beginning in Year 1 for repayment of the Seller Note.
11. Projected repayment of Seller Note in Year 55.

(2) Chelsea Investment Corporation

Kimball Tower:

1. Ground lease term of 65 years.
2. \$3.0 M pre-paid ground lease payment.
3. Acquisition costs of \$207,000 per unit or \$34.1 million total.
4. Monthly rent of \$1,500 on 150 units based on a value analysis conducted by Lea & Company.

5. Operating expenses¹ of \$4,911 per unit per year.
6. \$237,500 annual contribution to Nutrition Center (escalating at 2.5% per year).
7. Refinancing with a tax-exempt bond at 4.0% interest for 40 years; and 4% tax credits with an estimated price of \$1.05.
8. Total developer fee of \$6.6 M.
9. Deferred developer fee and General Partner equity contribution totaling \$4.1 M.
10. 50% of residual receipts paid to the Housing Authority beginning in Year 1 for repayment of the Seller Note.
11. Projected repayment of Seller Note in Year 19.

Morgan Tower:

1. Ground lease term of 65 years.
2. \$3.0 M pre-paid ground lease payment.
3. Acquisition costs of \$217,000 per unit or \$32.7 million total.
4. Monthly rent of \$1,500 on 150 units based on a value analysis conducted by Lea & Company.
5. Operating expenses¹ of \$4,900 per unit per year.
6. \$237,500 annual contribution to Nutrition Center (escalating at 2.5% per year).
7. Refinancing with a tax-exempt bond at 4.0% interest for 40 years; and 4% tax credits with an estimated price of \$1.05.
8. Total developer fee of \$6.7 M.
9. Deferred developer fee and General Partner equity contribution totaling \$4.2 M.

10. 50% of residual receipts paid to the Housing Authority beginning in Year 1 for repayment of the Seller Note.

11. Projected repayment of Seller Note in Year 21.

(3) Community HousingWorks

Kimball Tower:

1. Ground lease term of 99 years, including extensions.
2. Ground lease payment of 50% of residual receipts after repayment of Seller Note.
3. Acquisition costs of \$218,000 per unit or \$33.1 million total.
4. Monthly rent of \$1,301 on 150 units based on National City's Fair Market Rent of \$1,342 less \$41 utility allowance.
5. Operating expenses¹ of \$4,600 per unit per year.
6. Refinancing with a tax-exempt bond at 4.5% interest for 35 years; and 4% tax credits with an estimated price of \$1.03.
7. Total developer fee of \$6.6 M.
8. General Partner equity contribution totaling \$4.1 M.
9. 50% of residual receipts paid to the Housing Authority beginning in Year 1 for repayment of the Seller Note.
10. Projected repayment of Seller Note in Year 33.

Morgan Tower:

1. Ground lease term of 99 years, including extensions.
2. Ground lease payment of 50% of residual receipts after repayment of Seller Note.
3. Acquisition costs of \$230,000 per unit or \$34.7 million total.

4. Monthly rent of \$1,342 on 150 units based on National City's Fair Market Rent.
5. Operating expenses 1 of \$4,600 per unit per year.
6. \$475,000 annual contribution to Nutrition Center (escalating at 3.5% per year).
7. Refinancing with conventional financing at 5.6% interest for 35 years; and 9% tax credits (in the At-Risk Set-Aside) with an estimated price of \$1.02.
8. Total developer fee of \$2.0 M.
9. 50% of residual receipts paid to the Housing Authority beginning in Year 1 for repayment of the Seller Note.
10. Projected repayment of Seller Note in Year 55.

(4) MK Community Partners

Kimball Tower:

1. Ground lease term of 99 years.
2. Ground lease payment of \$100 per year.
3. Acquisition costs of \$127,000 per unit or \$19.3 M total. The Housing Authority has an option to repurchase improvements for \$1.00 at end of compliance period.
4. Monthly rent of \$1,342 on 150 units based on National City's Fair Market Rent.
5. Operating expenses¹ of \$5,364 per unit per year.
6. Funding for Nutrition Center paid by the Housing Authority from \$19.3 M acquisition proceeds and/or the Housing Authority portion of project cash flow.
7. Refinancing with a tax-exempt bond at 4.75% interest for 35 years; and 4% tax credits with an estimated price of \$0.98.
8. Total developer fee at \$4.7 M.

9. Deferred developer fee totaling \$3.0 M.
10. 20% of deferred developer fee payments and 100% of residual receipts after repayment of deferred developer fee paid to the Housing Authority.

Morgan Tower:

1. Ground lease term of 99 years.
2. Ground lease payment of \$100 per year.
3. Acquisition costs of \$127,000 per unit or \$19.3 M total. The Housing Authority has an option to repurchase improvements for \$1.00 at end of compliance period.
4. Monthly rent on 148 units based on National City's Fair Market Rent of \$1,342; three non-HAP units with a monthly rent of \$811.
5. Operating expenses¹ of \$5,294 per unit per year at Morgan Tower.
6. Funding for Nutrition Center paid by the Housing Authority from \$19.3 M acquisition proceeds and/or the Housing Authority portion of project cash flow.
7. Refinancing with a tax-exempt bond at 4.75% interest for 35 years; and 4% tax credits with an estimated price of \$0.98.
8. Total developer fee at \$4.7 M.
9. Deferred developer fee totaling \$3.0 M.
10. 20% of deferred developer fee payments and 100% of residual receipts after repayment of deferred developer fee paid to the Housing Authority.

B. Seller Note

Based on the above assumptions, KMA calculated the Seller Note requested of the Housing Authority as identified in the developer's proposals. As indicated above, the Seller Note is calculated as the difference between sources of funds and total development costs, as follows:

Estimate of Total Seller Note ⁽¹⁾				
Developer Proposals				
	BRIDGE	CIC	CHW	MK Community Partners
I. Sources of Funds				
Permanent Loan	\$20.0 M	\$50.9 M	\$34.6 M	\$41.8 M
Tax Credits	\$27.1 M	\$38.5 M	\$42.4 M	\$25.1 M
Developer Equity ⁽²⁾	\$7.3 M	\$8.3 M	\$4.1 M	\$6.1 M
Other	\$1.8 M	\$8.5 M	\$6.2 M	\$0.0 M
Total Sources of Funds	\$56.2 M	\$106.2 M	\$87.3 M	\$73.0 M
II. Development Costs	(\$84.2) M	(\$112.6) M	(\$101.4) M	(\$73.5) M
III. Seller Note	(\$28.0) M	(\$6.4) M	(\$14.1) M	(\$0.5) M

(1) Figures shown are for Kimball and Morgan Towers combined.
(2) Includes both deferred developer fee and General Partner equity contribution.

C. Total Value to the Housing Authority

For each developer proposal, KMA estimated the financial return to the Housing Authority. As indicated above, the Housing Authority’s financial return was assumed to include upfront proceeds paid to the Housing Authority (i.e., proposed purchase price less the Housing Authority Seller Note) and the present value of annual contributions to the Housing Authority for the Nutrition Center, repayment of the Seller Note, and other cash flow, as follows:

Estimated Total Value to the Housing Authority ⁽¹⁾				
Developer Proposals				
	BRIDGE	CIC	CHW	MK Community Partners
I. Purchase Price	\$44.7 M	\$64.1 M	\$67.8 M	\$38.5 M
II. (Less) Seller Note	(\$28.0) M	(\$6.4) M	(\$14.1) M	(\$0.5) M
III. Upfront Cash Proceeds to the Housing Authority	\$16.8 M	\$57.7 M	\$53.7 M	\$38.0 M
IV. Present Value of Annual Contributions ⁽²⁾	\$10.6 M	\$12.3 M	\$13.4 M	\$13.7 M
V. Total Value to the Housing Authority	\$27.4 M	\$70.0 M	\$67.1 M	\$51.7 M

(1) Figures shown are for Kimball and Morgan Towers combined.
(2) Reflects present value of annual contributions to Nutrition Center, repayment of seller note, and other cash flow to the Housing Authority. Assumes discount rate of 8.0% for contributions toward Nutrition Center and 10% for repayment of Seller Note and/or cash flow to the Housing Authority.

IV. KMA ADJUSTED PRO FORMAS

During the RFP response period, the developers were provided an opportunity to submit questions to KMA seeking clarification or additional information regarding information contained in the RFP. Each question and KMA response were circulated to all development teams. Attachment C presents a list of the questions and responses provided to the developers. In particular, developers were provided guidance regarding the rehabilitation budget and monthly rent assumption to use in their pro forma submittal, as follows:

- *Rehabilitation Costs:* For proposal purposes, each respondent shall assume a rehabilitation budget allowance of \$55,000 per unit. This figure is assumed to include contract overhead fee, general conditions, and contractor contingency. Figure does NOT include FF&E/amenities and owner contingency.
- *Monthly Rent:* Respondents are to use the current Fair Market Rents (FMR) that are found on the Housing Authority's utility allowance schedule. The current monthly utility allowance paid by tenants totals \$41 per month.

KMA found that some developers adjusted these directive assumptions based on input from third parties and/or other factors. In addition, the developers' estimates for the Tower's acquisition costs varied greatly. As such, in order to better understand the overall project feasibility and soundness of each team's financing plan, KMA adjusted the developer's pro formas by equalizing three items, as follows:

1. *Acquisition Costs* – Assumed at \$200,000 per unit for each tower (or \$60.6 M for both Towers combined). This represents the approximate mid-range estimate of acquisition costs assumed by the developers. KMA understands that the ultimate acquisition costs will be determined by an appraiser, subject to review/approval by the Housing Authority and other lenders partners proposed for the Towers.
2. *Building Rehabilitation Costs* – Assumed at \$55,000 per unit inclusive of prevailing wages. Actual building rehabilitation costs will be determined based on the final scope and costs estimates proposed for the Towers.
3. *Monthly Rent* – Assumed at \$1,301 reflecting Fair Market Rent of \$1,342 less a \$41 utility allowance. It is anticipated that the ultimate final monthly rent will be determined based on the Towers' achievable Fair Market Rents as determined by HUD.

Based on these adjustments, KMA re-ran each developer’s pro forma recalibrating estimates of contingency, developer fee, indirect costs, financing cost, and tax credit eligible basis. KMA held constant each developer’s assumed permanent loan and tax credit underwriting assumptions, operating expense budget, and other sources of funds. The KMA adjusted pro formas are presented in Attachment B. The revised estimate of seller note for each developer are shown below:

Estimate of Total Seller Note ⁽¹⁾				
KMA Adjusted Pro Formas				
	BRIDGE	CIC	CHW	MK Community Partners
I. Sources of Funds				
Permanent Loan	\$25.0 M	\$39.1 M	\$33.6 M	\$39.3 M
Tax Credits	\$31.8 M	\$35.5 M	\$41.6 M	\$31.3 M
Developer Equity ⁽²⁾	\$9.3 M	\$8.0 M	\$4.1 M	\$8.4 M
Other	<u>\$1.8 M</u>	<u>\$8.6 M</u>	<u>\$6.2 M</u>	<u>\$0.0 M</u>
Total Sources of Funds	\$67.9 M	\$91.0 M	\$85.5 M	\$79.0 M
II. Development Costs	(\$102.0) M	(\$103.1) M	(\$96.7) M	(\$98.5) M
III. Seller Note	(\$34.1 M)	(\$12.0) M	(\$11.2) M	(\$19.5) M
<p>(1) Figures shown are for Kimball and Morgan Towers combined. (2) Includes both deferred developer fee and General Partner equity contribution.</p>				

The revised estimate of value to the Housing Authority based on the KMA adjusted pro formas are shown below:

Estimate of Total Value to the Housing Authority ⁽¹⁾				
KMA Adjusted Pro Formas				
	BRIDGE	CIC	CHW	MK Community Partners
I. Purchase Price	\$60.6 M	\$60.6 M	\$60.6 M	\$60.6 M
II. (Less) Seller Note	(\$34.1 M)	(\$12.0 M)	(\$11.2 M)	(\$19.5 M)
III. Upfront Cash Proceeds to the Housing Authority	\$26.5 M	\$48.6 M	\$49.4 M	\$41.1 M
IV. Present Value of Annual Contributions ⁽²⁾	\$11.5 M	\$12.3 M	\$13.1 M	\$13.0 M
V. Total Value to the Housing Authority	\$38.0 M	\$60.9 M	\$62.6 M	\$54.1 M

(1) Figures shown are for Kimball and Morgan Towers combined.
(2) Reflects present value of annual contributions to Nutrition Center, repayment of seller note, and other cash flow to the Housing Authority. Assumes discount rate of 8.0% for contributions toward Nutrition Center and 10% for repayment of Seller Note and/or cash flow to the Housing Authority.

As shown above, the KMA adjusted pro formas resulted in *increasing* the estimate of total value to the HA for both BRIDGE and MK Community Partners, and *decreased* values to the Housing Authority for CIC and CHW.

V. LIMITING CONDITIONS

1. Keyser Marston Associates, Inc. (KMA) has made extensive efforts to confirm the accuracy and timeliness of the information contained in this document. Such information was compiled from a variety of sources deemed to be reliable including state and local government, planning agencies, real estate brokers, and other third parties. Although KMA believes all information in this document is correct, it does not guarantee the accuracy of such and assumes no responsibility for inaccuracies in the information provided by third parties. Further, no guarantee is made as to the possible effect on development of current or future federal, state, or local legislation.
2. The accompanying projections and analyses are based on estimates and assumptions which were developed using currently available economic data, project specific data, and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize and unanticipated events and circumstances may occur. Such changes are likely to be material to the projections and conclusions herein and, if they occur, require review or revision of this document.

attachments

**KIMBALL AND MORGAN SENIOR TOWERS
REQUEST FOR PROPOSALS**

CITY OF NATIONAL CITY



SUMMARY TABLE 1
SELECTION CRITERIA SCORING SHEET
KIMBALL AND MORGAN TOWERS RFP
CITY OF NATIONAL CITY

Maximum Score	BRIDGE Housing			Chelsea Investment Corporation	
	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Morgan 4% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits
1. Development Program Summary	<p>a. The Project Proposal incorporates the necessary elements for efficient operation of an affordable housing complex and rehabilitation of the Towers. b. The Project Proposal assumes full property renovation and rehabilitation including energy efficient improvements, technology upgrades, upgraded building systems, and property/residential improvements.</p>				
20	20	20	20	20	20
	Respondents were instructed to assume a rehabilitation cost estimate of \$55,000 per unit. Actual scope of rehabilitation and corresponding budget have not yet been determined.	Respondents were instructed to assume a rehabilitation cost estimate of \$55,000 per unit. Actual scope of rehabilitation and corresponding budget have not yet been determined.	Respondents were instructed to assume a rehabilitation cost estimate of \$55,000 per unit. Actual scope of rehabilitation and corresponding budget have not yet been determined.	Respondents were instructed to assume a rehabilitation cost estimate of \$55,000 per unit. Actual scope of rehabilitation and corresponding budget have not yet been determined.	Respondents were instructed to assume a rehabilitation cost estimate of \$55,000 per unit. Actual scope of rehabilitation and corresponding budget have not yet been determined.
2. Depth of Affordability	<p>a. The Project Proposal extends affordability covenants as long as feasible and the useful life of improvements for at least 20 years. b. The Project Proposal maintains deep levels of affordability for existing and future tenants.</p>				
20	20	20	20	20	20
	Proposals extend affordability covenants and useful life of improvements; deep levels of affordability are maintained for existing and future tenants.	Proposals extend affordability covenants and useful life of improvements; deep levels of affordability are maintained for existing and future tenants.	Proposals extend affordability covenants and useful life of improvements; deep levels of affordability are maintained for existing and future tenants.	Proposals extend affordability covenants and useful life of improvements; deep levels of affordability are maintained for existing and future tenants.	Proposals extend affordability covenants and useful life of improvements; deep levels of affordability are maintained for existing and future tenants.
3. Overall Project Feasibility	<p>a. The financial pro forma contains valid assumptions and estimates within reasonable range of industry standards. b. The Project Proposal demonstrates long-term economic sustainability. c. The Project Proposal provides for a financial return to the Housing Authority.</p>				
35	15	15	15	25	25
	BRIDGE's operating budget and underwriting assumptions appear conservative; the KMA adjusted pro forma yields increased the financial return from \$13.5 M to \$19.0 M, still the lowest return to the Housing Authority.	BRIDGE's operating budget and underwriting assumptions appear conservative; the KMA adjusted pro forma yields increased the financial return to the Housing Authority from \$13.9 M to \$19.0 M, still the lowest return to the Housing Authority.	BRIDGE's operating budget and underwriting assumptions appear conservative; the KMA adjusted pro forma yields increased the financial return to the Housing Authority from \$13.9 M to \$19.0 M, still the lowest return to the Housing Authority.	CIC's financial proposal reflects the highest financial return to Housing Authority; however, CIC's pro forma assumptions appear overly optimistic; the KMA adjusted pro forma yields reduced financial return to Housing Authority from \$34.5 M to \$30.4 M.	CIC's financial proposal reflects the highest financial return to the Housing Authority; however, CIC's pro forma assumptions appear overly optimistic; KMA adjusted pro forma yields reduced financial return to Housing Authority from \$35.5 M to \$30.6 M.
4. Soundness of Financing Plan	<p>a. The financing plan is reasonable and achievable to enable project completion in a timely manner. b. The financing plan provides a realistic timeline for securing financing. c. The Development Team demonstrated successful experience with similar Financing Plans on comparable projects.</p>				
25	15	15	15	20	20
	Funding sources proposed are conservative, not likely to delay timing. Timeline for completion of Project and securing financing appears reasonable.	Funding sources proposed are conservative, not likely to delay timing. Timeline for completion of Project and securing financing appears reasonable.	Funding sources proposed are conservative, not likely to delay timing. Timeline for completion of Project and securing financing appears reasonable.	Funding sources proposed are reasonable. Timeline for completion of Project appears reasonable; delay in timeline may occur if unable to secure financing for various funding sources assumed at the levels proposed.	Funding sources proposed are reasonable. Timeline for completion of Project appears reasonable; delay in timeline may occur if unable to secure financing for various funding sources assumed at the levels proposed.
TOTAL POINTS SCORED	70	70	70	85	85

SUMMARY TABLE 1
SELECTION CRITERIA SCORING SHEET
KIMBALL AND MORGAN TOWERS RFP
CITY OF NATIONAL CITY

Maximum Score	Community Housing Works			MK Community Partners	
	Kimball 4% Tax Credits	Morgan 9% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits	
1. Development Program Summary	20	20	20	20	20
	a. The Project Proposal incorporates the necessary elements for efficient operation of an affordable housing complex and rehabilitation of the Towers. b. The Project Proposal assumes full property renovation and rehabilitation including energy efficient improvements, technology upgrades, upgraded building systems, and property/residential improvements.				
	20	20	20	20	20
	Respondents were instructed to assume a rehabilitation cost estimate of \$55,000 per unit. Actual scope of rehabilitation and corresponding budget have not yet been determined.				
2. Depth of Affordability	20	20	20	20	20
	a. The Project Proposal extends affordability covenants as long as feasible and the useful life of improvements for at least 20 years. b. The Project Proposal maintains deep levels of affordability for existing and future tenants.				
	20	20	20	20	20
	Proposals extends affordability covenants and useful life of improvements; deep levels of affordability are maintained for existing and future tenants.				
3. Overall Project Feasibility	35	30	30	30	20
	a. The financial pro forma contains valid assumptions and estimates within reasonable range of industry standards. b. The Project Proposal demonstrates long-term economic sustainability. c. The Project Proposal provides for a financial return to the Housing Authority.				
	30	30	30	30	20
	Financial pro forma assumptions generally reasonable; CHW's estimate of operating expenses appear overly optimistic; KMA adjusted pro forma yields reduced CHW's estimate of financial return from \$29.7 M to \$27.3 M.				
	Development cost assumptions appear overly optimistic; KMA adjusted pro forma yields increased MK's estimate of financial return from \$26.3 M to \$27.3 M.				
4. Soundness of Financing Plan	25	20	15	15	15
	a. The financing plan is reasonable and achievable to enable project completion in a timely manner. b. The financing plan provides a realistic timeline for securing financing. c. The Development Team demonstrated successful experience with similar Financing Plans on comparable projects.				
	20	20	15	15	15
	Funding sources proposed are reasonable. Timeline for completion of Project appears reasonable; delay in timeline may occur if unable to secure financing at the levels proposed.				
	Funding sources proposed are conservative, not likely to delay timeline. Timeline for completion of Project appears optimistic.				
TOTAL POINTS SCORED	100	90	85	75	75

DEVELOPER FINANCIAL PROPOSAL
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	BRIDGE Housing	Chelsea Investment Corporation	Community HousingWorks (CHW)	MIK Community Partners (RAHD Group)
I. Developer Financial Proposal				
A. Ground Lease Term: Payments:	65 Years with two 10-year options \$475,000/year escalating at 2.5%/year	65 Years \$6.0 M pre-paid ground lease	99 years (including extensions) 50% of Residual Receipts after repayment of Seller Note	99 years \$100/ year
B. Acquisition Price (before Seller Note)	\$44.7 M \$148,000 per unit	\$58.1 M \$192,000 per unit	\$67.8 M (1) \$224,000 per unit	\$38.5 M The Housing Authority has option to repurchase improvements for \$1.00 at end of
C. Seller Note	\$28.0 M \$92,000 per unit	\$6.4 M \$21,000 per unit	\$14.1 M \$47,000 per unit	No Seller Note
D. Funding of Nutrition Center	Proposes ground lease payments be used for Nutrition Center	\$475,000/year escalating at 2.5%/year	\$475,000/year escalating at 3.5%/year	Paid by the Housing Authority from \$38.5 M acquisition proceeds and/or the Housing Authority portion of project cash flow
E. Annual Cash Flow to the Housing Authority	50% of residual receipts to the Housing Authority beginning in Year 1 for repayment of Seller Note	50% of residual receipts to the Housing Authority beginning in Year 1 for repayment of Seller Note	50% of residual receipts to the Housing Authority beginning in Year 1 for repayment of Seller Note	20% of deferred developer fee payments to the Housing Authority 100% of cash flow after repayment of deferred developer fee
II. Total Payments to the Housing Authority				
A. Upfront Cash Payment Per Unit	\$16,761,000 \$55,000	\$57,697,000 \$190,000	\$53,659,000 \$177,000	\$37,999,000 \$125,000
B. Present Value of Annual Contributions Payments to Nutrition Center Payment to the Housing Authority Seller Note Other Cash Flow to the Housing Authority Total Annual Contributions	\$8,800,000 (2) \$1,801,000 (5)(6) \$0 \$10,601,000	\$8,800,000 (3) \$3,462,000 (5) \$0 \$12,262,000	\$10,303,000 (3) \$3,051,000 (5)(6) \$0 \$13,354,000	\$0 (4) \$0 \$14,160,000 (7) \$14,160,000
C. Total Value to the Housing Authority Per Unit	\$27,362,000 \$90,000	\$69,959,000 \$231,000	\$67,013,000 \$221,000	\$52,159,000 \$172,000

(1) Includes transfer of tenant deposits.

(2) Present value of ground lease payments at Year 1 assuming an 8.0% discount rate. BRIDGE Housing proposes ground lease payments be used to fund Nutrition Center operations.

(3) Present value of annual Nutrition Center Services Fee at Year 1 assuming an 8.0% discount rate.

(4) MIK Community Partners proposes funding for the Nutrition Center be paid by the Housing Authority from \$38.5 M acquisition proceeds and/or Housing Authority portion of project cash flow.

(5) Present value of Seller Note payments at Year 1 assuming a 10.0% discount rate.

(6) Includes present value of repayment of outstanding balance at Year 55.

(7) Includes proposed allocation of 20% of deferred developer fee and 100% of project cash flow to the Housing Authority. Reflects net present value at Year 1 assuming a 10.0% discount rate.

**KIMBALL AND MORGAN TOWERS COMBINED
KMA ADJUSTED PRO FORMAS**

SUMMARY TABLE 3

**TOTAL PAYMENTS TO CITY
KIMBALL AND MORGAN TOWERS RFP
CITY OF NATIONAL CITY**

	BRIDGE Housing	Chelsea Investment Corporation	Community HousingWorks (CHW)	MK Community Partners (RAHD Group)
Total Payments to Housing Authority				
A. Upfront Cash Payment				
Per Unit	\$26,481,000 \$87,000	\$48,579,000 \$160,000	\$49,418,000 \$163,000	\$41,124,000 \$136,000
B. Present Value of Annual Contributions				
Payments to Nutrition Center	\$8,800,000 ⁽¹⁾	\$8,800,000 ⁽²⁾	\$10,303,000 ⁽²⁾	\$0 ⁽³⁾
Payment to Housing Authority Seller Note	\$2,746,000 ⁽⁴⁾⁽⁵⁾	\$3,535,000 ⁽⁴⁾	\$2,839,000 ⁽⁴⁾⁽⁵⁾	\$0
Other Cash Flow to Housing Authority	\$0	\$0	\$0	\$13,014,000 ⁽⁶⁾
Total Annual Contributions	\$11,546,000	\$12,335,000	\$13,142,000	\$13,014,000
C. Total Value to Housing Authority				
Per Unit	\$38,027,000 \$126,000	\$60,914,000 \$201,000	\$62,560,000 \$206,000	\$54,138,000 \$179,000

(1) Present value of ground lease payments at Year 1 assuming an 8.0% discount rate. BRIDGE Housing proposes ground lease payments be used to fund Nutrition Center operations.

(2) Present value of annual Nutrition Center Services Fee at Year 1 assuming an 8.0% discount rate.

(3) MK Community Partners proposes funding for the Nutrition Center be paid from acquisition proceeds and/or Housing Authority portion of project cash flow.

(4) Present value of Seller Note payments at Year 1 assuming a 10.0% discount rate.

(5) Includes present value of repayment of outstanding balance at Year 55.

(6) Includes proposed allocation of 20% of deferred developer fee and 100% of project cash flow to Housing Authority. Reflects net present value at Year 1 assuming a 10.0% discount rate.

Attachment A

Kimball / Morgan RFP

Developer Pro Formas

TABLE A-1

DEVELOPMENT COSTS
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	BRIDGE Housing		Chelsea Investment Corporation	
	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits
Number of Units				
One Bedroom	150 Units	150 Units	150 Units	150 Units
Manager's Unit	2 Units	1 Units	2 Units	1 Units
Total Number of Units	152 Units	151 Units	152 Units	151 Units
I. Direct Costs	Total⁽¹⁾	Per Unit	Total⁽¹⁾	Per Unit
On-Sites/Off-Sites, Remediation, Parking	\$0 incl below	\$0 incl below	\$0	\$0
Building Rehabilitation - Residential	\$8,360,000	\$55,000	\$10,032,000	\$66,000
Building Rehabilitation - Nutrition Center	\$0	Incl. above	\$0	\$0 Incl. above
Amenities/FF&E	\$100,000	\$993	\$400,000	\$2,632
Contingency	\$1,254,000	15%	\$1,003,200	10%
Total Direct Costs	\$9,714,000	\$63,908	\$11,435,200	\$75,232
II. Indirect Costs				
Indirect Costs	\$2,332,000	\$15,342	\$2,315,240	\$15,232
Developer Fee	\$5,050,575	\$33,227	\$6,588,200	\$43,343
Total Indirect Costs	\$7,382,575	\$48,570	\$8,903,440	\$58,575
III. Financing Costs	\$2,525,760	\$16,617	\$4,369,675	\$28,748
IV. Total Development Costs Excluding Acquisition	\$19,622,335	\$129,094	\$24,708,315	\$162,555
V. Acquisition Costs				
Land	\$1,087,720	\$7,156	\$3,000,000	\$19,737
Building	\$20,666,680	\$135,965	\$28,400,000	\$186,842
Total Acquisition Costs	\$21,754,400	\$143,121	\$31,400,000	\$206,579
VI. Total Development Costs Incl. Acquisition Or Say (Rounded)	\$41,376,735	\$272,215	\$56,108,315	\$369,134
	\$41,377,000	\$283,560	\$56,483,197	\$374,061
		\$42,818,000	\$56,483,000	

(1) Includes the payment of prevailing wages.

(2) Excludes the payment of prevailing wages.

TABLE A-1

DEVELOPMENT COSTS
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	Community HousingWorks		MK Community Partners	
	Kimball 4% Tax Credits	Morgan 9% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits
Number of Units				
One Bedroom	150 Units	150 Units	150 Units	150 Units
Manager's Unit	2 Units	1 Units	2 Units	1 Units
Total Number of Units	152 Units	151 Units	152 Units	151 Units
	Total⁽²⁾	Total⁽²⁾	Total⁽¹⁾	Total⁽¹⁾
I. Direct Costs	Per Unit	Per Unit	Per Unit	Per Unit
On-Sites/Off-Sites, Remediation, Parking	\$3,078	\$3,098	\$1,809	\$1,821
Building Rehabilitation - Residential	\$46,922	\$46,902	\$52,188	\$52,533
Building Rehabilitation - Nutrition Center	\$0	\$0	\$0	\$3,311
Amenities/FF&E	\$493	\$497	\$822	\$828
Contingency	10%	10%	9%	9%
Total Direct Costs	\$55,493	\$55,497	\$59,933	\$63,641
	Total⁽²⁾	Total⁽²⁾	Total⁽¹⁾	Total⁽¹⁾
II. Indirect Costs	Per Unit	Per Unit	Per Unit	Per Unit
Indirect Costs	\$9,723	\$9,630	\$16,179	\$16,286
Developer Fee	\$43,465	\$13,245	\$30,666	\$30,869
Total Indirect Costs	\$53,188	\$22,875	\$46,845	\$47,155
	Total⁽²⁾	Total⁽²⁾	Total⁽¹⁾	Total⁽¹⁾
III. Financing Costs	Per Unit	Per Unit	Per Unit	Per Unit
	\$17,601	\$17,353	\$6,627	\$6,671
IV. Total Development Costs Excluding Acquisition	Total⁽²⁾	Total⁽²⁾	Total⁽¹⁾	Total⁽¹⁾
	\$19,194,997	\$14,454,441	\$17,237,511	\$17,737,511
V. Acquisition Costs				
Land	\$0	\$0	\$0	\$0
Building	\$217,763	\$229,801	\$126,645	\$127,483
Total Acquisition Costs	\$217,763	\$229,801	\$126,645	\$127,483
VI. Total Development Costs Incl. Acquisition Or Say (Rounded)	Total⁽²⁾	Total⁽²⁾	Total⁽¹⁾	Total⁽¹⁾
	\$52,294,997	\$49,154,441	\$36,487,511	\$36,987,511
	\$52,295,000	\$49,154,000	\$36,488,000	\$36,988,000

(1) Includes the payment of prevailing wages.
(2) Excludes the payment of prevailing wages.

TABLE A-2

**NET OPERATING INCOME
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY**

Kimball Tower - 150 tenant based vouchers
Morgan Tower - 148 project based vouchers (expiring in 2018)

1 Bedroom
Fair Market Rent \$1,342
Payment Standard Voucher \$1,235

	BRIDGE Housing			Chelsea Investment Corporation		
	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits
I. Residential Income						
30% AMI	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 150 Monthly Rent \$1,500 (2) Annual GSI \$2,700,000	# Units 150 Monthly Rent \$1,500 (2) Annual GSI \$2,700,000	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0
50% AMI	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0
N/A	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0
Manager	# Units 152 Monthly Rent \$1,178 Annual GSI \$2,149,200	# Units 151 Monthly Rent \$1,186 Annual GSI \$2,149,200	# Units 152 Monthly Rent \$1,480 Annual GSI \$2,700,000	# Units 151 Monthly Rent \$1,490 Annual GSI \$2,700,000	# Units 151 Monthly Rent \$1,490 Annual GSI \$2,700,000	# Units 151 Monthly Rent \$1,490 Annual GSI \$2,700,000
Total Residential Income	\$4 /Unit/Month \$7,029	\$4 /Unit/Month \$7,405	\$4 /Unit/Month \$7,296	\$4 /Unit/Month \$7,296	\$4 /Unit/Month \$7,248	\$4 /Unit/Month \$7,248
Add: Other Income						
II. Gross Scheduled Income						
(Less) Vacancy	5.0% of GSI (\$107,811)	5.0% of GSI (\$107,830)	5.0% of GSI (\$107,830)	5.0% of GSI (\$107,830)	5.0% of GSI (\$135,365)	5.0% of GSI (\$135,362)
Effective Gross Income	\$2,048,418	\$2,048,775	\$2,048,775	\$2,048,775	\$2,571,931	\$2,571,886
III. Operating Expenses						
(Less) Operating Expenses	\$6,288 /Unit/Year (\$955,800)	\$6,336 /Unit/Year (\$956,700)	\$6,336 /Unit/Year (\$956,700)	\$6,336 /Unit/Year (\$956,700)	\$4,900 /Unit/Year (\$739,874)	\$4,900 /Unit/Year (\$739,874)
(Less) Service Amenities	\$362 /Unit/Year (\$55,000)	\$364 /Unit/Year (\$55,000)	\$364 /Unit/Year (\$55,000)	\$364 /Unit/Year (\$55,000)	\$344 /Unit/Year (\$52,000)	\$344 /Unit/Year (\$52,000)
(Less) Other	\$448 /Unit/Year (\$68,100)	\$449 /Unit/Year (\$67,800)	\$449 /Unit/Year (\$67,800)	\$449 /Unit/Year (\$67,800)	\$475 /Unit/Year (\$71,800)	\$475 /Unit/Year (\$71,800)
Total Operating Expenses	\$7,098 /Unit/Year 53% or EGI (\$1,078,900)	\$7,149 /Unit/Year 53% or EGI (\$1,079,500)	\$7,149 /Unit/Year 53% or EGI (\$1,079,500)	\$7,149 /Unit/Year 53% or EGI (\$1,079,500)	\$5,720 /Unit/Year 34% or EGI (\$863,674)	\$5,720 /Unit/Year 34% or EGI (\$863,674)
IV. Net Operating Income	\$969,518	\$969,275	\$969,275	\$969,275	\$1,708,212	\$1,708,212
V. (Less) Services Fee to Nutrition Center	(\$237,500) (5)	(\$237,500) (5)	(\$237,500) (5)	(\$237,500) (5)	(\$237,500)	(\$237,500)
VI. NOI After Nutrition Center Fees Or Say (Rounded)	\$732,018 \$732,000	\$731,775 \$732,000	\$731,775 \$732,000	\$731,775 \$732,000	\$1,470,712 \$1,471,000	\$1,470,712 \$1,471,000

(1) Reflects payment standard voucher less utility allowance (\$41).

(2) Reflects post renovated Fair Market Rents based on value analysis prepared by Lea & Company, August 25, 2017.

(4) Reflects fair market rent (gross).

(5) Reflects ground lease payment proposed for use toward Nutrition Center.

TABLE A-2

**NET OPERATING INCOME
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY**

Kimball Tower - 150 tenant based vouchers	1 Bedroom
Morgan Tower - 148 project based vouchers (expiring in 2018)	Fair Market Rent \$1,342
	Payment Standard Voucher \$1,235

	Community HousingWorks			MIK Community Partners		
	Kimball 4% Tax Credits	Morgan 9% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Morgan 4% Tax Credits	
I. Residential Income						
30% AMI	# Units 75 Monthly Rent \$1,301 (3) Annual GSI \$1,170,900	# Units 30 Monthly Rent \$1,342 (4) Annual GSI \$483,120	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 2 Monthly Rent \$811 Annual GSI \$19,464	# Units 148 Monthly Rent \$1,342 (4) Annual GSI \$2,383,392	# Units 0 Monthly Rent \$0 Annual GSI \$0
50% AMI	# Units 75 Monthly Rent \$1,301 (3) Annual GSI \$1,170,900	# Units 105 Monthly Rent \$1,342 (4) Annual GSI \$1,690,920	# Units 150 Monthly Rent \$1,342 (4) Annual GSI \$241,560	# Units 151 Monthly Rent \$1,342 (4) Annual GSI \$32,208	# Units 151 Monthly Rent \$1,342 (4) Annual GSI \$2,415,600	# Units 151 Monthly Rent \$1,342 (4) Annual GSI \$2,412,588
N/A	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 15 Monthly Rent \$1,342 (4) Annual GSI \$241,560	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0
Manager	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$811 Annual GSI \$9,732	# Units 1 Monthly Rent \$811 Annual GSI \$9,732	# Units 1 Monthly Rent \$811 Annual GSI \$9,732
Total Residential Income	# Units 152 Monthly Rent \$1,284 Annual GSI \$2,341,800	# Units 151 Monthly Rent \$1,333 Annual GSI \$2,415,600	# Units 152 Monthly Rent \$1,342 Annual GSI \$2,447,808	# Units 151 Monthly Rent \$1,331 Annual GSI \$2,412,588	# Units 151 Monthly Rent \$1,331 Annual GSI \$2,412,588	# Units 151 Monthly Rent \$1,331 Annual GSI \$2,412,588
Add: Other Income	# Units \$8 /Unit/Month Annual GSI \$15,300	# Units \$8 /Unit/Month Annual GSI \$15,300	# Units \$4 /Unit/Month Annual GSI \$7,025	# Units \$4 /Unit/Month Annual GSI \$7,030	# Units \$4 /Unit/Month Annual GSI \$7,030	# Units \$4 /Unit/Month Annual GSI \$7,030
II. Gross Scheduled Income	# Units 5.0% of GSI Annual GSI \$2,357,100	# Units 5.0% of GSI Annual GSI \$2,430,900	# Units 4.9% of GSI Annual GSI \$2,454,833	# Units 5.0% of GSI Annual GSI \$2,419,618	# Units 5.0% of GSI Annual GSI \$2,419,618	# Units 5.0% of GSI Annual GSI \$2,419,618
(Less) Vacancy	# Units 5.0% of GSI Annual GSI (\$117,090)	# Units 5.0% of GSI Annual GSI (\$120,780)	# Units 4.9% of GSI Annual GSI (\$120,780)	# Units 5.0% of GSI Annual GSI (\$120,143)	# Units 5.0% of GSI Annual GSI (\$120,143)	# Units 5.0% of GSI Annual GSI (\$120,143)
Effective Gross Income	# Units 5.0% of GSI Annual GSI \$2,240,010	# Units 5.0% of GSI Annual GSI \$2,310,120	# Units 4.9% of GSI Annual GSI \$2,334,053	# Units 5.0% of GSI Annual GSI \$2,299,475	# Units 5.0% of GSI Annual GSI \$2,299,475	# Units 5.0% of GSI Annual GSI \$2,299,475
III. Operating Expenses	# Units \$4,600 /Unit/Year Annual GSI (\$699,200)	# Units \$4,600 /Unit/Year Annual GSI (\$694,600)	# Units \$5,364 /Unit/Year Annual GSI (\$815,372)	# Units \$5,294 /Unit/Year Annual GSI (\$799,385)	# Units \$5,294 /Unit/Year Annual GSI (\$799,385)	# Units \$5,294 /Unit/Year Annual GSI (\$799,385)
(Less) Operating Expenses	# Units \$586 /Unit/Year Annual GSI (\$89,000)	# Units \$589 /Unit/Year Annual GSI (\$89,000)	# Units \$103 /Unit/Year Annual GSI (\$15,607)	# Units \$101 /Unit/Year Annual GSI (\$15,301)	# Units \$101 /Unit/Year Annual GSI (\$15,301)	# Units \$101 /Unit/Year Annual GSI (\$15,301)
(Less) Service Amenities	# Units \$387 /Unit/Year Annual GSI (\$58,772)	# Units \$388 /Unit/Year Annual GSI (\$58,559)	# Units \$483 /Unit/Year Annual GSI (\$73,416)	# Units \$483 /Unit/Year Annual GSI (\$72,933)	# Units \$483 /Unit/Year Annual GSI (\$72,933)	# Units \$483 /Unit/Year Annual GSI (\$72,933)
(Less) Other	# Units \$5,570 /Unit/Year Annual GSI (\$846,972)	# Units \$5,580 /Unit/Year Annual GSI (\$842,159)	# Units \$5,950 /Unit/Year Annual GSI (\$904,395)	# Units \$5,880 /Unit/Year Annual GSI (\$887,619)	# Units \$5,880 /Unit/Year Annual GSI (\$887,619)	# Units \$5,880 /Unit/Year Annual GSI (\$887,619)
Total Operating Expenses	# Units 38% or EGI Annual GSI \$1,393,038	# Units 36% or EGI Annual GSI \$1,467,961	# Units 39% or EGI Annual GSI \$1,429,658	# Units 39% or EGI Annual GSI \$1,411,856	# Units 39% or EGI Annual GSI \$1,411,856	# Units 39% or EGI Annual GSI \$1,411,856
IV. Net Operating Income	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI (\$475,000)	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI \$0
(Less) Services Fee to Nutrition Center	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI (\$475,000)	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI \$0	# Units \$0 Annual GSI \$0
VI. NOI After Nutrition Center Fees Or Say (Rounded)	# Units \$1,393,038 Annual GSI \$1,393,000	# Units \$992,961 Annual GSI \$993,000	# Units \$1,429,658 Annual GSI \$1,430,000	# Units \$1,411,856 Annual GSI \$1,412,000	# Units \$1,411,856 Annual GSI \$1,412,000	# Units \$1,411,856 Annual GSI \$1,412,000

(1) Reflects payment standard voucher less utility allowance (\$41)
 (2) Reflects post renovated Fair Market Rents based on value analysis prepared by Lea & Company, August 25, 2017.
 (4) Reflects fair market rent (gross).
 (5) Reflects ground lease payment proposed for use toward Nutrition Center.

TABLE A-3

SELLER NOTE
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	BRIDGE Housing				Chelsea Investment Corporation				
	Kimball		Morgan		Kimball		Morgan		
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	
I. Sources of Funds									
Supportable Permanent Loan	\$9,987,100	\$65,705	\$9,983,800	\$66,118	\$25,381,000	\$166,980	\$25,499,000	\$168,868	
Tax Credit Equity Investment	\$13,353,920	\$87,855	\$13,777,728	\$91,243	\$19,068,405	\$125,450	\$19,374,747	\$128,310	
Deferred Developer Fee	\$0	\$0	\$0	\$0	\$2,365,000	\$15,559	\$2,360,000	\$15,629	
General Partner Equity Contribution	\$3,550,575	\$23,359	\$3,728,327	\$24,691	\$1,724,748	\$11,347	\$1,864,444	\$12,347	
Income During Construction	\$367,000	\$2,414	\$367,000	\$2,430	\$1,548,279	\$10,186	\$1,554,649	\$10,296	
Seller Note - Accrued Deferred Interest	\$539,324	\$3,548	\$570,952	\$3,781	\$0	\$0	\$0	\$0	
Existing Reserves	\$0	\$0	\$0	\$0	\$1,352,133	\$8,896	\$743,495	\$4,924	
AHP	\$0	\$0	\$0	\$0	\$1,500,000	\$9,868	\$1,500,000	\$9,934	
Soft Loan Interest	\$0	\$0	\$0	\$0	\$168,750	\$1,110	\$183,862	\$1,218	
Refunds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Total Sources of Fund Or Say (Rounded)	\$27,797,919 \$27,798,000	\$182,881	\$28,427,807 \$28,428,000	\$188,264	\$53,108,315 \$53,108,000	\$349,397	\$53,080,197 \$53,080,000	\$351,524	
II. Development Costs									
	(\$41,377,000)	(\$272,217)	(\$42,818,000)	(\$283,563)	(\$56,108,000)	(\$369,132)	(\$56,483,000)	(\$374,060)	
III. Seller Note									
	(\$13,579,000)	(\$89,336)	(\$14,390,000)	(\$95,298)	(\$3,000,000)	(\$19,737)	(\$3,403,000)	(\$22,536)	

TABLE A-3

SELLER NOTE
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	Community HousingWorks				MK Community Partners				
	Kimball		Morgan		Kimball		Morgan		
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	
I. Sources of Funds									
Supportable Permanent Loan	\$21,330,000	\$140,329	\$13,220,000	\$87,550	\$20,949,914	\$137,828	\$20,812,086	\$137,828	\$137,828
Tax Credit Equity Investment	\$18,069,795	\$118,880	\$24,335,215	\$161,160	\$12,563,031	\$82,652	\$12,563,031	\$83,199	\$83,199
Deferred Developer Fee	\$0	\$0	\$0	\$0	\$3,043,480	\$20,023	\$3,043,480	\$20,155	\$20,155
General Partner Equity Contribution	\$4,106,733	\$27,018	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income During Construction	\$1,796,480	\$11,819	\$1,254,501	\$8,308	\$0	\$0	\$0	\$0	\$0
Seller Note - Accrued Deferred Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Existing Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
AHP	\$1,500,000	\$9,868	\$1,500,000	\$9,934	\$0	\$0	\$0	\$0	\$0
Soft Loan Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Refunds	<u>\$100,000</u>	<u>\$658</u>	<u>\$95,442</u>	<u>\$632</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Sources of Fund Or Say (Rounded)	\$46,903,008	\$308,572	\$40,405,158	\$267,584	\$36,556,425	\$240,503	\$36,418,597	\$241,183	\$241,183
	\$46,903,000		\$40,405,000		\$36,556,000		\$36,419,000		
II. Development Costs									
	(\$52,295,000)	(\$344,046)	(\$49,154,000)	(\$325,523)	(\$36,488,000)	(\$240,053)	(\$36,988,000)	(\$244,954)	(\$244,954)
III. Seller Note									
	(\$5,392,000)	(\$35,474)	(\$8,749,000)	(\$57,940)	\$68,000	\$447	(\$569,000)	(\$3,768)	(\$3,768)

TABLE A-4

CASH PROCEEDS TO HOUSING AUTHORITY
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	BRIDGE Housing			Chelsea Investment Corporation		
	Kimball	Morgan	Total	Kimball	Morgan	Total
I. Purchase Price	\$21,754,000	\$22,976,000	\$44,730,000	\$31,400,000	\$32,700,000	\$64,100,000
II. (Less) Seller Note	(\$13,579,000)	(\$14,390,000)	(\$27,969,000)	(\$3,000,000)	(\$3,403,000)	(\$6,403,000)
III. (Less) Existing Loan Balance	\$0	\$0 ⁽¹⁾	\$0	\$0	\$0	\$0
IV. Cash Proceeds to Housing Authority Per Unit	\$8,175,000 \$54,000	\$8,586,000 \$57,000	\$16,761,000 \$55,000	\$28,400,000 \$187,000	\$29,297,000 \$194,000	\$57,697,000 \$190,000

(1) Adjusted by KMA to exclude BRIDGE's proposed repayment of existing loan balance estimated at \$234,000.

(2) Adjusted by KMA to exclude CHW's proposed repayment of existing loan balance estimated at \$726,000.

TABLE A-4

CASH PROCEEDS TO HOUSING AUTHORITY
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	CHW			Morgan Kimball Community Partners (RAHD Group)		
	Kimball	Morgan	Total	Kimball	Morgan	Total
I. Purchase Price	\$33,100,000	\$34,700,000	\$67,800,000	\$19,250,000	\$19,250,000	\$38,500,000
II. (Less) Seller Note	(\$5,392,000)	(\$8,749,000)	(\$14,141,000)	\$68,000	(\$569,000)	(\$501,000)
III. (Less) Existing Loan Balance	\$0	\$0 ⁽²⁾	\$0	\$0	\$0	\$0
IV. Cash Proceeds to Housing Authority Per Unit	\$27,708,000 \$182,000	\$25,951,000 \$172,000	\$53,659,000 \$177,000	\$19,318,000 \$127,000	\$18,681,000 \$124,000	\$37,999,000 \$125,000

(1) Adjusted by KMA to exclude BRIDGE's proposed repayment of existing loan balance estimated at \$234,000.

(2) Adjusted by KMA to exclude CHW's proposed repayment of existing loan balance estimated at \$726,000.

Attachment B

Kimball / Morgan RFP

KMA Adjusted Pro Formas

KMA Adjustments:

Acquisition Costs	\$200,000 /Unit
Buidling Rehabilitation	\$55,000 /Unit
Monthly Rent	\$1,301

TABLE B-1

**DEVELOPMENT COSTS
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY**

	BRIDGE Housing				Chelsea Investment Corporation			
	Kimball		Morgan		Kimball		Morgan	
	4% Tax Credits		4% Tax Credits		4% Tax Credits		4% Tax Credits	
Number of Units	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
One Bedroom	150 Units	\$0	150 Units	150 Units	150 Units	150 Units	150 Units	150 Units
Manager's Unit	2 Units	\$55,000	1 Units	\$0	2 Units	\$0	1 Units	\$0
Total Number of Units	152 Units	\$55,000	151 Units	\$55,000	152 Units	\$0	151 Units	\$55,000
I. Direct Costs (1)	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
On-Sites/Off-Sites, Remediation, Parking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Building Rehabilitation - Residential	\$8,360,000	\$55,000	\$8,305,000	\$55,000	\$8,360,000	\$55,000	\$8,305,000	\$55,000
Building Rehabilitation - Nutrition Center	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amenities/FF&E	\$100,000	\$658	\$150,000	\$993	\$400,000	\$2,632	\$338,000	\$2,238
Contingency	<u>\$1,254,000</u>	<u>15%</u>	<u>\$1,246,000</u>	<u>15%</u>	<u>\$842,000</u>	<u>10%</u>	<u>\$836,000</u>	<u>10%</u>
Total Direct Costs	\$9,714,000	\$63,908	\$9,701,000	\$64,245	\$9,602,000	\$63,171	\$9,479,000	\$62,775
II. Indirect Costs								
Indirect Costs	\$2,332,000	\$15,342	\$2,329,000	\$15,424	\$1,944,000	\$12,789	\$1,754,000	\$11,616
Developer Fee	\$6,170,000	\$40,592	\$6,140,000	\$40,662	\$6,259,000	\$41,178	\$6,725,000	\$44,536
Total Indirect Costs	\$8,502,000	\$55,934	\$8,469,000	\$56,086	\$8,203,000	\$53,967	\$8,479,000	\$56,152
III. Financing Costs	<u>\$2,526,000</u>	<u>\$16,618</u>	<u>\$2,522,000</u>	<u>\$16,702</u>	<u>\$3,669,000</u>	<u>\$24,138</u>	<u>\$3,076,000</u>	<u>\$20,371</u>
IV. Total Development Costs Excluding Acquisition	\$20,742,000	\$136,461	\$20,692,000	\$137,033	\$21,474,000	\$141,276	\$21,034,000	\$139,298
V. Acquisition Costs								
Land	\$3,040,000	\$20,000	\$3,020,000	\$20,000	\$3,040,000	\$20,000	\$3,020,000	\$20,000
Building	<u>\$27,360,000</u>	<u>\$180,000</u>	<u>\$27,180,000</u>	<u>\$180,000</u>	<u>\$27,360,000</u>	<u>\$180,000</u>	<u>\$27,180,000</u>	<u>\$180,000</u>
Total Acquisition Costs	\$30,400,000	\$200,000	\$30,200,000	\$200,000	\$30,400,000	\$200,000	\$30,200,000	\$200,000
VI. Total Development Costs Incl. Acquisition	\$51,142,000	\$336,000	\$50,892,000	\$337,000	\$51,874,000	\$341,000	\$51,234,000	\$339,000

(1) Includes the payment of prevailing wages.

TABLE B-1

**DEVELOPMENT COSTS
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY**

	Community HousingWorks		MK Community Partners	
	Kimball 4% Tax Credits	Morgan 9% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits
Number of Units				
One Bedroom	150 Units	150 Units	150 Units	150 Units
Manager's Unit	2 Units	1 Units	2 Units	1 Units
Total Number of Units	152 Units	151 Units	152 Units	151 Units
I. Direct Costs (1)	Total	Total	Total	Total
On-Sites/Off-Sites, Remediation, Parking	\$0	\$0	\$0	\$0
Building Rehabilitation - Residential	\$8,360,000	\$8,305,000	\$8,360,000	\$8,305,000
Building Rehabilitation - Nutrition Center	\$0	\$0	\$0	\$3,311
Amenities/FF&E	\$75,000	\$75,000	\$125,000	\$828
Contingency	\$835,000	\$830,000	\$791,000	\$786,000
Total Direct Costs	\$9,270,000	\$9,210,000	\$9,276,000	\$9,716,000
II. Indirect Costs				
Indirect Costs	\$1,624,000	\$1,598,000	\$2,504,000	\$2,486,000
Developer Fee	\$6,604,000	\$2,000,000	\$5,928,000	\$5,958,000
Total Indirect Costs	\$8,228,000	\$3,598,000	\$8,432,000	\$8,444,000
III. Financing Costs	\$2,940,000	\$2,880,000	\$1,026,000	\$1,018,000
IV. Total Development Costs Excluding Acquisition	\$20,438,000	\$15,688,000	\$18,734,000	\$19,178,000
V. Acquisition Costs				
Land	\$3,040,000	\$3,020,000	\$3,040,000	\$3,020,000
Building	\$27,360,000	\$27,180,000	\$27,360,000	\$27,180,000
Total Acquisition Costs	\$30,400,000	\$30,200,000	\$30,400,000	\$30,200,000
VI. Total Development Costs Incl. Acquisition	\$50,838,000	\$45,888,000	\$49,134,000	\$49,378,000
	Per Unit	Per Unit	Per Unit	Per Unit
	\$0	\$0	\$0	\$0
	\$55,000	\$55,000	\$55,000	\$55,000
	\$0	\$0	\$0	\$3,311
	\$493	\$497	\$822	\$828
	10%	10%	9%	9%
	\$60,987	\$60,993	\$61,026	\$64,344
	\$10,684	\$10,583	\$16,474	\$16,464
	\$43,447	\$13,245	\$39,000	\$39,457
	\$54,132	\$23,828	\$55,474	\$55,921
	\$19,342	\$19,073	\$6,750	\$6,742
	\$134,461	\$103,894	\$123,250	\$127,007
	\$20,000	\$20,000	\$20,000	\$20,000
	\$180,000	\$180,000	\$180,000	\$180,000
	\$200,000	\$200,000	\$200,000	\$200,000

(1) Includes the payment of prevailing wages.

TABLE B-2

**NET OPERATING INCOME
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY**

Fair Market Rent	1 Bedroom
Payment Standard Voucher	\$1,342
	\$1,235

Kimball Tower - 150 tenant based vouchers
Morgan Tower - 148 project based vouchers (expiring in 2018)

	BRIDGE Housing			Chelsea Investment Corporation		
	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Annual GSI	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Annual GSI
I. Residential Income (1)						
30% AMI	# Units: 0	Monthly Rent: \$0	Annual GSI: \$0	# Units: 150	Monthly Rent: \$1,301	Annual GSI: \$2,341,800
50% AMI	150	\$1,301	\$2,341,800	0	\$0	\$0
N/A	0	\$0	\$0	0	\$0	\$0
Manager	2	\$0	\$0	1	\$0	\$0
Total Residential Income	152	\$1,284	\$2,341,800	152	\$1,284	\$2,341,800
Add: Other Income	\$4	/Unit/Month	\$7,405	\$4	/Unit/Month	\$7,248
II. Gross Scheduled Income						
(Less) Vacancy	5.0% of GSI		\$2,348,829	5.0% of GSI		\$2,349,096
Effective Gross Income			<u>(\$117,441)</u>			<u>(\$117,455)</u>
			\$2,231,388			\$2,231,641
III. Operating Expenses						
(Less) Operating Expenses	\$6,288	/Unit/Year	(\$955,800)	\$6,336	/Unit/Year	(\$956,700)
(Less) Service Amenities	\$362	/Unit/Year	(\$55,000)	\$364	/Unit/Year	(\$55,000)
(Less) Other	\$448	/Unit/Year	<u>(\$68,100)</u>	\$449	/Unit/Year	<u>(\$67,800)</u>
Total Operating Expenses	\$7,098	/Unit/Year	(\$1,078,900)	\$7,149	/Unit/Year	(\$1,079,500)
	48% or EGI			48% or EGI		
IV. Net Operating Income			\$1,152,488			\$1,152,245
			<u>(\$237,500)</u> (5)			<u>(\$237,500)</u> (5)
V. (Less) Services Fee to Nutrition Center						
VI. NOI After Nutrition Center Fees Or Say (Rounded)			\$914,988			\$914,745
			\$915,000			\$915,000

(1) Reflects fair market rent less utility allowance (\$41).

(2) Reflects ground lease payment proposed for use toward Nutrition Center.

(3) Reflects ground lease payment proposed for use toward Nutrition Center.

TABLE B-2

**NET OPERATING INCOME
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY**

Fair Market Rent	1 Bedroom
Payment Standard Voucher	\$1,342
	\$1,235

Kimball Tower - 150 tenant based vouchers
Morgan Tower - 148 project based vouchers (expiring in 2018)

	Community HousingWorks			MK Communiyt Partners		
	Kimball 4% Tax Credits	Morgan 9% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits	Kimball 4% Tax Credits	Morgan 4% Tax Credits
I. Residential Income (1)						
30% AMI	# Units 75 Monthly Rent \$1,301 Annual GSI \$1,170,900	# Units 30 Monthly Rent \$1,301 Annual GSI \$468,360	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 148 Monthly Rent \$1,301 Annual GSI \$2,341,800	# Units 2 Monthly Rent \$1,301 Annual GSI \$31,224
50% AMI	# Units 75 Monthly Rent \$1,301 Annual GSI \$1,170,900	# Units 105 Monthly Rent \$1,301 Annual GSI \$1,639,260	# Units 150 Monthly Rent \$0 Annual GSI \$0	# Units 150 Monthly Rent \$0 Annual GSI \$0	# Units 148 Monthly Rent \$1,301 Annual GSI \$2,341,800	# Units 148 Monthly Rent \$1,301 Annual GSI \$2,341,800
N/A	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 15 Monthly Rent \$1,301 Annual GSI \$234,180	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0	# Units 0 Monthly Rent \$0 Annual GSI \$0
Manager	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 2 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0	# Units 1 Monthly Rent \$0 Annual GSI \$0
Total Residential Income	# Units 152 Monthly Rent \$1,284 Annual GSI \$2,341,800	# Units 151 Monthly Rent \$1,292 Annual GSI \$2,341,800	# Units 152 Monthly Rent \$1,284 Annual GSI \$2,341,800	# Units 152 Monthly Rent \$1,284 Annual GSI \$2,341,800	# Units 151 Monthly Rent \$1,292 Annual GSI \$2,341,800	# Units 151 Monthly Rent \$1,292 Annual GSI \$2,341,800
Add: Other Income	# Units \$8 /Unit/Month Annual GSI \$15,300	# Units \$8 /Unit/Month Annual GSI \$15,300	# Units \$8 /Unit/Month Annual GSI \$15,300	# Units \$8 /Unit/Month Annual GSI \$15,300	# Units \$8 /Unit/Month Annual GSI \$15,300	# Units \$8 /Unit/Month Annual GSI \$15,300
II. Gross Scheduled Income	\$2,357,100	\$2,357,100	\$2,357,100	\$2,357,100	\$2,357,100	\$2,357,100
(Less) Vacancy	5.0% of GSI (\$117,090)	5.0% of GSI (\$117,855)	5.0% of GSI (\$117,855)	5.0% of GSI (\$117,855)	5.0% of GSI (\$117,441)	5.0% of GSI (\$117,442)
Effective Gross Income	\$2,240,010	\$2,239,245	\$2,239,245	\$2,239,245	\$2,231,384	\$2,231,389
III. Operating Expenses						
(Less) Operating Expenses	\$4,600 /Unit/Year (\$699,200)	\$4,600 /Unit/Year (\$694,600)	\$4,600 /Unit/Year (\$694,600)	\$4,600 /Unit/Year (\$694,600)	\$5,364 /Unit/Year (\$815,372)	\$5,294 /Unit/Year (\$799,385)
(Less) Service Amenities	\$586 /Unit/Year (\$89,000)	\$589 /Unit/Year (\$89,000)	\$589 /Unit/Year (\$89,000)	\$589 /Unit/Year (\$89,000)	\$103 /Unit/Year (\$15,607)	\$101 /Unit/Year (\$15,301)
(Less) Other	\$387 /Unit/Year (\$58,772)	\$388 /Unit/Year (\$58,559)	\$388 /Unit/Year (\$58,559)	\$388 /Unit/Year (\$58,559)	\$483 /Unit/Year (\$73,416)	\$483 /Unit/Year (\$72,933)
Total Operating Expenses	\$5,570 /Unit/Year 38% or EGI (\$846,972)	\$5,580 /Unit/Year 38% or EGI (\$842,159)	\$5,580 /Unit/Year 38% or EGI (\$842,159)	\$5,580 /Unit/Year 38% or EGI (\$842,159)	\$5,950 /Unit/Year 41% or EGI (\$904,395)	\$5,880 /Unit/Year 40% or EGI (\$887,619)
IV. Net Operating Income	\$1,393,038	\$1,397,086	\$1,397,086	\$1,397,086	\$1,326,989	\$1,343,770
V. (Less) Services Fee to Nutrition Center	\$0	(\$475,000)	(\$475,000)	(\$475,000)	\$0	\$0
VI. NOI After Nutrition Center Fees Or Say (Rounded)	\$1,393,038 \$1,393,000	\$922,086 \$922,000	\$922,086 \$922,000	\$922,086 \$922,000	\$1,326,989 \$1,327,000	\$1,343,770 \$1,344,000

(1) Reflects fair market rent less utility allowance (\$41).

(2) Reflects ground lease payment proposed for use toward Nutrition Center.

(3) Reflects ground lease payment proposed for use toward Nutrition Center.

TABLE B-3

SELLER NOTE
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	BRIDGE Housing				Chelsea Investment Corporation			
	Kimball		Morgan		Kimball		Morgan	
	4% Tax Credits		4% Tax Credits		4% Tax Credits		4% Tax Credits	
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit
I. Sources of Funds								
Supportable Permanent Loan	\$12,483,000	\$82,125	\$12,480,000	\$82,649	\$19,481,000	\$128,164	\$19,599,000	\$129,795
Tax Credit Equity Investment	\$15,938,000	\$104,855	\$15,860,000	\$105,033	\$17,846,000	\$117,408	\$17,626,000	\$116,728
Deferred Developer Fee	\$0	\$0	\$0	\$0	\$1,686,000	\$11,092	\$1,687,000	\$11,172
General Partner Equity Contribution	\$4,670,000	\$30,724	\$4,640,000	\$30,728	\$2,074,000	\$13,645	\$2,537,000	\$16,801
Income During Construction	\$367,000	\$2,414	\$367,000	\$2,430	\$1,548,279	\$10,186	\$1,554,649	\$10,296
Seller Note - Accrued Deferred Interest	\$539,324	\$3,548	\$570,952	\$3,781	\$0	\$0	\$0	\$0
Existing Reserves	\$0	\$0	\$0	\$0	\$1,352,133	\$8,896	\$743,495	\$4,924
AHP	\$0	\$0	\$0	\$0	\$1,500,000	\$9,868	\$1,500,000	\$9,934
Soft Loan Interest	\$0	\$0	\$0	\$0	\$168,750	\$1,110	\$183,862	\$1,218
Refunds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sources of Fund Or Say (Rounded)	\$33,997,324 \$33,997,000	\$223,667	\$33,917,952 \$33,918,000	\$224,622	\$45,656,162 \$45,656,000	\$300,369	\$45,431,006 \$45,431,000	\$300,868
II. Development Costs								
	(\$51,142,000)	(\$336,461)	(\$50,892,000)	(\$337,033)	(\$51,874,000)	(\$341,276)	(\$51,234,000)	(\$339,298)
III. Seller Note								
	(\$17,145,000)	(\$112,796)	(\$16,974,000)	(\$112,411)	(\$6,218,000)	(\$40,908)	(\$5,803,000)	(\$38,430)

TABLE B-3

SELLER NOTE
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	Community Housing Works				MIK Community Partners				
	Kimball		Morgan		Kimball		Morgan		
	Total	Per Unit	Total	Per Unit	Total	Per Unit	Total	Per Unit	
I. Sources of Funds									
Supportable Permanent Loan	\$21,330,000	\$140,329	\$12,277,000	\$81,305	\$19,445,000	\$127,928	\$19,808,000	\$131,179	
Tax Credit Equity Investment	\$16,998,000	\$111,829	\$24,586,000	\$162,821	\$15,631,000	\$102,836	\$15,709,000	\$104,033	
Deferred Developer Fee	\$0	\$0	\$0	\$0	\$4,228,000	\$27,816	\$4,215,000	\$27,914	
General Partner Equity Contribution	\$4,107,000	\$27,020	\$0	\$0	\$0	\$0	\$0	\$0	
Income During Construction	\$1,796,480	\$11,819	\$1,254,501	\$8,308	\$0	\$0	\$0	\$0	
Seller Note - Accrued Deferred Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Existing Reserves	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
AHP	\$1,500,000	\$9,868	\$1,500,000	\$9,934	\$0	\$0	\$0	\$0	
Soft Loan Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Refunds	\$100,000	\$658	\$95,442	\$632	\$0	\$0	\$0	\$0	
Total Sources of Fund Or Say (Rounded)	\$45,831,480 \$45,831,000	\$301,523	\$39,712,943 \$39,713,000	\$263,000	\$39,304,000 \$39,304,000	\$258,579	\$39,732,000 \$39,732,000	\$263,126	
II. Development Costs									
	(\$50,838,000)	(\$334,461)	(\$45,888,000)	(\$303,894)	(\$49,134,000)	(\$323,250)	(\$49,378,000)	(\$327,007)	
III. Seller Note									
	(\$5,007,000)	(\$32,941)	(\$6,175,000)	(\$40,894)	(\$9,830,000)	(\$64,671)	(\$9,646,000)	(\$63,881)	

TABLE B-4

CASH PROCEEDS TO HOUSING AUTHORITY
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	BRIDGE Housing			Chelsea Investment Corporation		
	Kimball	Morgan	Total	Kimball	Morgan	Total
I. Purchase Price	\$30,400,000	\$30,200,000	\$60,600,000	\$30,400,000	\$30,200,000	\$60,600,000
II. (Less) Seller Note	(\$17,145,000)	(\$16,974,000)	(\$34,119,000)	(\$6,218,000)	(\$5,803,000)	(\$12,021,000)
III. (Less) Existing Loan Balance	\$0	\$0 ⁽¹⁾	\$0	\$0	\$0	\$0
IV. Cash Proceeds to Housing Authority Per Unit	\$13,255,000 \$87,000	\$13,226,000 \$88,000	\$26,481,000 \$87,000	\$24,182,000 \$159,000	\$24,397,000 \$162,000	\$48,579,000 \$160,000

(1) Adjusted by KMA to exclude BRIDGE's proposed repayment of existing loan balance estimated at \$234,000.

(2) Adjusted by KMA to exclude CHW's proposed repayment of existing loan balance estimated at \$726,000.

TABLE B-4

CASH PROCEEDS TO HOUSING AUTHORITY
KIMBALL AND MORGAN TOWERS
CITY OF NATIONAL CITY

	CHW			Morgan Kimball Community Partners (RAHD Group)		
	Kimball	Morgan	Total	Kimball	Morgan	Total
I. Purchase Price	\$30,400,000	\$30,200,000	\$60,600,000	\$30,400,000	\$30,200,000	\$60,600,000
II. (Less) Seller Note	(\$5,007,000)	(\$6,175,000)	(\$11,182,000)	(\$9,830,000)	(\$9,646,000)	(\$19,476,000)
III. (Less) Existing Loan Balance	\$0	\$0 (2)	\$0	\$0	\$0	\$0
IV. Cash Proceeds to Housing Authority Per Unit	\$25,393,000 \$167,000	\$24,025,000 \$159,000	\$49,418,000 \$163,000	\$20,570,000 \$135,000	\$20,554,000 \$136,000	\$41,124,000 \$136,000

(1) Adjusted by KMA to exclude BRIDGE's proposed repayment of existing loan balance estimated at \$234,000.

(2) Adjusted by KMA to exclude CHW's proposed repayment of existing loan balance estimated at \$726,000.

Attachment C

Kimball / Morgan RFP

RFP QUESTIONS AND RESPONSES

ATTACHMENT C

RFP QUESTIONS/RESPONSES
KIMBALL AND MORGAN RFP
CITY OF NATIONAL CITY

I. QUESTIONS/RESPONSE #1: JULY 21, 2017:

1) Can a development team schedule more than one tour of the buildings?

Response: Tours of the buildings will be limited to a total of two hours. The City Council decided that a capital needs assessment would not be part of the financial evaluation process. RFP responses will be evaluated based on the financing plan proposed for the project and not the detail of the rehabilitation budget.

II. QUESTIONS/RESPONSE #2: JULY 24, 2017:

1) The scope and costs assumed for the renovation/rehabilitation of the towers directly affects the financial terms of the project that can be offered to the City (purchase price and ground lease payment to the City, seller carryback note, repayment of any City contribution). Has the City considered determining a fixed renovation budget for each tower for the purposes of the RFP responses? Having all teams use the same budget could help mitigate potential variation in proposed financial terms caused by varying budget/scope assumptions.

Response: For proposal submittal purposes, each respondent shall assume a rehabilitation budget allowance of \$55,000 per unit. This figure is assumed to include contractor overhead fee, general conditions, and contractor contingency. This figure does NOT include FF&E/Amenities and owner contingency.

This figure is provided as an estimate for RFP submittal purposes only. The City has not conducted a capital needs assessment for either building. The selected developer will be responsible for commissioning a capital needs assessment for each building in order to determine the appropriate rehabilitation budget needed.

2) Can you please provide the current staffing plan for each of the towers– list of current staff, position, salary and whether they are shared staff or part time.

Response:

Title	Hours/Week
Office Assistant	40 hours/week
Manager	40 hours/week
Assistant Manager	32 hours/week
Superintendent	40 hours/week
Maintenance	40 hours/week
Maintenance	40 hours/week

All staff are shared between the Towers. For privacy purposes, the City has requested that salary information for these individuals not be disclosed.

- 3) Can you please provide a detailed Profit and Loss Statement for both Kimball and Morgan for the 12 months ending 12.31/16 (similar to Attachment D.3 that was included for Kimball for FY 2014)**

Response: This information has been requested from property management and will be distributed when available.

- 4) Regarding Kimball Tower – what is the \$25,000 budgeted for Management Consultants?**

Response: The \$25,000 for Management Consultants shown in the Operating Budget is an asset management fee provided to the City of National City. The City will no longer collect this fee when the Towers are transferred to the new owner/operator.

- 5) Regarding both Kimball and Morgan Towers – what are the amounts and nature of the expenses that are paid by the properties for the Nutrition Center (acct #6535) for 2015, 2016 and 2017? Are these payments in addition to the City’s annual subsidy of the Nutrition Center?**

Response: The operating budgets for the Towers provide for the maintenance of the common areas and other non-tenant improvement areas (i.e., shell, roof, building systems, etc.). The City provides janitorial services for areas inside the Nutrition Center including the lounge, cafeteria, and kitchen under a separate budget.

III. QUESTIONS/RESPONSE #3: JULY 31, 2017:

- 1) Can you please provide a detailed Profit and Loss Statement for both Kimball and Morgan for the 12 months ending 12.31/16 (similar to Attachment D.3 that was included for Kimball for FY 2014)

Response: See attached.

- 2) Does the City have lead or asbestos reports for the Towers?

Response: No, the City does not have lead or asbestos reports for either tower.

IV. QUESTIONS/RESPONSE #4: AUGUST 3, 2017:

- 1) We request the last budget year operating budget breakdown for the Nutrition Center- for which the city's General Fund provides an annual subsidy of \$475,000.

Response: Please see attached.

V. QUESTIONS/RESPONSE #5: AUGUST 8, 2017:

- 1) Can you provide us with annual operating statements for Morgan and Kimball Towers for two complete years, 2016 and 2015?

Response: Please see attached.

- 2) Can you provide us with a current rent roll for Morgan and Kimball Towers?

Response: Please see attached.

- 3) For purposes of underwriting and achieving the best financial outcome for the City of National City, can we assume that the City would be willing to issue project-based vouchers for 100% of the units of Kimball Tower? If the City would be willing to issue some project-based vouchers, but not 100%, how many should we assume? Or, for our evaluation and underwriting, should we assume that the City will not issue any project-based vouchers at Kimball Tower?

Response: For analysis and underwriting purposes, please assume that the City will not issue any project-based vouchers for Kimball Tower.

VI. QUESTIONS/RESPONSE #6: AUGUST 14, 2017:

- 1) In RFP Question/Response #5 distributed on Tuesday 8/8/17, proposers were directed as follows:

“For analysis and underwriting purposes, please assume that the City will not issue any project-based vouchers for Kimball Tower.”

Because the question of project-based vouchers on the Kimball Tower is one of the more significant issues in the restructuring of the Morgan and Kimball Towers project, we would like to discuss this issue further.

If no project-based vouchers are provided on the Kimball Tower, the residential rental income that can be underwritten and leveraged on Kimball Tower as part of the recapitalization will be significantly lower than the income that can be underwritten on Morgan Tower. Lenders will not underwrite tenant-based voucher income. Given the economics of the rents and operating expenses, our conclusion is that it is unlikely that a permanent loan could be supported on Kimball even though the tenant-based vouchers would generate significant net income for the project. By contrast, Morgan Tower will have a renewed HAP contract with essentially FMR-based contract rents, and lenders will underwrite a permanent loan based on those contract rents.

The result is a much lower amount of permanent financing (by millions of dollars) that can be leveraged for Kimball compared to Morgan. This in turn means less funding available for the overall renovation effort and for up-front payments to the Housing Authority.

We believe that by working with the Housing Authority and HUD we can achieve 150 project-based vouchers on Kimball. Having these vouchers in place would result in better economics for the project and the City. In light of this, we’d like to respectfully request that the City and KMA discuss this issue further to evaluate options and then provide direction to the proposers on this issue.

Response: Please assume that 100% of the units at Kimball Tower are project based. Although the City does not currently have a formal contract with HUD for the vouchers at Kimball Tower, HUD does currently recognize the Section 8 vouchers for Kimball as project based.

The selected developer will have to assist in formalizing an agreement with HUD for the project based vouchers currently being provided at Kimball.

VII. QUESTIONS/RESPONSE #7: AUGUST 14, 2017:

- 1) Please confirm Utility Allowances to be used on a per unit basis and/or in addition if the tenants pay for the utilities as part of their 30%?

Response: Tenants pay for electric heating, electric cooking, and other electric-lights. The current monthly utility allowance paid by tenants totals \$41.00. Tenants pay 30% of their monthly income minus the utility allowance of \$41.00.

The Housing Authority of National City has its own utility allowance schedule and is revised yearly in October. The Housing Authority's current utility allowance schedule can be found at: <http://www.nationalcityca.gov/home/showdocument?id=187>

VIII. QUESTIONS/RESPONSE #8: AUGUST 21, 2017:

Note: The following questions were received prior to the deadline for submittal of questions (August 15, 4:00 p.m.)

- 1) Our assumption is that when the project based voucher agreement for Kimball is formalized with HUD, the rent for each unit will be reset to the then-current Housing Authority payment standard. For the purposes of the RFP proforma, please confirm that teams should use the current 1BR payment standard from the Housing Authority's website?

Response: Yes, please use the current FMR that our found on the utility allowance schedule.

<http://www.nationalcityca.gov/home/showdocument?id=187>

- 2) Regarding the Morgan Tower, a new HAP rent level will be established with HUD via a market study process as part of the HAP contract renewal. It is possible that the final Morgan rents could be different than the final Kimball rents. This will be sorted out through negotiations with HUD. However, since this market study process hasn't taken place, for the purposes of the RFP proforma should teams use the current Housing Authority 1BR payment standard for Morgan so that both towers will have the same rental revenue assumption?

Response: Yes, assume the same rent for both Kimball and Morgan.

RESOLUTION NO. 2017 –

RESOLUTION OF THE COMMUNITY DEVELOPMENT COMMISSION-HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY ACCEPTING THE FINDINGS FROM THE ANALYSIS COMPLETED BY KEYSER MARSTON ASSOCIATES, INC., OF FOUR FINANCIAL PROPOSALS SUBMITTED THROUGH A REQUEST FOR PROPOSALS PROCESS; SELECTING THE DEVELOPMENT TEAM COMPRISED OF COMMUNITY HOUSINGWORKS, INC., A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION, AND MERCY HOUSING CALIFORNIA, INC., A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION, FOR THE RECAPITALIZATION AND REHABILITATION OF KIMBALL AND MORGAN TOWERS LOCATED AT 1317 AND 1415 “D” AVENUE IN NATIONAL CITY; AND AUTHORIZING THE CITY MANAGER TO EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT IN ORDER TO BEGIN NEGOTIATIONS WITH THE SELECTED DEVELOPER

WHEREAS, the Community Development Commission-Housing Authority of the City of National City (“CDC-HA”) owns the Kimball and Morgan Towers, which are generally located at 1317 “D” Avenue and 1415 “D” Avenue, National City (the “Property”); and

WHEREAS, Community HousingWorks and Mercy Housing California (jointly referred to as “Developer”) responded jointly to the Request for Qualifications (“RFQ”) issued by the CDC-HA dated March 24, 2016 and to the Request for Proposals (“RFP”) issued by the CDC-HA dated June 30, 2017, and desires to recapitalize the Property and rehabilitate the improvements thereon generally as set forth in the RFQ; and

WHEREAS, the Selection Committee established and approved by the CDC-HA as part of the Request for Qualifications process reviewed all of the complete RFQ responses, heard presentations, and conducted interviews from each development team; considered experience and qualifications, leveraging of non-CDC-HA resources, financial capacity, operating experience; and resident services and ranked the Developer as the highest of five development teams; and

WHEREAS, the CDC-HA Board of Commissioner heard presentations on behalf of five development teams on October 25, 2016, and on December 6, 2016 determined an in-depth financial evaluation and comparison of financial proposals was necessary through a Request for Proposals (RFQ) process to make a selection of a development team; and

WHEREAS, Keyser Marston Associates, Inc. (KMA) issued the RFP on June 30, 2017 on behalf of the CDC-HA and, through the established financial evaluation criteria that included an analysis of each development team’s development program, depth of affordability, overall project feasibility, scored the Developer the highest of the four development teams that responded to the RFP; and

NOW, THEREFORE, BE IT RESOLVED that the Community Development Commission-Housing Authority of the City of National City accepts the findings from the analysis completed by Keyser Marston Associates, Inc., of four financial proposals submitted through a Request for Proposals process.

BE IT FURTHER RESOLVED that the Community Development Commission-Housing Authority of the City of National City selects the development team comprised of Community HousingWorks, Inc., a California non-profit public benefit corporation, and Mercy

Housing California, Inc., a California non-profit public benefit corporation, for the recapitalization and rehabilitation of Kimball and Morgan Towers located at 1317 and 1415 “D” Avenue in National City.

BE IT FURTHER RESOLVED that the Community Development Commission-Housing Authority of the City of National City, in order to begin negotiations, authorizes the City Manager to execute an Exclusive Negotiating Agreement with the selected developer.

PASSED and ADOPTED this 5th day of December, 2017.

Ron Morrison, Chairman

ATTEST:

Leslie Deese, Secretary

APPROVED AS TO FORM:

Angil P. Morris-Jones
General Counsel