

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

MEETING DATE: October 8, 2013

AGENDA ITEM NO. 2

ITEM TITLE:

City Council review and discussion of proposed Policy updates to the City Council Policy Manual (Chapters 200-500)

PREPARED BY: Leslie Deese, City Manager 619-336-4240

DEPARTMENT: City Manager/City Attorney

PHONE: Claudia, Silva, City Attorney, 619-336-4220

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:

Review proposed policy revisions for Chapters 200-500. A supporting Resolution will be brought forward to Council at a subsequent Council meeting for adoption of said chapters.

BOARD / COMMISSION RECOMMENDATION:

N/A

ATTACHMENTS:

- 1) Staff Report
- 2) Proposed Policies (See staff report)

Background:

The City Council Policy Manual is comprised of 52 policy sections covering ten areas:

Chapter 100 – Administration and Policy Management
Chapter 200 - Financial Services
Chapter 300 – Legal and Legislative Services
Chapter 400 – Municipal Planning and Development
Chapter 500 – Public Works
Chapter 600 – Personnel Services
Chapter 700 – Traffic and Public Safety
Chapter 800 – Public Service Facilities
Chapter 900 – Real Estate and Public Property
Chapter 1000 – Risk Management

The Policy Manual is a comprehensive document that has 52 policies that vary in complexity and length. Some policies are one page and as simple as calling a special meeting. Others, such as the City Council's policy on Investments, are quite lengthy and technical. In the past, the City Council has addressed various policies on an as-needed basis.

On April 2, 2013 at its regular meeting, the City Council considered the item and requested a workshop be scheduled to review the proposed Chapter 100 policy revisions. The City Council met at a special workshop on June 11, 2013 to review and comment on these policies.

A second workshop was scheduled for October 8 to review the final drafts of Chapter 100 as well as first drafts of Chapters 200-500. In addition, Council directed staff to bring back a draft policy establishing meetings between the Mayor and Vice Mayor. As discussed in previous staff reports, new policies will be brought forward to a future Council meeting once remaining policies chapters have been reviewed and approved by the Council.

Discussion:

Per Policy 101, the City Council Policy Manual should be reviewed on an annual basis, and updated as necessary. In an effort to bring the policies up to date, the entire manual is being reviewed, one chapter at a time, with proposed changes presented for Council review and approval.

The information before you includes the final drafts of Chapter 100 policies, a resolution adopting said policies; and the first drafts of Chapter 200-500 policies. Subsequent chapters, and any new policies, will be brought forward to future Council meetings.

To ensure the Council had sufficient time to review the proposed changes to the policies, the following documents were distributed on September 24, 2013:

Chapter 100 (with yellow inserts between each policy)

- A list of significant changes made at the June 13, 2013 Council workshop
- A copy with changes identified (where applicable)
- Final draft for Council review and approval (watermarked "Final Draft")

Chapters 200-500 (with blue inserts between each policy)

- A list of significant changes proposed by staff
- The original/existing policy (watermarked "Original")
- A draft with proposed changes identified (no watermark). Additions are underlined, deletions appear in right margin.
- A final draft that incorporates proposed changes for Council review/approval (watermarked "Draft")
- Note: We are still working on a couple of policies in the section (as noted in the Significant Changes memo). Due to the amount of rework and research needed on these policies, we did not want to delay Council's review of the other policies. Said policies will be brought back at a future meeting.

Also attached, per Council's request, is a set of "Council Policy Review Forms" that may be used to help facilitate Council's thoughts/questions on each policy that Council may be articulating at the workshop.

After Council's review and preliminary approval, supporting Resolution(s) will be brought forward to Council at a subsequent meeting for final adoption. Once all the chapters have been adopted, the Policy Manual will be posted to the City's website.

Summary of Recommended Changes to City Council Policy Manual Chapters 200-500

Chapter 200

Policy #201: Maintenance of Reserve Funds

- Limits changed for Liability Insurance Reserve
- Limits changed for Workers Compensation Reserve
- Limits changed for Debt Service Reserve

Policy #202: Contributions

- Delete Policy: the City no longer provides “donations” to outside agencies

Policy #203: Investments

- Changed references of ‘governing body’ to ‘City Council’
- Changed ‘Monthly’ reporting to ‘Quarterly’, and changed reporting requirements (Section XII)
- Updated list of Authorized Personnel

Policy #204: Donation Acceptance

- Elaborated on #6 under Policy section. Donations may not be conditioned on continuing funding
- Elaborated on #10 under Policy section: Monetary donations shall be submitted to the Finance Dept. Recipient departments must notify Finance Department of all donations.
- Added Related Policy References

Policy #205: Intrabudget Adjustment Requests (IBARS)

- Clarification of proper use of IBAR form
- For accounts within the control of a Council member, the IBAR form shall also be signed by the Mayor
- Added Related Policy References

Chapter 300

Chapter #301: Legislative and Judicial Platform

- Added Related Policy References

Chapter 400

Chapter #401: Environmental Guidelines/CEQA

- Recommended changes will be distributed at later date

Chapter #402: Procedures and Requirements for Development Agreements

- Renumbered all sections
- Eliminated reference to Development Services Director, replaced with City Manager or designee

- Added Related Policy References

Chapter 500

Chapter #501: Sewer Stoppage

- Delete Policy: City staff will respond in accordance with existing Sanitary Sewer Overflow Emergency Response Plan (SSOERP) which is part of Sewer System Master Plan (SSMP)

Chapter #502: Professional Service Change Order

- Recommended changes will be submitted at a later date

Chapter #503: Underground Conversion

- Delete Policy: City staff will refer to Municipal Code Chapter 13.08 (subsections 060-210), and Ordinance #1414 instead

Chapter #504: Mile of Cars Banners

- Policy on hold for now

Chapter #505: Street Banner Program

- Policy on hold for now

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Maintenance of Reserve Funds

POLICY #201

ADOPTED: June 26, 1985

AMENDED: March 12, 2002

Purpose

The City will establish reserves to strengthen its ability to withstand unexpected financial emergencies such as may result from natural disasters, revenue shortfalls, or unanticipated expenditures of a non-recurring nature and to accumulate funds for large-scale purchases.

Policy

The reserve funds will be maintained in the appropriate funds at the following levels:

- **CONTINGENCY RESERVE**
 1. **General Fund:** The City Manager is charged with the responsibility of maintaining an accumulating General Fund Contingency Reserve at a minimum target range equal to between 25% and 50% of a single year's General Fund operating expenditures. The actual amount of the General Fund Contingency Reserve shall be determined each year by the City Manager as part of the budgeting process and shall be annually reported to the City Council as part of the CAFR. Expenditures from the General Fund Contingency Reserve require City Council approval.
 2. **Gas Tax Fund:** an amount equal to a minimum level of five percent of the estimated revenue.
 3. **Sewer Service Fund:** an amount equal to a minimum level of five percent of the estimated revenue.
- **LIABILITY INSURANCE RESERVE:** An amount equal to nine times the self-insured retention required by the City's liability insurance policy.
- **WORKERS COMPENSATION RESERVE:** An amount equal to the incurred expenses remaining unpaid for all open Workers Compensation claims.
- **DEBT SERVICE RESERVE:** An amount equal to one years' debt service requirement of all long-term obligations.
- **EQUIPMENT REPLACEMENT RESERVE:** An amount equal to the accumulated depreciation of the replacement value of the motor vehicle fleet.

Related Policy References

None

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Maintenance of Reserve Funds	POLICY #201
ADOPTED: June 26, 1985	AMENDED: ✓

Deleted: ¶
Deleted: ¶
Deleted: ¶
Deleted: March 12, 2002

Purpose

The City will establish reserves to strengthen its ability to withstand unexpected financial emergencies such as may result from national disasters, revenue shortfalls, or unanticipated expenditures of a non-recurring nature and to accumulate funds for large scale purchases.

Policy

The reserve funds will be maintained in the appropriate funds at the following levels:

Contingency Reserve

- General Fund: The City Manager is charged with the responsibility of maintaining an accumulating General Fund Contingency Reserve at a minimum target range equal to between 25% and 50% of a single year's General Fund operating expenditures. The actual amount of the General Fund Contingency Reserve shall be determined each year by the City Manager as part of the budgeting process and shall be annually reported to the City Council as part of the Comprehensive Annual Financial Report (CAFR). Expenditures from the General Fund Contingency Reserve require City Council approval.
- Gas Tax Fund: an amount equal to a minimum level of five percent (5%) of the estimated revenue.
- Sewer Service Fund: an amount equal to a minimum level of five percent (5%) of the estimated revenue.

Formatted: Font: Not Bold, Underline
Formatted: Bullets and Numbering
Deleted: ¶

Liability Insurance Reserve: The City Manager is charged with the responsibility of maintaining an accumulating Liability Insurance Reserve at an amount, no less than 75% to 85% of the Confidence Level of Adequacy as established annually by the City's actuary.

Formatted: Indent: Left: 0.25"
Formatted: Bullets and Numbering
Formatted: Bullets and Numbering
Formatted: Font: Not Bold, Underline
Formatted: Bullets and Numbering
Formatted: Underline
Deleted: equal to between
Deleted: and
Deleted: An amount equal to nine times the self-insured retention required by the City's liability insurance policy

Workers Compensation Reserve: The City Manager is charged with the responsibility of maintaining an accumulating Liability Insurance Reserve at an amount equal to between 75% and 85% of the Confidence Level of Adequacy as established annually by the City's actuary.

Deleted: .
Formatted: Font: Not Bold, Underline
Formatted: Bullets and Numbering
Deleted: An amount equal to the incurred expenses remaining unpaid for all open Workers Compensation claims.

Debt Service Reserve: An amount equal to the total required by applicable indenture(s) or other agreement(s), but in no case less than one years' debt service requirement of all long-term obligations.

Formatted: Font: Not Bold, Underline
Formatted: Bullets and Numbering

Equipment Replacement Reserve: An amount equal to the accumulated depreciation of the replacement value of the motor vehicle fleet.

Formatted: Font: Not Bold, Underline

Formatted: Bullets and Numbering

Related Policy References

None

Deleted: ¶

Prior Policy Amendments

March 12, 2002

Formatted: Font: Bold, Underline

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Maintenance of Reserve Funds

POLICY #201

ADOPTED: June 26, 1985

AMENDED:

Purpose

The City will establish reserves to strengthen its ability to withstand unexpected financial emergencies such as may result from natural disasters, revenue shortfalls, or unanticipated expenditures of a non-recurring nature and to accumulate funds for large-scale purchases.

Policy

The reserve funds will be maintained in the appropriate funds at the following levels:

Contingency Reserve

- **General Fund:** The City Manager is charged with the responsibility of maintaining an accumulating General Fund Contingency Reserve at a minimum target range equal to between 25% and 50% of a single year's General Fund operating expenditures. The actual amount of the General Fund Contingency Reserve shall be determined each year by the City Manager as part of the budgeting process and shall be annually reported to the City Council as part of the Comprehensive Annual Financial Report (CAFR). Expenditures from the General Fund Contingency Reserve require City Council approval.
- **Gas Tax Fund:** an amount equal to a minimum level of five percent (5%) of the estimated revenue.
- **Sewer Service Fund:** an amount equal to a minimum level of five percent (5%) of the estimated revenue.

Liability Insurance Reserve: The City Manager is charged with the responsibility of maintaining an accumulating Liability Insurance Reserve at an amount no less than 75% to 85% of the Confidence Level of Adequacy as established annually by the City's actuary.

Workers Compensation Reserve: The City Manager is charged with the responsibility of maintaining an accumulating Liability Insurance Reserve at an amount equal to between 75% and 85% of the Confidence Level of Adequacy as established annually by the City's actuary.

TITLE: Maintenance of Reserve Funds	POLICY #201
ADOPTED: June 26, 1985	AMENDED:

Debt Service Reserve: An amount equal to the total required by applicable indenture(s) or other agreement(s), but in no case less than one years' debt service requirement of all long-term obligations.

Equipment Replacement Reserve: An amount equal to the accumulated depreciation of the replacement value of the motor vehicle fleet.

Related Policy References

None

Prior Policy Amendments

March 12, 2002

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Contributions	POLICY #202
ADOPTED: July 14, 1987	AMENDED: June 23, 1992

Purpose

To establish a uniform method of dealing with the numerous requests from non-profit organizations and community groups for financial assistance or contributions.

Policy

1. A limit of one \$250 contribution per fiscal year per organization has been established.
2. Additional contributions per fiscal year may be approved by separate Council action for certain school related subgroups or clubs which have as their purpose, support of a particular school program or function. These requests, if approved, shall also be limited to one \$250 contribution per school related subgroup or club per fiscal year. The total cumulative contribution related to a specific school including all school related subgroups or clubs supporting that school's programs or functions shall not exceed \$1,500 per fiscal year, including the initial contribution and all subsequent contributions.
3. No contributions will be approved for individuals not associated with a group as defined under Item 5 below.
4. All requests for contributions shall be made in writing and with the exception of requests covered under Item 6 below, all requests shall be placed upon the City Council agenda for consideration.
5. Requests for contributions from groups shall not be approved unless they are citizens of National City and the purpose of, or reason for assistance, serves a specific, tangible benefit to the City of National City.
6. In those cases where a request is received which does not meet the criteria established by this policy, the City Manager is authorized to so advise the requesting party by letter and to provide copy of the letter to the City Council for information.

Related Policy References

None

CITY COUNCIL POLICY
CITY OF NATIONAL CITY

TITLE: Contributions

POLICY #202

ADOPTED: July 14, 1987

AMENDED: June 23, 1992

DELETE

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Investments

POLICY #203

ADOPTED: October 23, 1990

AMENDED/REVISED: January 10, 2012

I. INTRODUCTION

The City of National City's investment program will conform with federal, state, and other legal requirements, including California Government Code Sections 16429.1-16429.4, 53600-53609 and 53630-53686. The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the City's funds. It is the policy of the City to invest public funds in a manner that will provide a market rate of return, given its requirements for preserving principal and meeting the daily cash flow demands of the City. All investments will comply with this Investment Policy and governing laws.

This Investment Policy was endorsed and adopted by the City's governing body and is effective as of the 10th day of January, 2012. This Investment Policy replaces any previous Investment Policy or Investment Procedures of the City.

II. SCOPE

This Investment Policy applies to all the City's financial assets and investment activities with the following exceptions:

- A. Proceeds of debt issuance shall be invested in accordance with the City's general investment philosophy as set forth in this policy; however, such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures.

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

III. GENERAL OBJECTIVES

The overriding objectives of the investment program are to preserve principal, provide sufficient liquidity, and manage investment risks.

1. *Safety*: Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
2. *Liquidity*: The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. *Return*: The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

IV. PRUDENCE, INDEMNIFICATION AND ETHICS

- A. *Prudent Investor Standard*: Management of the City's investments is governed by the Prudent Investor Standard as set forth in the California Government Code 53600.3:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

- B. *Indemnification*: The Finance Director or City Manager designee hereinafter designated as Financial Services Officer and other authorized persons responsible for managing City funds, acting in accordance with written procedures and the Investment Policy and exercising due diligence, will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.

- C. *Ethics*: Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DELEGATION OF AUTHORITY

- A. Authority to manage the City's investment program is derived from California Government Code Sections 53600 *et seq.*. The governing body is responsible for the City's cash management, including the administration of this Investment Policy. Management responsibility for the cash management of City funds is hereby delegated to the Finance Director and/or Financial Services Officer.

The Finance Director and/or Financial Services Officer will be responsible for all transactions undertaken and will establish a system of procedures and controls to regulate the activities of subordinate employees.

- B. The City may engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

VI. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by conducting a process of due diligence described in the investment procedures manual. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

- A. The City Finance Director and/or Financial Services Officer will determine which financial institutions are authorized to provide investment services to the City. Institutions eligible to transact investment business with the City include:

1. Primary government dealers as designated by the Federal Reserve Bank;
2. Nationally or state-chartered banks;
3. The Federal Reserve Bank; and,
4. Direct issuers of securities eligible for purchase.

- B. Selection of financial institutions and broker/dealers authorized to engage in transactions with the City will be at the sole discretion of the City.

- C. All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Finance Director and/or Financial Services Officer with a statement certifying that the institution has reviewed the California Government Code Section 53600 *et seq.* and the City's Investment Policy.
- D. Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the investment adviser.
- E. Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

VII. DELIVERY, SAFEKEEPING AND CUSTODY, AND COMPETITIVE TRANSACTIONS

- A. *Delivery-versus-payment*: Settlement of all investment transactions will be completed using standard delivery-vs.-payment procedures.
- B. *Third-party safekeeping*: To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the City will be held in safekeeping by a third party bank custodian, acting as agent for the City under the terms of a custody agreement executed by the bank and the City.
- C. *Competitive transactions*: All investment transactions will be conducted on a competitive basis which can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

All investments will be made in accordance with Sections 53600 *et seq.* of the Government Code of California and as described within this Investment Policy. Permitted investments under this policy will include:

- 1. **Municipal Bonds.** These include bonds of the City, the state of California, any other state, and any local Agency within the state of California. The bonds will be registered in the name of the City or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.
 - a. No more than 5% per issuer.

2. **U.S. Treasury** and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasuries.
3. **Federal Agency** or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the City may invest in government-sponsored enterprises.
4. **Banker's acceptances** provided that:
 - a. They are issued by institutions with short term debt obligations rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical-rating organization (NRSRO); and have long-term debt obligations which are rated "A" or higher by at least two nationally recognized statistical rating organization;
 - b. The maturity does not exceed 180 days; and,
 - c. No more than 40% of the total portfolio may be invested in banker's acceptances and no more than 5% per issuer.
5. **Federally insured time deposits** (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
 - a. The amount per institution is limited to the maximum covered under federal insurance; and,
 - b. The maturity of such deposits does not exceed 5 years.
6. **Certificate of Deposit Placement Service (CDARS)**
 - a. No more than 30% of the total portfolio may be invested in a combination of certificates of deposit including CDARS.
 - b. The maturity of CDARS deposits does not exceed 5 years.
7. **Negotiable certificates of deposit (NCDs)** provided that:
 - a. They are issued by institutions which have long-term obligations which are rated "A" or higher by at least two nationally recognized statistical rating organizations; and/or have short term debt obligations rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical rating organizations;

- b. The maturity does not exceed 5 years; and,
- c. No more than 30% of the total portfolio may be invested in NCDs and no more than 5% per issuer.

8. Commercial paper provided that:

- a. The maturity does not exceed 270 days from the date of purchase;
- b. The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million;
- c. They are issued by institutions whose short term obligations are rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical rating organization; and whose long-term obligations are rated "A" or higher by at least two nationally recognized statistical rating organization; and,
- d. No more than 25% of the portfolio is invested in commercial paper and no more than 5% per issuer.

9. State of California Local Agency Investment Fund (LAIF), provided that:

- a. The City may invest up to the maximum permitted amount in LAIF; and,
- b. LAIF's investments in instruments prohibited by or not specified in the City's policy do not exclude it from the City's list of allowable investments, provided that the fund's reports allow the Finance Director or Financial Services Officer to adequately judge the risk inherent in LAIF's portfolio.

10. Local government investment pools.

- a. San Diego County Investment Pool

11. Corporate medium term notes (MTNs), provided that:

- a. Such notes have a maximum maturity of 5 years;
- b. Are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States;
- c. Are rated "A" category or better by at least two nationally recognized statistical rating organization; and,

d. Holdings of medium-term notes may not exceed 30% of the portfolio and no more than 5% per issuer.

12. Mortgage pass-through securities and asset-backed securities, provided that such securities:

- a. have a maximum stated final maturity of 5 years;
- b. be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by at least two nationally recognized statistical rating organization;
- c. be rated in a rating category of "AA" or its equivalent or better by at least two nationally recognized statistical rating organization.
- d. Purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.

13. Money market mutual funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940:

- a. Provided that such funds meet either of the following criteria:
 1. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations; or,
 2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code Section 53601 (a through j) and with assets under management in excess of \$500 million.
- b. Purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.

IX. PORTFOLIO RISK MANAGEMENT

A. The following are prohibited investment vehicles and practices:

1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
2. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.

3. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.
4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. The purchase of foreign currency denominated securities is prohibited.

B. Mitigating credit risk in the portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City will mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section IX are designed to mitigate credit risk in the portfolio;
2. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and enterprises;
3. The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or City's risk preferences; and,
4. If securities owned by the City are downgraded by either Moody's or S&P to a level below the quality required by this Investment Policy, it will be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - a. If a security is downgraded, the Finance Director and/or Financial Services Officer will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
 - b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the governing board.

C. Mitigating market risk in the portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The City recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The City will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The City, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The City will maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements;
2. The maximum percent of callable securities (does not include "make whole call" securities as defined in the Glossary) in the portfolio will be 20%;
3. The maximum stated final maturity of individual securities in the portfolio will be five years, except as otherwise stated in this policy; and,
4. The duration of the portfolio will at all times be approximately equal to the duration (typically plus or minus 20%) of a Market Benchmark Index selected by the City based on the City's investment objectives, constraints and risk tolerances. The City's current Benchmark will be documented in the investment procedures manual.

X. INVESTMENT OBJECTIVES (PERFORMANCE STANDARDS AND EVALUATION)

- A. **Overall objective:** The investment portfolio will be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.
- B. **Specific objective:** The investment performance objective for the portfolio will be to earn a total rate of return over a market cycle which is approximately equal to the return on the Market Benchmark Index as described in the City's investment procedures manual.

XI. PROCEDURES AND INTERNAL CONTROLS

A. Procedures

The Finance Director and/or Financial Services Officer will establish written investment policy procedures in a separate investment procedures manual to assist investment staff

with day-to-day operations of the investment program consistent with this policy. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director and/or Financial Services Officer.

B. Internal Controls

The Finance Director and/or Financial Services Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. Internal controls will be described in the City's investment procedures manual.

XII. REPORTING, DISCLOSURE AND PROGRAM EVALUATION

A. Monthly reports

Monthly investment reports will be submitted by the Finance Director and/or Financial Services Officer to the governing board. These reports will disclose, at a minimum, the following information about the risk characteristics of the City's portfolio:

1. An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;
2. A one-page summary report that shows:
 - a. Average maturity of the portfolio and modified duration of the portfolio;
 - b. Maturity distribution of the portfolio;
 - c. Average portfolio credit quality; and,
 - d. Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the Benchmark Index returns for the same periods;
3. A statement of compliance with Investment Policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution; and,
4. A statement that the City has adequate funds to meet its cash flow requirements for the next 6 months.

B. Annual reports

1. The Investment Policy will be reviewed and adopted at least annually within 120 days of the end of the fiscal year to ensure its consistency with the overall

objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

2. A comprehensive annual report will be presented in conjunction with the investment policy review. This report will include comparisons of the City's return to the Benchmark Index return, suggest policies and improvements that might enhance the investment program, and will include an investment plan for the coming year.

C. Periodic audit

The Finance Director and/or Financial Services Officer will establish a process of periodic independent review by an external expert to assure compliance with internal controls.

ORIGINAL

Appendix I

Authorized Personnel

The following positions are authorized to transact investment business and wire funds for investment purposes on behalf of the City of National City:

Chris Zapata, City Manager
Leslie Deese, Assistant City Manager
Tina Norrdin, Financial Services Officer

ORIGINAL

Appendix II

GLOSSARY OF INVESTMENT TERMS[©]

Agencies. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FDIC. The Federal Deposit Insurance Corporation provides insurance backed by the full faith and credit of the US government to certain bank deposits and debt obligations.

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio and Mississippi River valleys. TVA currently issues discount notes and bonds.

Asked. The price at which a seller offers to sell a security.

Average life. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Banker's acceptance. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

Benchmark. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bid. The price at which a buyer offers to buy a security.

Broker. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

Callable. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If

interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

Collateral. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

Collateralized Mortgage Obligations (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial paper. The short-term unsecured debt of corporations.

Cost yield. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

Coupon. The rate of return at which interest is paid on a bond.

Credit risk. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

Current yield. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

Dealer. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

Debenture. A bond secured only by the general credit of the issuer.

Delivery vs. payment (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

Derivative. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

Discount. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

Diversification. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

Duration. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

Federal funds rate. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

Federal Open Market Committee: A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

Haircut: The margin or difference between the actual market value of a security and the value assessed by the lending side of a transaction (i.e. a repo).

Leverage. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

Liquidity: The speed and ease with which an asset can be converted to cash.

Make Whole Call. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

Margin: The difference between the market value of a security and the loan a broker makes using that security as collateral.

Market risk. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

Market value. The price at which a security can be traded.

Marking to market. The process of posting current market values for securities in a portfolio.

Maturity. The final date upon which the principal of a security becomes due and payable.

Medium term notes. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Modified duration. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

Money market. The market in which short term debt instruments (Tbills, discount notes, commercial paper and banker's acceptances) are issued and traded.

Mortgage pass-through securities. A securitized participation in the interest and principal cashflows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Mutual fund. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Premium. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Prepayment speed. A measure of how quickly principal is repaid to investors in mortgage securities.

Prepayment window. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

Primary dealer. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent person (man) rule. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Realized yield. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Regional dealer. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities, and that is not a primary dealer.

Repurchase agreement (RP, Repo). Short term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a **reverse repurchase agreement**.

Safekeeping. A service to bank customers whereby securities are held by the bank in the customer's name.

Short Term. Less than one (1) year's time

Structured note. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

Total rate of return. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. Treasury obligations. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

Treasury notes. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

Treasury bonds. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Value. Principal plus accrued interest.

Volatility. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

Yield to Maturity. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

ORIGINAL

CITY COUNCIL POLICY
CITY OF NATIONAL CITY

TITLE: Investments

POLICY #203

ADOPTED: October 23, 1990

AMENDED:

Deleted: ¶
Deleted: /REVISED
Deleted: January 10, 2012

I. INTRODUCTION

The City of National City's investment program will conform with federal, state, and other legal requirements, including California Government Code Sections 16429.1-16429.4, 53600-53609 and 53630-53686. The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the City's funds. It is the policy of the City to invest public funds in a manner that will provide a market rate of return, given its requirements for preserving principal and meeting the daily cash flow demands of the City. All investments will comply with this Investment Policy and governing laws.

This Investment Policy replaces any previous Investment Policy or Investment Procedures of the City.

Deleted: This Investment Policy was endorsed and adopted by the City's governing body and is effective as of the 10th day of January, 2012.

II. SCOPE

This Investment Policy applies to all the City's financial assets and investment activities with the following exceptions:

Deleted: ¶

A. Proceeds of debt issuance shall be invested in accordance with the City's general investment philosophy as set forth in this policy; however, such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures.

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

III. GENERAL OBJECTIVES

The overriding objectives of the investment program are to preserve principal, provide sufficient liquidity, and manage investment risks.

Deleted: ¶

1. *Safety*: Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
2. *Liquidity*: The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. *Return*: The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

IV. PRUDENCE, INDEMNIFICATION AND ETHICS

- A. *Prudent Investor Standard*: Management of the City's investments is governed by the Prudent Investor Standard as set forth in the California Government Code 53600.3:

"...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

- B. *Indemnification*: The Director of Finance or City Manager designee hereinafter designated as Financial Services Officer and other authorized persons responsible for managing City funds, acting in accordance with written procedures and the Investment Policy and exercising due diligence, will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.

Deleted: Finance

- C. *Ethics*: Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DELEGATION OF AUTHORITY

A. Authority to manage the City's investment program is derived from California Government Code Sections 53600 *et seq.* The City Council is responsible for the City's cash management, including the administration of this Investment Policy. Management responsibility for the cash management of City funds is hereby delegated to the Director of Finance and/or Financial Services Officer.

Deleted:

Deleted: governing body

Deleted: Finance

The Director of Finance and/or Financial Services Officer will be responsible for all transactions undertaken and will establish a system of procedures and controls to regulate the activities of subordinate employees.

Deleted: Finance

B. The City may engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

VI. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by conducting a process of due diligence described in the investment procedures manual. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

A. The City's Director of Finance and/or Financial Services Officer will determine which financial institutions are authorized to provide investment services to the City. Institutions eligible to transact investment business with the City include:

Deleted: Finance

1. Primary government dealers as designated by the Federal Reserve Bank;
2. Nationally or state-chartered banks;
3. The Federal Reserve Bank; and,
4. Direct issuers of securities eligible for purchase.

B. Selection of financial institutions and broker/dealers authorized to engage in transactions with the City will be at the sole discretion of the City.

C. All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Director of Finance and/or Financial Services Officer with a statement

Deleted: Finance

certifying that the institution has reviewed the California Government Code Section 53600 *et seq.* and the City's Investment Policy.

- D. Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the investment adviser.
- E. Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.

VII. DELIVERY, SAFEKEEPING AND CUSTODY, AND COMPETITIVE TRANSACTIONS

- A. *Delivery-versus-payment*: Settlement of all investment transactions will be completed using standard delivery-vs.-payment procedures.
- B. *Third-party safekeeping*: To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the City will be held in safekeeping by a third party bank custodian, acting as agent for the City under the terms of a custody agreement executed by the bank and the City.
- C. *Competitive transactions*: All investment transactions will be conducted on a competitive basis which can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

All investments will be made in accordance with Sections 53600 *et seq.* of the Government Code of California and as described within this Investment Policy. Permitted investments under this policy will include:

- 1. **Municipal Bonds.** These include bonds of the City, the state of California, any other state, and any local Agency within the state of California. The bonds will be registered in the name of the City or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.
 - a. No more than 5% per issuer.
- 2. **U.S. Treasury** and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasuries.

3. **Federal Agency** or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the City may invest in government-sponsored enterprises.
4. **Banker's acceptances** provided that:
 - a. They are issued by institutions with short term debt obligations rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical-rating organization (NRSRO); and have long-term debt obligations which are rated "A" or higher by at least two nationally recognized statistical rating organization;
 - b. The maturity does not exceed 180 days; and,
 - c. No more than 40% of the total portfolio may be invested in banker's acceptances and no more than 5% per issuer.
5. **Federally insured time deposits** (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
 - a. The amount per institution is limited to the maximum covered under federal insurance; and,
 - b. The maturity of such deposits does not exceed 5 years.
6. **Certificate of Deposit Placement Service (CDARS)**
 - a. No more than 30% of the total portfolio may be invested in a combination of certificates of deposit including CDARS.
 - b. The maturity of CDARS deposits does not exceed 5 years.
7. **Negotiable Certificates of Deposit (NCDs)** provided that:
 - a. They are issued by institutions which have long-term obligations which are rated "A" or higher by at least two nationally recognized statistical rating organizations; and/or have short term debt obligations rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical rating organizations;
 - b. The maturity does not exceed 5 years; and,
 - c. No more than 30% of the total portfolio may be invested in NCDs and no more than 5% per issuer.

Deleted: c

Deleted: d

8. **Commercial paper** provided that:
- a. The maturity does not exceed 270 days from the date of purchase;
 - b. The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million;
 - c. They are issued by institutions whose short term obligations are rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical rating organization; and whose long-term obligations are rated "A" or higher by at least two nationally recognized statistical rating organization; and,
 - d. No more than 25% of the portfolio is invested in commercial paper and no more than 5% per issuer.

9. **State of California Local Agency Investment Fund (LAIF)**, provided that:

- a. The City may invest up to the maximum permitted amount in LAIF; and,
- b. LAIF's investments in instruments prohibited by or not specified in the City's policy do not exclude it from the City's list of allowable investments, provided that the fund's reports allow the Director of Finance or Financial Services Officer to adequately judge the risk inherent in LAIF's portfolio.

Deleted: Finance

10. **Local government investment pools.**

- a. San Diego County Investment Pool

11. **Corporate medium term notes (MTNs)**, provided that:

- a. Such notes have a maximum maturity of 5 years;
- b. Are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States;
- c. Are rated "A" category or better by at least two nationally recognized statistical rating organization; and,
- d. Holdings of medium-term notes may not exceed 30% of the portfolio and no more than 5% per issuer.

12. Mortgage pass-through securities and asset-backed securities, provided that such securities:

- a. have a maximum stated final maturity of 5 years;
- b. be issued by an issuer having an “A” or higher rating for the issuer’s debt as provided by at least two nationally recognized statistical rating organization;
- c. be rated in a rating category of “AA” or its equivalent or better by at least two nationally recognized statistical rating organization.
- d. Purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.

13. Money market mutual funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940.

- a. Provided that such funds meet either of the following criteria:
 - 1. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations; or,
 - 2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience investing in the securities and obligations authorized by California Government Code Section 53601 (a through j) and with assets under management in excess of \$500 million.
- b. Purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.

Deleted: : 1
1
Formatted: Bullets and Numbering
Formatted: Highlight

IX. PORTFOLIO RISK MANAGEMENT

A. The following are prohibited investment vehicles and practices:

- 1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- 2. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- 3. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.

4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. The purchase of foreign currency denominated securities is prohibited.

B. Mitigating credit risk in the portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City will mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section IX are designed to mitigate credit risk in the portfolio;
2. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and enterprises;
3. The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or City's risk preferences; and,
4. If securities owned by the City are downgraded by either Moody's or S&P to a level below the quality required by this Investment Policy, it will be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - a. If a security is downgraded, the ~~Director of Finance~~ and/or Financial Services Officer will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors. Deleted: Finance
 - b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the ~~City Council~~, Deleted: governing board

C. Mitigating market risk in the portfolio

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The City recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-

term portfolios have higher volatility of return. The City will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The City, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The City will maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements;
2. The maximum percent of callable securities (does not include “make whole call” securities as defined in the Glossary) in the portfolio will be 20%;
3. The maximum stated final maturity of individual securities in the portfolio will be five years, except as otherwise stated in this policy; and,
4. The duration of the portfolio will at all times be approximately equal to the duration (typically plus or minus 20%) of a Market Benchmark Index selected by the City based on the City’s investment objectives, constraints and risk tolerances. The City’s current Benchmark will be documented in the investment procedures manual.

X. INVESTMENT OBJECTIVES (PERFORMANCE STANDARDS AND EVALUATION)

- A. **Overall objective:** The investment portfolio will be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.
- B. **Specific objective:** The investment performance objective for the portfolio will be to earn a total rate of return over a market cycle which is approximately equal to the return on the Market Benchmark Index as described in the City’s investment procedures manual.

XI. PROCEDURES AND INTERNAL CONTROLS

A. Procedures

The Director of Finance and/or Financial Services Officer will establish written investment policy procedures in a separate investment procedures manual to assist investment staff with day-to-day operations of the investment program consistent with this policy. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment

Deleted: Finance

transaction except as provided under the terms of this policy and the procedures established by the Director of Finance and/or Financial Services Officer.

B. Internal Controls

The Director of Finance and/or Financial Services Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. Internal controls will be described in the City's investment procedures manual.

XII. REPORTING

A. Quarterly reports

Quarterly investment reports will be submitted by the Director of Finance and/or Financial Services Officer to the City Council, consistent with the requirements contained in Government Code section 53646, including but not limited to the following information:

1. Type of investment
2. Name of issuer and/or financial institution
3. Date of purchase
4. Date of maturity
5. Current market value for all securities
6. Rate of interest
7. Purchase price of investment
8. Other data as required by the City

B. Annual reports

The Investment Policy will be reviewed and adopted at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

Related Policy References

Ca. Government Code Sections: 16429.1 – 16429.4, and 53600 – 53686

Investment Advisors Act of 1940

Securities and Exchange Commission Rule #15C3-1

Appendix I attached: "Authorized Personnel"

Appendix II attached: "Glossary of Investment Terms"

Prior Policy Amendments

January 10, 2012

Deleted: Finance

Deleted: Finance

Deleted: , DISCLOSURE AND PROGRAM EVALUATION

Deleted: Monthly

Deleted: Monthly

Deleted: Finance

Deleted: governing board. These reports will disclose, at a minimum, the

Deleted: about the risk characteristics of the City's portfolio

Deleted: An asset listing showing par value, cost and accurate and complete market value of each security, type of investment, issuer, and interest rate;¶

Deleted: A one-page summary report that shows:

Formatted: Bullets and Numbering

Formatted: Bullets and Numbering

Deleted: ¶
<#>Average maturity of the portfolio and modified duration of the portfolio;¶
<#>Maturity distribution of the portfolio;¶
<#>Average portfolio credit quality; and,¶
<#>Time-weighted total rate of return for the portfolio for the prior one month, three months, twelve months, year to date, and since inception compared to the Benchmark Index returns for the same periods;¶
<#>¶

<#>A statement of compliance with Investment Policy, including a schedule of any transactions or holdings which do not comply with this policy or with the California Government Code, including a justification for their presence in the portfolio and a timetable for resolution; and,¶
<#>¶

A statement that the City has adequate funds to meet its cash flow requirements for the next 6 months.

Deleted: within 120 days of the end of the fiscal year

Formatted: Indent: Left: 0.5"

Formatted: Bullets and Numbering

Deleted: A comprehensive annual report will be presented in conjunction with the investment policy review. This report will include comparisons of the City's return to the Benchmark Index return, suggest policies and improvements that might enhance ... [1]

Formatted: Font: Bold, Underline

Formatted: Font: Bold, Underline

Formatted: Centered

Appendix I

Authorized Personnel

The following positions are authorized to transact investment business and wire funds for investment purposes on behalf of the City of National City:

City Manager

Director of Administrative Services

Director of Finance

Financial Services Officer

Deleted: -----Page Break-----
¶

Formatted: Font: 14 pt

Formatted: Font: 14 pt, Bold, Underline

Deleted: Chris Zapata,

Deleted: Leslie Deese, Assistant City Manager

Formatted: Indent: First line: 0.5"

Deleted: Tina Nordin,

Deleted: -----Page Break-----

Appendix II

Formatted: Font: 14 pt

Glossary of Investment Terms[©]

Formatted: Font: 14 pt, Underline

Deleted: LOSSARY OF INVESTMENT TERMS

Formatted: Font: 14 pt, Underline

Agencies. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FDIC. The Federal Deposit Insurance Corporation provides insurance backed by the full faith and credit of the US government to certain bank deposits and debt obligations.

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio and Mississippi River valleys. TVA currently issues discount notes and bonds.

Asked. The price at which a seller offers to sell a security.

Average life. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Banker's acceptance. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

Benchmark. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bid. The price at which a buyer offers to buy a security.

Broker. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

Callable. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If

interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

Collateral. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

Collateralized Mortgage Obligations (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial paper. The short-term unsecured debt of corporations.

Cost yield. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

Coupon. The rate of return at which interest is paid on a bond.

Credit risk. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

Current yield. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

Dealer. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

Debenture. A bond secured only by the general credit of the issuer.

Delivery vs. payment (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

Derivative. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

Discount. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

Diversification. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

Duration. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

Federal funds rate. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

Federal Open Market Committee: A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

Haircut: The margin or difference between the actual market value of a security and the value assessed by the lending side of a transaction (i.e. a repo).

Leverage. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

Liquidity: The speed and ease with which an asset can be converted to cash.

Make Whole Call. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

Margin: The difference between the market value of a security and the loan a broker makes using that security as collateral.

Market risk. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

Market value. The price at which a security can be traded.

Marking to market. The process of posting current market values for securities in a portfolio.

Maturity. The final date upon which the principal of a security becomes due and payable.

Medium term notes. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Modified duration. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

Money market. The market in which short term debt instruments (Tbills, discount notes, commercial paper and banker's acceptances) are issued and traded.

Mortgage pass-through securities. A securitized participation in the interest and principal cashflows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Mutual fund. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Premium. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Prepayment speed. A measure of how quickly principal is repaid to investors in mortgage securities.

Prepayment window. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

Primary dealer. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent person (man) rule. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Realized yield. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Regional dealer. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities, and that is not a primary dealer.

Repurchase agreement (RP, Repo). Short term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a **reverse repurchase agreement**.

Safekeeping. A service to bank customers whereby securities are held by the bank in the customer's name.

Short Term. Less than one (1) year's time.

Structured note. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

Total rate of return. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. Treasury obligations. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month Tbills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

Treasury notes. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

Treasury bonds. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Value. Principal plus accrued interest.

Volatility. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

Yield to Maturity. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Investments

POLICY #203

ADOPTED: October 23, 1990

AMENDED:

I. INTRODUCTION

The City of National City's investment program will conform with federal, state, and other legal requirements, including California Government Code Sections 16429.1-16429.4, 53600-53609 and 53630-53686. The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal and investment management of the City's funds. It is the policy of the City to invest public funds in a manner that will provide a market rate of return, given its requirements for preserving principal and meeting the daily cash flow demands of the City. All investments will comply with this Investment Policy and governing laws.

This Investment Policy replaces any previous Investment Policy or Investment Procedures of the City.

II. SCOPE

This Investment Policy applies to all the City's financial assets and investment activities with the following exceptions:

- A. Proceeds of debt issuance shall be invested in accordance with the City's general investment philosophy as set forth in this policy; however, such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures.

Pooling of Funds Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

III. GENERAL OBJECTIVES

The overriding objectives of the investment program are to preserve principal, provide sufficient liquidity, and manage investment risks.

ADOPTED: October 23, 1990

AMENDED:

1. *Safety*: Safety of principal is the foremost objective of the investment program. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
2. *Liquidity*: The investment portfolio will remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. *Return*: The investment portfolio will be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints for safety and liquidity needs.

IV. PRUDENCE, INDEMNIFICATION AND ETHICS

- A. *Prudent Investor Standard*: Management of the City's investments is governed by the Prudent Investor Standard as set forth in the California Government Code 53600.3:

“...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

- B. *Indemnification*: The Director of Finance or City Manager designee hereinafter designated as Financial Services Officer and other authorized persons responsible for managing City funds, acting in accordance with written procedures and the Investment Policy and exercising due diligence, will be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.

ADOPTED: October 23, 1990

AMENDED:

- C. *Ethics*: Officers and employees involved in the investment process will refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DELEGATION OF AUTHORITY

- A. Authority to manage the City's investment program is derived from California Government Code Sections 53600 *et seq.* The City Council is responsible for the City's cash management, including the administration of this Investment Policy. Management responsibility for the cash management of City funds is hereby delegated to the Director of Finance and/or Financial Services Officer.

The Director of Finance and/or Financial Services Officer will be responsible for all transactions undertaken and will establish a system of procedures and controls to regulate the activities of subordinate employees.

- B. The City may engage the services of one or more external investment managers to assist in the management of the City's investment portfolio in a manner consistent with the City's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

VI. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by conducting a process of due diligence described in the investment procedures manual. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

- A. The City's Director of Finance and/or Financial Services Officer will determine which financial institutions are authorized to provide investment services to the City. Institutions eligible to transact investment business with the City include:
1. Primary government dealers as designated by the Federal Reserve Bank;
 2. Nationally or state-chartered banks;

ADOPTED: October 23, 1990

AMENDED:

3. The Federal Reserve Bank; and,
 4. Direct issuers of securities eligible for purchase.
- B. Selection of financial institutions and broker/dealers authorized to engage in transactions with the City will be at the sole discretion of the City.
 - C. All financial institutions which desire to become qualified bidders for investment transactions (and which are not dealing only with the investment adviser) must supply the Director of Finance and/or Financial Services Officer with a statement certifying that the institution has reviewed the California Government Code Section 53600 *et seq.* and the City's Investment Policy.
 - D. Selection of broker/dealers used by an external investment adviser retained by the City will be at the sole discretion of the investment adviser.
 - E. Public deposits will be made only in qualified public depositories as established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, will be collateralized in accordance with State law.
- VII. DELIVERY, SAFEKEEPING AND CUSTODY, AND COMPETITIVE TRANSACTIONS**
- A. *Delivery-versus-payment*. Settlement of all investment transactions will be completed using standard delivery-vs.-payment procedures.
 - B. *Third-party safekeeping*: To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the City will be held in safekeeping by a third party bank custodian, acting as agent for the City under the terms of a custody agreement executed by the bank and the City.
 - C. *Competitive transactions*: All investment transactions will be conducted on a competitive basis which can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

ADOPTED: October 23, 1990

AMENDED:

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

All investments will be made in accordance with Sections 53600 *et seq.* of the Government Code of California and as described within this Investment Policy. Permitted investments under this policy will include:

1. **Municipal Bonds.** These include bonds of the City, the state of California, any other state, and any local Agency within the state of California. The bonds will be registered in the name of the City or held under a custodial agreement at a bank. The bonds shall be rated at the time of purchase within the 4 highest general classifications established by a rating service of nationally recognized expertise in rating bonds of states and their political subdivisions.
 - a. No more than 5% per issuer.
2. **U.S. Treasury** and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no limits on the dollar amount or percentage that the City may invest in U.S. Treasuries.
3. **Federal Agency** or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the City may invest in government-sponsored enterprises.
4. **Banker's acceptances** provided that:
 - a. They are issued by institutions with short term debt obligations rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical rating organization (NRSRO); and have long-term debt obligations which are rated "A" or higher by at least two nationally recognized statistical rating organization;
 - b. The maturity does not exceed 180 days; and,
 - c. No more than 40% of the total portfolio may be invested in banker's acceptances and no more than 5% per issuer.

5. **Federally insured time deposits** (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
 - a. The amount per institution is limited to the maximum covered under federal insurance; and,
 - b. The maturity of such deposits does not exceed 5 years.
6. **Certificate of Deposit Placement Service (CDARS)**
 - a. No more than 30% of the total portfolio may be invested in a combination of certificates of deposit including CDARS
 - b. The maturity of CDARS deposits does not exceed 5 years.
7. **Negotiable Certificates of Deposit (NCDs) provided that:**
 - a. They are issued by institutions which have long-term obligations which are rated "A" or higher by at least two nationally recognized statistical rating organizations; and/or have short term debt obligations rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical rating organizations;
 - b. The maturity does not exceed 5 years; and,
 - c. No more than 30% of the total portfolio may be invested in NCDs and no more than 5% per issuer.
8. **Commercial paper** provided that:
 - a. The maturity does not exceed 270 days from the date of purchase;
 - b. The issuer is a corporation organized and operating in the United States with assets in excess of \$500 million;
 - c. They are issued by institutions whose short term obligations are rated "A1" or higher, or the equivalent, by at least two nationally recognized statistical rating organization; and whose long-term obligations are rated "A" or higher by at least two nationally recognized statistical rating organization; and,

ADOPTED: October 23, 1990

AMENDED:

- d. No more than 25% of the portfolio is invested in commercial paper and no more than 5% per issuer.

- 9. **State of California Local Agency Investment Fund (LAIF), provided that:**
 - a. The City may invest up to the maximum permitted amount in LAIF; and,
 - b. LAIF's investments in instruments prohibited by or not specified in the City's policy do not exclude it from the City's list of allowable investments, provided that the fund's reports allow the Director of Finance or Financial Services Officer to adequately judge the risk inherent in LAIF's portfolio.

- 10. **Local government investment pools.**
 - a. San Diego County Investment Pool

- 11. **Corporate medium term notes (MTNs), provided that:**
 - a. Such notes have a maximum maturity of 5 years;
 - b. Are issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States;
 - c. Are rated "A" category or better by at least two nationally recognized statistical rating organization; and,
 - d. Holdings of medium-term notes may not exceed 30% of the portfolio and no more than 5% per issuer.

- 12. **Mortgage pass-through securities and asset-backed securities, provided that such securities:**
 - a. have a maximum stated final maturity of 5 years;
 - b. be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by at least two nationally recognized statistical rating organization;

TITLE: Investments	POLICY #203
ADOPTED: October 23, 1990	AMENDED:

- c. be rated in a rating category of "AA" or its equivalent or better by at least two nationally recognized statistical rating organization.
 - d. Purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.
13. **Money market mutual funds** that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940.
- a. Provided that such funds meet either of the following criteria:
 - 1. Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations; or,
 - 2. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code Section 53601 (a through j) and with assets under management in excess of \$500 million.
 - b. Purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.

IX. PORTFOLIO RISK MANAGEMENT

A. The following are prohibited investment vehicles and practices:

- 1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- 2. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- 3. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.
- 4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. The purchase of foreign currency denominated securities is prohibited.

B. Mitigating credit risk in the portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City will mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section IX are designed to mitigate credit risk in the portfolio.
2. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and enterprises;
3. The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or City's risk preferences; and,
4. If securities owned by the City are downgraded by either Moody's or S&P to a level below the quality required by this Investment Policy, it will be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
 - a. If a security is downgraded, the Director of Finance and/or Financial Services Officer will use discretion in determining whether to sell or hold the security based on its current maturity, the economic outlook for the issuer, and other relevant factors.
 - b. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the City Council.

C. *Mitigating market risk in the portfolio*

Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The City recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The City will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The City, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The City will maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements;
2. The maximum percent of callable securities (does not include "make whole call" securities as defined in the Glossary) in the portfolio will be 20%;
3. The maximum stated final maturity of individual securities in the portfolio will be five years, except as otherwise stated in this policy; and,
4. The duration of the portfolio will at all times be approximately equal to the duration (typically plus or minus 20%) of a Market Benchmark Index selected by the City based on the City's investment objectives, constraints and risk tolerances. The City's current Benchmark will be documented in the investment procedures manual.

X. INVESTMENT OBJECTIVES (PERFORMANCE STANDARDS AND EVALUATION)

- A. **Overall objective:** The investment portfolio will be designed with the overall objective of obtaining a total rate of return throughout economic cycles, commensurate with investment risk constraints and cash flow needs.
- B. **Specific objective:** The investment performance objective for the portfolio will be to earn a total rate of return over a market cycle which is approximately equal to the return on the Market Benchmark Index as described in the City's investment procedures manual.

ADOPTED: October 23, 1990**AMENDED:****XI. PROCEDURES AND INTERNAL CONTROLS****A. Procedures**

The Director of Finance and/or Financial Services Officer will establish written investment policy procedures in a separate investment procedures manual to assist investment staff with day-to-day operations of the investment program consistent with this policy. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance and/or Financial Services Officer.

B. Internal Controls

The Director of Finance and/or Financial Services Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. Internal controls will be described in the City's investment procedures manual.

XII. REPORTING**A. Quarterly reports**

Quarterly investment reports will be submitted by the Director of Finance and/or Financial Services Officer to the City Council, consistent with the requirements contained in Government Code section 53646, including but not limited to the following information:

1. Type of investment
2. Name of issuer and/or financial institution
3. Date of purchase
4. Date of maturity
5. Current market value for all securities
6. Rate of interest
7. Purchase price of investment
8. Other data as required by the City

TITLE: Investments	POLICY #203
ADOPTED: October 23, 1990	AMENDED:

B. Annual reports

The Investment Policy will be reviewed and adopted at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

Related Policy References

Ca. Government Code Sections: 16429.1 – 16429.4, and 53600 – 53686
Investment Advisors Act of 1940
Securities and Exchange Commission Rule #15C3-1
Appendix I attached: “Authorized Personnel”
Appendix II attached: “Glossary of Investment Terms”

Prior Policy Amendments

January 10, 2012

Appendix I

Authorized Personnel

The following positions are authorized to transact investment business and wire funds for investment purposes on behalf of the City of National City:

City Manager
Director of Administrative Services
Director of Finance
Financial Services Officer

DRAFT

Appendix II

Glossary of Investment Terms[®]

Agencies. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FDIC. The Federal Deposit Insurance Corporation provides insurance backed by the full faith and credit of the US government to certain bank deposits and debt obligations.

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called "FreddieMac" issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as "FannieMae," issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as "GinnieMae," issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio and Mississippi River valleys. TVA currently issues discount notes and bonds.

Asked. The price at which a seller offers to sell a security.

Average life. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

Banker's acceptance. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which "accepts" the obligation to pay the investor.

Benchmark. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

Bid. The price at which a buyer offers to buy a security.

Broker. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

Callable. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If

interest rates decline since an issuer issues securities, it will likely call its current securities and reissue them at a lower rate of interest. Callable securities have reinvestment risk as the investor may receive its principal back when interest rates are lower than when the investment was initially made.

Certificate of Deposit (CD). A time deposit with a specific maturity evidenced by a certificate. Large denomination CDs may be marketable.

Collateral. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

Collateralized Mortgage Obligations (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

Commercial paper. The short-term unsecured debt of corporations.

Cost yield. The annual income from an investment divided by the purchase cost. Because it does not give effect to premiums and discounts which may have been included in the purchase cost, it is an incomplete measure of return.

Coupon. The rate of return at which interest is paid on a bond.

Credit risk. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

Current yield. The annual income from an investment divided by the current market value. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

Dealer. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

Debenture. A bond secured only by the general credit of the issuer.

Delivery vs. payment (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

Derivative. Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate or index.

Discount. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as **discount securities**. They sell at a discount from par, and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

Diversification. Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

Duration. The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a bond to changes in interest rates. (See modified duration).

Federal funds rate. The rate of interest charged by banks for short-term loans to other banks. The Federal Reserve Bank through open-market operations establishes it.

Federal Open Market Committee: A committee of the Federal Reserve Board that establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

Haircut: The margin or difference between the actual market value of a security and the value assessed by the lending side of a transaction (i.e. a repo).

Leverage. Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

Liquidity: The speed and ease with which an asset can be converted to cash.

Make Whole Call. A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

Margin: The difference between the market value of a security and the loan a broker makes using that security as collateral.

Market risk. The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

Market value. The price at which a security can be traded.

Marking to market. The process of posting current market values for securities in a portfolio.

Maturity. The final date upon which the principal of a security becomes due and payable.

Medium term notes. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

Modified duration. The percent change in price for a 100 basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

Money market. The market in which short term debt instruments (Tbills, discount notes, commercial paper and banker's acceptances) are issued and traded.

Mortgage pass-through securities. A securitized participation in the interest and principal cashflows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

Mutual fund. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

Premium. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

Prepayment speed. A measure of how quickly principal is repaid to investors in mortgage securities.

Prepayment window. The time period over which principal repayments will be received on mortgage securities at a specified prepayment speed.

Primary dealer. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

Prudent person (man) rule. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

Realized yield. The change in value of the portfolio due to interest received and interest earned and realized gains and losses. It does not give effect to changes in market value on securities, which have not been sold from the portfolio.

Regional dealer. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities, and that is not a primary dealer.

Repurchase agreement (RP, Repo). Short term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a **reverse repurchase agreement**.

Safekeeping. A service to bank customers whereby securities are held by the bank in the customer's name.

Short Term. Less than one (1) year's time.

Structured note. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes look in a reduced cost of borrowing by purchasing interest rate swap agreements.

Total rate of return. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. Treasury obligations. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk, and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

Treasury bills. All securities issued with initial maturities of one year or less are issued as discounted instruments, and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

Treasury notes. All securities issued with initial maturities of two to ten years are called Treasury notes, and pay interest semi-annually.

Treasury bonds. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

Value. Principal plus accrued interest.

Volatility. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

Yield to Maturity. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

DRAFT

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Donation Acceptance Policy

POLICY #204

ADOPTED: October 21, 2003

AMENDED:

Purpose

From time to time, individuals, community groups and businesses may wish to make donations to the City in either cash or in-kind contributions that enhance projects, facilities, and programs, and the need for such projects, facilities and programs often exceeds the City's ability to fund them. Accordingly, it is an acceptable and appropriate practice to accept donations, in order to enhance city programs and/or facilities to provide a higher level of service to the public.

The purpose of this Policy is to establish an orderly and efficient process for the acceptance of donations made to the City. It is also important to process donations in such a way so as to distinguish donations made to the City from those made to individuals, e.g. gifts or campaign contributions.

Policy

All donations made to the City shall be accepted and processed according to the following:

1. The donation must have a purpose consistent with City goals and objectives.
2. The City Council may decline any donation without comment or cause.
3. The donation will not be in conflict with any provision of the law.
4. In kind donations will be aesthetically acceptable to the City of National City
5. The donation will not add to the workload of the City Council or staff unless it provides a net benefit to the City.
6. The donation will not bring hidden costs such as starting a program the City would be unwilling to fund when the donation was exhausted.
7. The donation must place no restriction on the City, unless agreed to by the City Council.
8. The donation shall become the property of the City.

9. All donations will receive recognition appropriate to the level and nature of the donation as determined by the City. For those of a capital nature, that may be in the form of signage, marking or naming, as determined by the City Council. Regardless of the recognition strategy selected, the intent shall be to appropriately honor the donor for their contribution to the community. The appearance of traditional commercial advertising or product endorsements that promote the donor shall be avoided.
10. All donations shall be accepted directly by the Finance Department staff.
11. Cash donations exceeding \$5,000, and in-kind donations exceeding \$5,000 in value, shall be accepted through a written agreement consistent with these guidelines and approved by the City Council. In-kind capital donations will be subject to normal City review, permitting, inspection and insurance requirements.
12. At the time of acceptance, all donations, regardless of value, will be acknowledged in writing in a form approved by the City Attorney. The original acknowledgement will be sent to the donor and a copy forwarded to the Finance Department.

**UNCONDITIONAL DONATION OF PERSONAL PROPERTY
TO THE CITY OF NATIONAL CITY**

_____ (hereinafter referred to as "the Donor") hereby
(Name of Donor)
makes an unconditional donation, in perpetuity, of _____
(Description of Donation)

(hereinafter referred to as "the Donation") to the City of National City. The Donor understands and acknowledges that pursuant to Sections 37354 and 37355 of the California Government Code, the City is authorized to accept said donation for any public purpose that the City desires.

Due to the nature of the donation work of art and the site on which it is installed, the DONOR and his/her agents, heirs, successors and assigns hereby waive any and all rights they may have under the California Art Preservation Act, as set forth in Civil Code Section 987. The DONOR agrees that upon completion, the physical work of art which is created pursuant to this Agreement shall be transferred to and shall vest in the City of National City, and the DONOR hereby expressly waives and releases all rights of ownership to the work of art, including those under Civil Service Code Section 988. The DONOR, his/her agents, heirs, successors and assigns also agree not to attempt to defeat this waiver by cooperating with any organization which seeks to bring an action under Civil Code Section 989.

The Donor hereby releases the City of National City and its officers, employees and volunteers, against and from any and all liability, loss, damages to property, claims, demands, suits, actions, proceedings, costs or attorney's fees, of any kind or nature, resulting from or arising out of the City's use of the Donation.

The Donor agrees to provide a minimum of \$1,000,000 combined single limit insurance for bodily injury and property damage which includes the City, its officials, agents and employees named as additional insured. A certificate of insurance must be attached to this form.

The individual executing this document on behalf of the Donor represents that he/she has the legal power, right and authority to bind the Donor; that all requisite action (corporate, trust, partnership or otherwise) has been taken by the Donor in connection with authorizing the execution of this document; that this document shall be legally enforceable as to the Donor; and that the execution of this document does not conflict with or result in the breach of any contract, bond, note or other agreement or instrument to which the Donor is a party.

Dated: _____ DONOR
By: _____
(Authorized Representative)

=====
For Office Use Only

Certificate of Insurance Approved _____ Date _____

**UNCONDITIONAL DONATION OF PERSONAL PROPERTY
TO THE CITY OF NATIONAL CITY**

_____ (hereinafter referred to as "the Donor") hereby
(Name of Donor)
makes an unconditional donation, in perpetuity, of _____
(Description of Donation)

(hereinafter referred to as "the Donation") to the City of National City. The Donor understands and acknowledges that pursuant to Sections 37354 and 37355 of the California Government Code, the City is authorized to accept said donation for any public purpose that the City desires.

As a condition of the granting of permission by the City of National City to the donor to conduct its activities on public property, the donor hereby agree(s) to defend, indemnify and hold harmless the City of National City its officers, employees and agents, from and against any and all claims, demands, costs, losses, liability or, for any personal injury, death or property damage, or both, or any litigation and other liability, including attorneys fees and the costs of litigation, arising out of or related to the use of public property by the donor or its agents, employees or contractors.

The Donor agrees to provide a minimum of \$1,000,000 combined single limit insurance for bodily injury and property damage which includes the City, its officials, agents and employees named as additional insured. A certificate of insurance must be attached to this form.

The individual executing this document on behalf of the Donor represents that he/she has the legal power, right and authority to bind the Donor; that all requisite action (corporate, trust, partnership or otherwise) has been taken by the Donor in connection with authorizing the execution of this document; that this document shall be legally enforceable as to the Donor; and that the execution of this document does not conflict with or result in the breach of any contract, bond, note or other agreement or instrument to which the Donor is a party.

Dated: _____ DONOR
By: _____
(Authorized Representative)

For Office Use Only

Certificate of Insurance Approved _____ Date _____

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Donation Acceptance Policy

POLICY #204

ADOPTED: October 21, 2003

AMENDED:

Purpose

From time to time, individuals, community groups and businesses may wish to make donations to the City in either cash or in-kind contributions that enhance projects, facilities, and programs, and the need for such projects, facilities and programs often exceeds the City's ability to fund them. Accordingly, it is an acceptable and appropriate practice to accept donations, in order to enhance city programs and/or facilities to provide a higher level of service to the public.

Deleted: ¶

The purpose of this policy is to establish an orderly and efficient process for the acceptance of donations made to the City. It is also important to process donations in such a way so as to distinguish between donations made to the City, versus those made to individuals (ie gifts or campaign contributions).

Deleted: P

Deleted: from

Deleted: , e.g.

Deleted: .

Policy

All donations made to the City shall be accepted and processed according to the following:

1. The donation must have a purpose consistent with City goals and objectives.
2. The City Council may decline any donation without comment or cause.
3. The donation must not be in conflict with any provision of the law.
4. In-kind donations will be aesthetically acceptable to the City of National City.
5. The donation will not add to the workload of the City Council or staff unless it provides a net benefit to the City.
6. The donation will not require hidden costs such as starting a program the City would be unwilling to fund when the donation was exhausted. To the extent the donation is for specific funding of a program or position, any such donation can be accepted but will not be conditioned on continuing funding for that program or position beyond the donation amount.
7. The donation must place no restriction on the City, unless agreed to by the City Council.

Deleted: will

Deleted: bring

8. The donation shall become the property of the City.
9. All donations will receive recognition appropriate to the level and nature of the donation as determined by the City. For those of a capital nature, that may be in the form of signage, marking or naming, as determined by the City Council. Regardless of the recognition strategy selected, the intent shall be to appropriately honor the donor for their contribution to the community. The appearance of traditional commercial advertising or product endorsements that promote the donor shall be prohibited.
10. All monetary donations shall be submitted to the Finance Department staff. A receipt shall be made available from the Finance Department upon request. Recipient departments shall notify the Finance Department of all donations received, whether monetary or otherwise.
11. Cash donations exceeding \$5,000, and in-kind donations exceeding \$5,000 in value, must be submitted through a written agreement consistent with these guidelines and approved by the City Council. In-kind capital donations will be subject to normal City review, permitting, inspection and insurance requirements.
12. At the time of acceptance, all donations, regardless of value, will be acknowledged in writing, by the recipient department, in a format approved by the City Attorney. The original acknowledgement will be sent to the donor and a copy forwarded to the Finance Department.

Deleted: avoided

Deleted: accepted directly by

Deleted:)

Deleted: shall be accepted

Deleted:

Related Policy References

Council Policy #115: Donating City Property & Police Unclaimed Property

Council Policy #117: Distribution & Reporting of Tickets and Passes

Two templates for "Donation Acceptance" agreements are attached to this policy

Formatted: Font: Bold, Underline

Prior Policy Amendments

None

Formatted: Font: Bold, Underline

Deleted: ¶
¶

**UNCONDITIONAL DONATION OF PERSONAL PROPERTY (ART WORK) TO
THE CITY OF NATIONAL CITY**

Formatted: Font: 12 pt

Deleted: ¶

_____ (hereinafter referred to as "the Donor") hereby
(Name of Donor)

makes an unconditional donation, in perpetuity, of _____
(Description of Donation)

(hereinafter referred to as "the Donation") to the City of National City. The Donor understands and acknowledges that pursuant to Sections 37354 and 37355 of the California Government Code, the City is authorized to accept said donation for any public purpose that the City desires.

Due to the nature of the donation work of art and the site on which it is installed, the DONOR and his/her agents, heirs, successors and assigns hereby waive any and all rights they may have under the California Art Preservation Act, as set forth in Civil Code Section 987. The DONOR agrees that upon completion, the physical work of art which is created pursuant to this Agreement shall be transferred to and shall vest in the City of National City, and the DONOR hereby expressly waives and releases all rights of ownership to the work of art, including those under Civil Service Code Section 988. The DONOR, his/her agents, heirs, successors and assigns also agree not to attempt to defeat this waiver by cooperating with any organization which seeks to bring an action under Civil Code Section 989.

The Donor hereby releases the City of National City and its officers, employees and volunteers, against and from any and all liability, loss, damages to property, claims, demands, suits, actions, proceedings, costs or attorney's fees, of any kind or nature, resulting from or arising out of the City's use of the Donation.

The individual executing this document on behalf of the Donor represents that he/she has the legal power, right and authority to bind the Donor; that all requisite action (corporate, trust, partnership or otherwise) has been taken by the Donor in connection with authorizing the execution of this document; that this document shall be legally enforceable as to the Donor; and that the execution of this document does not conflict with or result in the breach of any contract, bond, note or other agreement or instrument to which the Donor is a party.

Deleted: The Donor agrees to provide a minimum of \$1,000,000 combined single limit insurance for bodily injury and property damage which includes the City, its officials, agents and employees named as additional insured. A certificate of insurance must be attached to this form

Dated: _____ DONOR

By: _____
(Authorized Representative)

For Office Use Only

Certificate of Insurance Approved _____ Date _____

UNCONDITIONAL DONATION OF PERSONAL PROPERTY
TO THE CITY OF NATIONAL CITY

Deleted: ¶
Formatted: Font: 12 pt

_____ (hereinafter referred to as "the Donor") hereby
(Name of Donor)
makes an unconditional donation, in perpetuity, of _____
(Description of Donation)

(hereinafter referred to as "the Donation") to the City of National City. The Donor understands and acknowledges that pursuant to Sections 37354 and 37355 of the California Government Code, the City is authorized to accept said donation for any public purpose that the City desires.

As a condition of the granting of permission by the City of National City to the donor to conduct its activities on public property, the donor hereby agree(s) to defend, indemnify and hold harmless the City of National City its officers, employees and agents, from and against any and all claims, demands, costs, losses, liability or, for any personal injury, death or property damage, or both, or any litigation and other liability, including attorneys fees and the costs of litigation, arising out of or related to the use of public property by the donor or its agents, employees or contractors. The Donor agrees to provide a minimum of \$1,000,000 combined single limit insurance for bodily injury and property damage which includes the City, its officials, agents and employees named as additional insured. A certificate of insurance must be attached to this form.

The individual executing this document on behalf of the Donor represents that he/she has the legal power, right and authority to bind the Donor; that all requisite action (corporate, trust, partnership or otherwise) has been taken by the Donor in connection with authorizing the execution of this document; that this document shall be legally enforceable as to the Donor; and that the execution of this document does not conflict with or result in the breach of any contract, bond, note or other agreement or instrument to which the Donor is a party.

Dated: _____ DONOR
By: _____
(Authorized Representative)

For Office Use Only

Certificate of Insurance Approved _____ Date _____

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Donation Acceptance Policy

POLICY #204

ADOPTED: October 21, 2003

AMENDED:

Purpose

From time to time, individuals, community groups and businesses may wish to make donations to the City in either cash or in-kind contributions that enhance projects, facilities, and programs, and the need for such projects, facilities and programs often exceeds the City's ability to fund them. Accordingly, it is an acceptable and appropriate practice to accept donations, in order to enhance city programs and/or facilities to provide a higher level of service to the public.

The purpose of this policy is to establish an orderly and efficient process for the acceptance of donations made to the City. It is also important to process donations in such a way so as to distinguish between donations made to the City, versus those made to individuals (ie gifts or campaign contributions).

Policy

All donations made to the City shall be accepted and processed according to the following:

1. The donation must have a purpose consistent with City goals and objectives.
2. The City Council may decline any donation without comment or cause.
3. The donation must not be in conflict with any provision of the law.
4. In-kind donations will be aesthetically acceptable to the City of National City.
5. The donation will not add to the workload of the City Council or staff unless it provides a net benefit to the City.
6. The donation will not require hidden costs such as starting a program the City would be unwilling to fund when the donation was exhausted. To the extent the donation is for specific funding of a program or position, any such donation can be accepted but will not be conditioned on continuing funding for that program or position beyond the donation amount.
7. The donation must place no restriction on the City, unless agreed to by the City Council.

TITLE: Donation Acceptance Policy

POLICY #204

ADOPTED: October 21, 2003

AMENDED:

8. The donation shall become the property of the City.
9. All donations will receive recognition appropriate to the level and nature of the donation as determined by the City. For those of a capital nature, that may be in the form of signage, marking or naming, as determined by the City Council. Regardless of the recognition strategy selected, the intent shall be to appropriately honor the donor for their contribution to the community. The appearance of traditional commercial advertising or product endorsements that promote the donor shall be prohibited.
10. All monetary donations shall be submitted to the Finance Department staff. A receipt shall be made available from the Finance Department, upon request. Recipient departments shall notify the Finance Department of all donations received, whether monetary or otherwise.
11. Cash donations exceeding \$5,000, and in-kind donations exceeding \$5,000 in value, must be submitted through a written agreement consistent with these guidelines and approved by the City Council. In-kind capital donations will be subject to normal City review, permitting, inspection and insurance requirements.
12. At the time of acceptance, all donations, regardless of value, will be acknowledged in writing, by the recipient department, in a format approved by the City Attorney. The original acknowledgement will be sent to the donor and a copy forwarded to the Finance Department.

Related Policy References

Council Policy #115: Donating City Property & Police Unclaimed Property

Council Policy #117: Distribution & Reporting of Tickets and Passes

Two templates for "Donation Acceptance" agreements are attached to this policy

Prior Policy Amendments

None

**UNCONDITIONAL DONATION OF PERSONAL PROPERTY (ART WORK) TO
THE CITY OF NATIONAL CITY**

_____ (hereinafter referred to as "the Donor") hereby
(Name of Donor)

makes an unconditional donation, in perpetuity, of _____
(Description of Donation)

(hereinafter referred to as "the Donation") to the City of National City. The Donor understands and acknowledges that pursuant to Sections 37354 and 37355 of the California Government Code, the City is authorized to accept said donation for any public purpose that the City desires.

Due to the nature of the donation work of art and the site on which it is installed, the DONOR and his/her agents, heirs, successors and assigns hereby waive any and all rights they may have under the California Art Preservation Act, as set forth in Civil Code Section 987. The DONOR agrees that upon completion, the physical work of art which is created pursuant to this Agreement shall be transferred to and shall vest in the City of National City, and the DONOR hereby expressly waives and releases all rights of ownership to the work of art, including those under Civil Service Code Section 988. The DONOR, his/her agents, heirs, successors and assigns also agree not to attempt to defeat this waiver by cooperating with any organization which seeks to bring an action under Civil Code Section 989.

The Donor hereby releases the City of National City and its officers, employees and volunteers, against and from any and all liability, loss, damages to property, claims, demands, suits, actions, proceedings, costs or attorney's fees, of any kind or nature, resulting from or arising out of the City's use of the Donation.

The individual executing this document on behalf of the Donor represents that he/she has the legal power, right and authority to bind the Donor; that all requisite action (corporate, trust, partnership or otherwise) has been taken by the Donor in connection with authorizing the execution of this document; that this document shall be legally enforceable as to the Donor; and that the execution of this document does not conflict with or result in the breach of any contract, bond, note or other agreement or instrument to which the Donor is a party.

Dated: _____

DONOR

By: _____
(Authorized Representative)

For Office Use Only

Certificate of Insurance Approved _____ Date _____

**UNCONDITIONAL DONATION OF PERSONAL PROPERTY
TO THE CITY OF NATIONAL CITY**

_____ (hereinafter referred to as "the Donor") hereby
(Name of Donor)

makes an unconditional donation, in perpetuity, of _____
(Description of Donation)

(hereinafter referred to as "the Donation") to the City of National City. The Donor understands and acknowledges that pursuant to Sections 37354 and 37355 of the California Government Code, the City is authorized to accept said donation for any public purpose that the City desires.

As a condition of the granting of permission by the City of National City to the donor to conduct its activities on public property, the donor hereby agree(s) to defend, indemnify and hold harmless the City of National City its officers, employees and agents, from and against any and all claims, demands, costs, losses, liability or, for any personal injury, death or property damage, or both, or any litigation and other liability, including attorneys fees and the costs of litigation, arising out of or related to the use of public property by the donor or its agents, employees or contractors. The Donor agrees to provide a minimum of \$1,000,000 combined single limit insurance for bodily injury and property damage which includes the City, its officials, agents and employees named as additional insured. A certificate of insurance must be attached to this form.

The individual executing this document on behalf of the Donor represents that he/she has the legal power, right and authority to bind the Donor; that all requisite action (corporate, trust, partnership or otherwise) has been taken by the Donor in connection with authorizing the execution of this document; that this document shall be legally enforceable as to the Donor; and that the execution of this document does not conflict with or result in the breach of any contract, bond, note or other agreement or instrument to which the Donor is a party.

Dated: _____ DONOR

By: _____
(Authorized Representative)

For Office Use Only

Certificate of Insurance Approved _____ Date _____

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Intrabudget Adjustment Request Policy for the Mayor and City Council

POLICY #205

ADOPTED: January 16, 2007

AMENDED:

Purpose

To establish a procedure for the transfer of funds from one account to another for accounts within the control of the Mayor or a City Councilmember.

Policy

The intrabudget adjustment request (IBAR) is the procedure that is utilized to transfer funds from one account to another within a department. In the event of a transfer of funds from one account to another account for accounts within the control of a Councilmember, the intrabudget adjustment request shall be signed by the Councilmember initiating the request, and also by the Mayor. For accounts within the control of the Mayor, the intrabudget adjustment request shall be signed by the Mayor and also by a Councilmember. In addition, a copy of the request shall be sent by mail to all members of the City Council.

The Intrabudget Adjustment Request attached to this Policy is to be used in making such requests.

CITY COUNCIL POLICY
CITY OF NATIONAL CITY

TITLE: Intrabudget Adjustment Request Policy for the _____ POLICY #205
Mayor and City Council

ADOPTED: January 16, 2007

AMENDED:

Purpose

To establish a procedure for the transfer of funds, from one account to another, for accounts within the control of the Mayor or a City Councilmember.

Policy

The Intrabudget Adjustment Request (IBAR) is the procedure that is used to transfer an appropriation from one budgetary account to another.

For accounts within the control of a Councilmember, the IBAR form shall be signed by the Councilmember initiating the request, and also by the Mayor.

For accounts within the control of the Mayor, the IBAR form shall be signed by the Mayor, and also by the Vice-Mayor.

The IBAR form is available from the Finance Department or via the City's Intranet page.

Related Policy References

Budget Manual

Prior Policy Amendments

None

Deleted: i

Deleted: a

Deleted: r

Deleted: utilized

Deleted: funds

Deleted: within a department

Deleted: via an IBAR form available from: from the Finance Department or via the City's Intranet page.

Deleted: In the event of a transfer of funds from one account to another account for accounts within the control of

Deleted: intrabudget adjustment

Deleted: request

Deleted: intrabudget adjustment request

Deleted: a

Deleted: m

Deleted: . In addition, a copy of the request shall be sent by mail to all members of the City Council

Deleted: The Intrabudget Adjustment Request attached to this Policy is to be used in making such requests.¶

Deleted: IBAR forms are available from the City's intranet site and via the Finance Department¶

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Intrabudget Adjustment Request Policy for the Mayor and City Council

POLICY #205

ADOPTED: January 16, 2007

AMENDED:

Purpose

To establish a procedure for the transfer of funds, from one account to another, for accounts within the control of the Mayor or a City Councilmember.

Policy

The Intrabudget Adjustment Request (IBAR) is the procedure that is used to transfer an appropriation from one budgetary account to another.

For accounts within the control of a Councilmember, the IBAR form shall be signed by the Councilmember initiating the request, and also by the Mayor.

For accounts within the control of the Mayor, the IBAR form shall be signed by the Mayor, and also by the Vice-Mayor.

The IBAR form is available from the Finance Department or via the City's Intranet page.

Related Policy References

Budget Manual

Prior Policy Amendments

None

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Legislative and Judicial Platform	POLICY #301
ADOPTED: February 24, 1991	AMENDED: November 18, 2008

Purpose

To establish guidelines which allow staff to respond to proposed legislation and pending litigation quickly and effectively and to serve as broad statement of City policy on a variety of public issues.

Policy

The City Council shall adopt a legislative and judicial platform and annual legislative priorities, developed by the staff as policy parameters in order to respond to proposed legislation and pending litigation quickly. The direction provided in the legislative and judicial platform will encompass principles fundamental to the needs of the City. This platform shall be updated and revised by the Council as necessary. In addition, the Council shall adopt legislative priorities annually. These Council endorsed legislative priorities may address specific and pending regional, state, and federal policy issues for the City of National City. Generally, the legislative priorities document shall include only those items of a direct and substantial impact on the municipal operations.

The City of National City legislative platform and priorities formally establishes the City's position on pending legislative matters. With this policy guidance, the City Manager's Office and Legislative Liaison shall advocate for and against legislative matters as appropriate without waiting for Council approval. The method of communication and level of engagement will be determined by the City Manager's Office based on the Council priorities, legislative climate, and urgency of the legislative proposal. The City Council will be provided with legislative updates and copies of correspondence sent on behalf of the City.

Similarly, the platform and priorities allow the staff to provide input into the judicial system, such as by adding the City's name to amicus curiae briefs, by corresponding with appellate courts, or by supporting efforts of the League of California Cities' Legal Advocacy Committee, without waiting for Council approval. Written correspondence to the appellate courts or requests to participate in amicus curiae briefs will be signed by the City Attorney or designee, with a copy to the City Council.

Council approval is required on those issues which do not fall within the parameters of the legislative and judicial platform or legislative priorities, unless scheduling and approval is not possible due to the emergency nature of the legislation or litigation or to the necessity of City action which prevents such scheduling in a timely manner. In such

cases, the City Manager shall determine the appropriate course of action as to legislative matters, after considering the recommendation of the Department Director and Legislative Liaison; and the City Attorney shall make such determinations on litigation issues.

Timeline

The Council shall periodically update the legislative and judicial platform as needed. The Council shall annually adopt legislative priorities. On or before November 15th, the City Manager shall submit legislative policy recommendations to the Council for review. On or before the final City Council Meeting in December, the City Council shall formally adopt the annual Legislative Priorities.

On or before April 1st, the City Manager's office shall compile items to be submitted for inclusion in the state and/or federal budget. On or before June 1st, the City Council shall formally adopt the budget items for inclusion on behalf of National City.

The priorities and timelines may be amended by the City Council from time to time when action on a matter appears to be of sufficient urgency that it would not be in the city's best interest to wait until the next legislative year.

Related Policy References

None



2009 CITY OF NATIONAL CITY LEGISLATIVE AND JUDICIAL PLATFORM AND CORE PRIORITIES

The National City Council urges the Legislature to:

- Preserve and enhance the City's ability to deliver quality and cost-effective services to National City's residents and visitors.
 - Preserve and enhance the City Council's ability to serve National City residents by retaining local decision making authority and maintaining state legislative and voter commitments for revenue resources.
-

LEGISLATIVE PLATFORM

MUNICIPAL CORE LEGISLATIVE PRIORITIES

The following eight core legislative priorities highlight issues that could significantly affect National City and legislative advocacy efforts which will be focused in these priority areas.

I. HOME RULE / FISCAL SUSTAINABILITY

Home Rule and Local Control

The City believes strongly in the principles of home rule authority and local control and its ability to increase the effectiveness and efficiency of local government services. The City encourages the Legislature to respect and support home rule and opposes legislation that attempts to weaken municipal home rule authority and flexibility.

Fiscal Sustainability

The City supports the retention of local taxing authority, the maintenance of fiscally balanced revenue sources, and measures that would provide fiscal independence to cities.

The City supports the full disbursement levels of existing revenue streams and directed funding sources including sales tax, property tax, transient occupancy tax (TOT) and vehicle in-lieu fees. The City opposes diversions and reallocations of these funds by the Legislature in a manner that would negatively affect local government.

The City opposes unfunded mandates placed on local jurisdictions, and encourages the legislature to evaluate the fiscal impact such mandates will have on communities prior to considering the issue.

II. INFRASTRUCTURE

The City supports the retention of infrastructure funding and bonding for street projects, housing and infill infrastructure projects and parks. The city recognizes that funding for these key project areas will help to spur economic activity in National City.

The City supports efforts to provide more flexibility in raising revenue for necessary infrastructure projects.

The City supports federal and state economic stimulus initiatives that provide the necessary resources and funds to invest in necessary infrastructure projects to improve the transfer of goods and services throughout the region, create jobs and encourage economic development.

III. TRANSPORTATION

The City believes the movement of goods and people is vital to continued economic success and to the maintenance of a high quality of life. In order to preserve these, the City encourages the Legislature to invest in the maintenance and expansion of the State's multi-modal transportation network. The City supports regional coordination in transportation planning but opposes efforts that limit local control in the transportation decision-making process.

The City supports measures to finance local and regional multi-modal transportation improvements and to enhance transportation funding equity.

The City opposes proposals that would adversely affect the quality of National City and its surrounding area. Furthermore, the council supports efforts that grant cities and towns the additional ability to provide for transportation improvements.

IV. PORT RELATED LEGISLATION

The City and the Port of San Diego have attempted to work cooperatively to address the disparity that has long existed between the regional benefits of the Port and the unique local impacts of the Port on the City and its residents. The City is committed to pursuing public policy that would achieve the balance necessary between the Port, the Working Waterfront and National City consistent with the following six principles agreed upon by the parties:

1. Protection of Maritime Uses
2. Enhancement of the Working Waterfront
3. Environmental Compliance
4. Public and/or Visitor Serving Amenities
5. Financial Benefits to the Port and National City
6. Public Participation within National City

Generally, the City is supportive of any legislative measures that are consistent with the policies and intent of one or more of the foregoing principles. Further, the City Council supports efforts that grant Port communities the ability to fully address the economic and environmental impacts directly and indirectly attributed to the Port. National City is also supportive of public policy that provides financial incentives to Port communities for the preservation and expansion maritime activities within its jurisdiction.

V. ENERGY CONSERVATION & ENVIRONMENTAL PROTECTION

The City recognizes the importance of working cooperatively with other governmental and private sector entities to implement and manage efficient, cost-effective, and sound environmental programs and services that secure clean air, water and land.

The City supports appropriate legislation and regulation that promotes pollution prevention, supports energy conservation efforts and encourages green development without imposing unfunded mandates.

The City opposes efforts that place a severe financial burden on municipalities.

VI. LAND USE PLANNING

The City supports maintaining local authority in land use planning issues and supports legislative efforts that promote more orderly growth and opposes efforts that impede growth management, including the preservation of local authority to set land use policies.

The City supports efforts to assist local governments in implementing sustainable development practices.

The City opposes legislation that would restrict a municipality's ability to redevelop under-performing areas.

VII. ECONOMIC DEVELOPMENT

The City supports efforts to enhance the range of economic development mechanisms at a municipality's disposal that would strengthen the abilities of local agencies to prepare for, and implement growth, development, redevelopment, conservation and beautification projects.

The City opposes any attempt to limit local control over, or ability to execute economic development projects including through the diversion of redevelopment funding.

The City opposes any state or federal proposals that reduce economic investment opportunities at the local level. This includes reductions and restrictions to block grants and housing subsidies.

VIII. AFFORDABLE HOUSING

The City recognizes the importance of housing for all income levels as critical to the balanced and healthy growth of the city and its communities. The City supports affordable housing efforts as a key component to workforce recruitment and retention. This includes support for federal and state participation and financial support of programs to provide adequate housing for the elderly, disabled and low income persons throughout the community.

LEGISLATIVE PLATFORM CONTINUED

The following platform statements address additional legislative issues that may arise, and appear regularly at the federal and state levels.

GOVERNMENTAL PUBLIC LIABILITY POLICY

The City supports efforts to reinforce public entity design and discretionary act immunity.

The City supports efforts to abolish lump-sum awards for damages and to substitute installment payments projected over the plaintiff's life span, to cease at time of death.

The City supports efforts to develop statutory provisions calling for the reimbursement of all public entity defense costs and expenditures incurred in the defense of frivolous and spurious claims and lawsuits.

The City supports efforts to change the legal principal of "joint and several liability" to protect, ensure and otherwise provide that the City will not be a "deep pocket" liability target.

The City opposes efforts to further erode governmental tort immunity.

The City opposes any efforts to remove or weaken any statutory time limits as to the filing and serving of claims and lawsuits as well as any efforts to open public entities to liability for punitive or exemplary damages.

The City opposes any efforts to expand situations in which public entities may be liable to pay for litigants' attorneys' fees or other litigation expenses.

EMPLOYEE RELATIONS AND BENEFITS

The City supports efforts that provide the City with necessary resources and authority to establish appropriate working conditions and benefits to its employees. This includes preserving and enhancing equal employment opportunities for all people seeking employment, and opposing efforts that remove the local decision making authority in employee issues.

The City is supportive of efforts that result in improved public and private sector labor management relations and opposes efforts that impose state mandates.

The City supports efforts to prevent abuses within the compensation system, which in turn results in increased costs to the municipality.

PUBLIC SAFETY AND EMERGENCY SERVICES

The City supports initiatives to preserve and enhance the ability of local governments to strategically plan for and respond to emergencies and efforts to ensure that the greatest level of public safety and emergency services are provided to the community without creating an unfunded mandate

The City supports the retention of revenue streams for funding public safety employees, disaster preparedness, crime and fire prevention and suppression, emergency medical services and public safety training

TELECOMMUNICATIONS

The City supports efforts that ensure consumer access to telecommunications services in an efficient and cost effective manner while retaining local government's authority. This includes retaining local government's ability to negotiate franchise agreements, the ability to regulate the use of public rights-of-way and collect appropriate revenues in order to maximize benefits to the consumer.

ORIGINAL

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Legislative and Judicial Platform

POLICY #301

ADOPTED: February 24, 1991

AMENDED:

Deleted: November 18, 2008

Purpose

To establish guidelines which allow staff to respond to proposed legislation and pending litigation quickly and effectively and to serve as broad statement of City policy on a variety of public issues.

Policy

The City Council shall adopt a legislative and judicial platform and annual legislative priorities, developed by staff as policy parameters in order to respond to proposed legislation and pending litigation quickly. The direction provided in the legislative and judicial platform will encompass principles fundamental to the needs of the City. This platform shall be updated and revised by the Council as necessary. In addition, the Council shall adopt legislative priorities annually. These Council endorsed legislative priorities may address specific and pending regional, state, and federal policy issues for the City of National City. Generally, the legislative priorities document shall include only those items of a direct and substantial impact on municipal operations.

Deleted: the

Deleted:

Deleted: the

The City of National City legislative platform and priorities formally establishes the City's position on pending legislative matters. With this policy guidance, the City Manager's Office shall advocate for and against legislative matters as appropriate without waiting for Council approval. The method of communication and level of engagement will be determined by the City Manager's Office based on the Council priorities, legislative climate, and urgency of the legislative proposal. The City Council will be provided with legislative updates and copies of correspondence sent on behalf of the City.

Deleted: and Legislative Liaison

Similarly, the platform and priorities allow the staff to provide input into the judicial system, such as by adding the City's name to amicus curiae briefs, by corresponding with appellate courts, or by supporting efforts of the League of California Cities' Legal Advocacy Committee, without waiting for Council approval. Written correspondence to the appellate courts or requests to participate in amicus curiae briefs will be signed by the City Attorney or designee, with a copy to the City Council.

Deleted: ¶
¶

Deleted: S

Council approval is required on those issues which do not fall within the parameters of the legislative and judicial platform or legislative priorities, unless scheduling and approval is not possible due to the emergency nature of the legislation or litigation or to the necessity of City action which prevents such scheduling in a timely manner. In such cases, the City Manager shall determine the appropriate course of action as to legislative

matters, after considering the recommendation of the Department Director, and the City Attorney shall make such determinations on litigation issues.

Deleted: and Legislative Liaison

Timeline

The Council shall periodically update the legislative and judicial platform as needed. The Council shall annually adopt legislative priorities. On or before November 15th, the City Manager shall submit legislative policy recommendations to the Council for review. On or before the final City Council Meeting in December, the City Council shall formally adopt the annual Legislative Priorities.

On or before April 1st, the City Manager's office shall compile items to be submitted for inclusion in the state and/or federal budget. On or before June 1st, the City Council shall formally adopt the budget items for inclusion on behalf of National City.

The priorities and timelines may be amended by the City Council from time to time when action on a matter appears to be of sufficient urgency that it would not be in the city's best interest to wait until the next legislative year.

Related Policy References

Legislative and Judicial Platform Memo attached as part of this policy.

Deleted: None

Prior Policy Amendments

November 18, 2008



**2009 CITY OF NATIONAL CITY
LEGISLATIVE AND JUDICIAL PLATFORM
AND CORE PRIORITIES**

The National City Council urges the Legislature to:

- Preserve and enhance the City's ability to deliver quality and cost-effective services to National City's residents and visitors.
- Preserve and enhance the City Council's ability to serve National City residents by retaining local decision making authority and maintaining state legislative and voter commitments for revenue resources.

LEGISLATIVE PLATFORM

MUNICIPAL CORE LEGISLATIVE PRIORITIES

The following eight core legislative priorities highlight issues that could significantly affect National City and legislative advocacy efforts which will be focused in these priority areas.

I. HOME RULE / FISCAL SUSTAINABILITY

Home Rule and Local Control

The City believes strongly in the principles of home rule authority and local control and its ability to increase the effectiveness and efficiency of local government services. The City encourages the Legislature to respect and support home rule and opposes legislation that attempts to weaken municipal home rule authority and flexibility.

Fiscal Sustainability

The City supports the retention of local taxing authority, the maintenance of fiscally balanced revenue sources, and measures that would provide fiscal independence to cities.

The City supports the full disbursement levels of existing revenue streams and directed funding sources including sales tax, property tax, transient occupancy tax (TOT) and vehicle in-lieu fees. The City opposes diversions and reallocations of these funds by the Legislature in a manner that would negatively affect local government.

The City opposes unfunded mandates placed on local jurisdictions, and encourages the legislature to evaluate the fiscal impact such mandates will have on communities prior to considering the issue.

II. INFRASTRUCTURE

The City supports the retention of infrastructure funding and bonding for street projects, housing and infill infrastructure projects and parks. The city recognizes that funding for these key project areas will help to spur economic activity in National City.

The City supports efforts to provide more flexibility in raising revenue for necessary infrastructure projects.

The City supports federal and state economic stimulus initiatives that provide the necessary resources and funds to invest in necessary infrastructure projects to improve the transfer of goods and services throughout the region, create jobs and encourage economic development.

III. TRANSPORTATION

The City believes the movement of goods and people is vital to continued economic success and to the maintenance of a high quality of life. In order to preserve these, the City encourages the Legislature to invest in the maintenance and expansion of the State's multi-modal transportation network. The City supports regional coordination in transportation planning but opposes efforts that limit local control in the transportation decision-making process.

The City supports measures to finance local and regional multi-modal transportation improvements and to enhance transportation funding equity.

The City opposes proposals that would adversely affect the quality of National City and its surrounding area. Furthermore, the council supports efforts that grant cities and towns the additional ability to provide for transportation improvements.

IV. PORT RELATED LEGISLATION

The City and the Port of San Diego have attempted to work cooperatively to address the disparity that has long existed between the regional benefits of the Port and the unique local impacts of the Port on the City and its residents. The City is committed to pursuing public policy that would achieve the balance necessary between the Port, the Working Waterfront and National City consistent with the following six principles agreed upon by the parties:

1. Protection of Maritime Uses
2. Enhancement of the Working Waterfront
3. Environmental Compliance
4. Public and/or Visitor Serving Amenities
5. Financial Benefits to the Port and National City
6. Public Participation within National City

Generally, the City is supportive of any legislative measures that are consistent with the policies and intent of one or more of the foregoing principles. Further, the City Council supports efforts that grant Port communities the ability to fully address the economic and environmental impacts directly and indirectly attributed to the Port. National City is also supportive of public policy that provides financial incentives to Port communities for the preservation and expansion maritime activities within its jurisdiction.

V. ENERGY CONSERVATION & ENVIRONMENTAL PROTECTION

The City recognizes the importance of working cooperatively with other governmental and private sector entities to implement and manage efficient, cost-effective, and sound environmental programs and services that secure clean air, water and land.

The City supports appropriate legislation and regulation that promotes pollution prevention, supports energy conservation efforts and encourages green development without imposing unfunded mandates.

The City opposes efforts that place a severe financial burden on municipalities.

VI. LAND USE PLANNING

The City supports maintaining local authority in land use planning issues and supports legislative efforts that promote more orderly growth and opposes efforts that impede growth management, including the preservation of local authority to set land use policies.

The City supports efforts to assist local governments in implementing sustainable development practices.

The City opposes legislation that would restrict a municipality's ability to redevelop under-performing areas.

VII. ECONOMIC DEVELOPMENT

The City supports efforts to enhance the range of economic development mechanisms at a municipality's disposal that would strengthen the abilities of local agencies to prepare for, and implement growth, development, redevelopment, conservation and beautification projects.

The City opposes any attempt to limit local control over, or ability to execute economic development projects including through the diversion of redevelopment funding.

The City opposes any state or federal proposals that reduce economic investment opportunities at the local level. This includes reductions and restrictions to block grants and housing subsidies.

VIII. AFFORDABLE HOUSING

The City recognizes the importance of housing for all income levels as critical to the balanced and healthy growth of the city and its communities. The City supports affordable housing efforts as a key component to workforce recruitment and retention. This includes support for federal and state participation and financial support of programs to provide adequate housing for the elderly, disabled and low income persons throughout the community.

LEGISLATIVE PLATFORM CONTINUED

The following platform statements address additional legislative issues that may arise, and appear regularly at the federal and state levels.

GOVERNMENTAL PUBLIC LIABILITY POLICY

The City supports efforts to reinforce public entity design and discretionary act immunity.

The City supports efforts to abolish lump-sum awards for damages and to substitute installment payments projected over the plaintiff's life span, to cease at time of death.

The City supports efforts to develop statutory provisions calling for the reimbursement of all public entity defense costs and expenditures incurred in the defense of frivolous and spurious claims and lawsuits.

The City supports efforts to change the legal principal of "joint and several liability" to protect, ensure and otherwise provide that the City will not be a "deep pocket" liability target.

The City opposes efforts to further erode governmental tort immunity.

The City opposes any efforts to remove or weaken any statutory time limits as to the filing and serving of claims and lawsuits as well as any efforts to open public entities to liability for punitive or exemplary damages.

The City opposes any efforts to expand situations in which public entities may be liable to pay for litigants' attorneys' fees or other litigation expenses.

EMPLOYEE RELATIONS AND BENEFITS

The City supports efforts that provide the City with necessary resources and authority to establish appropriate working conditions and benefits to its employees. This includes preserving and enhancing equal employment opportunities for all people seeking employment, and opposing efforts that remove the local decision making authority in employee issues.

The City is supportive of efforts that result in improved public and private sector labor management relations and opposes efforts that impose state mandates.

The City supports efforts to prevent abuses within the compensation system, which in turn results in increased costs to the municipality.

PUBLIC SAFETY AND EMERGENCY SERVICES

The City supports initiatives to preserve and enhance the ability of local governments to strategically plan for and respond to emergencies and efforts to ensure that the greatest level of public safety and emergency services are provided to the community without creating an unfunded mandate

The City supports the retention of revenue streams for funding public safety employees, disaster preparedness, crime and fire prevention and suppression, emergency medical services and public safety training

TELECOMMUNICATIONS

The City supports efforts that ensure consumer access to telecommunications services in an efficient and cost effective manner while retaining local government's authority. This includes retaining local government's ability to negotiate franchise agreements, the ability to regulate the use of public rights-of-way and collect appropriate revenues in order to maximize benefits to the consumer.

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Legislative and Judicial Platform

POLICY #301

ADOPTED: February 24, 1991

AMENDED:

Purpose

To establish guidelines which allow staff to respond to proposed legislation and pending litigation quickly and effectively and to serve as broad statement of City policy on a variety of public issues.

Policy

The City Council shall adopt a legislative and judicial platform and annual legislative priorities, developed by staff as policy parameters in order to respond to proposed legislation and pending litigation quickly. The direction provided in the legislative and judicial platform will encompass principles fundamental to the needs of the City. This platform shall be updated and revised by the Council as necessary. In addition, the Council shall adopt legislative priorities annually. These Council endorsed legislative priorities may address specific and pending regional, state, and federal policy issues for the City of National City. Generally, the legislative priorities document shall include only those items of a direct and substantial impact on municipal operations.

The City of National City legislative platform and priorities formally establishes the City's position on pending legislative matters. With this policy guidance, the City Manager's Office shall advocate for and against legislative matters as appropriate without waiting for Council approval. The method of communication and level of engagement will be determined by the City Manager's Office based on the Council priorities, legislative climate, and urgency of the legislative proposal. The City Council will be provided with legislative updates and copies of correspondence sent on behalf of the City. Similarly, the platform and priorities allow the staff to provide input into the judicial system, such as by adding the City's name to amicus curiae briefs, by corresponding with appellate courts, or by supporting efforts of the League of California Cities' Legal Advocacy Committee, without waiting for Council approval. Written correspondence to the appellate courts or requests to participate in amicus curiae briefs will be signed by the City Attorney or designee, with a copy to the City Council.

Council approval is required on those issues which do not fall within the parameters of the legislative and judicial platform or legislative priorities, unless scheduling and approval is not possible due to the emergency nature of the legislation or litigation or to the necessity of City action which prevents such scheduling in a timely manner. In such cases, the City Manager shall determine the appropriate course of action as to legislative

TITLE: Legislative and Judicial Platform

POLICY #301

ADOPTED: February 24, 1991

AMENDED:

matters, after considering the recommendation of the Department Director; and the City Attorney shall make such determinations on litigation issues.

Timeline

The Council shall periodically update the legislative and judicial platform as needed. The Council shall annually adopt legislative priorities. On or before November 15th, the City Manager shall submit legislative policy recommendations to the Council for review. On or before the final City Council Meeting in December, the City Council shall formally adopt the annual Legislative Priorities.

On or before April 1st, the City Manager's office shall compile items to be submitted for inclusion in the state and/or federal budget. On or before June 1st, the City Council shall formally adopt the budget items for inclusion on behalf of National City.

The priorities and timelines may be amended by the City Council from time to time when action on a matter appears to be of sufficient urgency that it would not be in the city's best interest to wait until the next legislative year.

Related Policy References

Legislative and Judicial Platform Memo attached as part of this policy

Prior Policy Amendments

November 18, 2008



2009 CITY OF NATIONAL CITY LEGISLATIVE AND JUDICIAL PLATFORM AND CORE PRIORITIES

The National City Council urges the Legislature to:

- Preserve and enhance the City's ability to deliver quality and cost-effective services to National City's residents and visitors.
 - Preserve and enhance the City Council's ability to serve National City residents by retaining local decision making authority and maintaining state legislative and voter commitments for revenue resources.
-

LEGISLATIVE PLATFORM

MUNICIPAL CORE LEGISLATIVE PRIORITIES

The following eight core legislative priorities highlight issues that could significantly affect National City and legislative advocacy efforts which will be focused in these priority areas.

I. HOME RULE / FISCAL SUSTAINABILITY

Home Rule and Local Control

The City believes strongly in the principles of home rule authority and local control and its ability to increase the effectiveness and efficiency of local government services. The City encourages the Legislature to respect and support home rule and opposes legislation that attempts to weaken municipal home rule authority and flexibility.

Fiscal Sustainability

The City supports the retention of local taxing authority, the maintenance of fiscally balanced revenue sources, and measures that would provide fiscal independence to cities.

The City supports the full disbursement levels of existing revenue streams and directed funding sources including sales tax, property tax, transient occupancy tax (TOT) and vehicle in-lieu fees. The City opposes diversions and reallocations of these funds by the Legislature in a manner that would negatively affect local government.

The City opposes unfunded mandates placed on local jurisdictions, and encourages the legislature to evaluate the fiscal impact such mandates will have on communities prior to considering the issue.

II. INFRASTRUCTURE

The City supports the retention of infrastructure funding and bonding for street projects, housing and infill infrastructure projects and parks. The city recognizes that funding for these key project areas will help to spur economic activity in National City.

The City supports efforts to provide more flexibility in raising revenue for necessary infrastructure projects.

The City supports federal and state economic stimulus initiatives that provide the necessary resources and funds to invest in necessary infrastructure projects to improve the transfer of goods and services throughout the region, create jobs and encourage economic development.

III. TRANSPORTATION

The City believes the movement of goods and people is vital to continued economic success and to the maintenance of a high quality of life. In order to preserve these, the City encourages the Legislature to invest in the maintenance and expansion of the State's multi-modal transportation network. The City supports regional coordination in transportation planning but opposes efforts that limit local control in the transportation decision-making process.

The City supports measures to finance local and regional multi-modal transportation improvements and to enhance transportation funding equity.

The City opposes proposals that would adversely affect the quality of National City and its surrounding area. Furthermore, the council supports efforts that grant cities and towns the additional ability to provide for transportation improvements.

IV. PORT RELATED LEGISLATION

The City and the Port of San Diego have attempted to work cooperatively to address the disparity that has long existed between the regional benefits of the Port and the unique local impacts of the Port on the City and its residents. The City is committed to pursuing public policy that would achieve the balance necessary between the Port, the Working Waterfront and National City consistent with the following six principles agreed upon by the parties:

1. Protection of Maritime Uses
2. Enhancement of the Working Waterfront
3. Environmental Compliance
4. Public and/or Visitor Serving Amenities
5. Financial Benefits to the Port and National City
6. Public Participation within National City

Generally, the City is supportive of any legislative measures that are consistent with the policies and intent of one or more of the foregoing principles. Further, the City Council supports efforts that grant Port communities the ability to fully address the economic and environmental impacts directly and indirectly attributed to the Port. National City is also supportive of public policy that provides financial incentives to Port communities for the preservation and expansion maritime activities within its jurisdiction.

V. ENERGY CONSERVATION & ENVIRONMENTAL PROTECTION

The City recognizes the importance of working cooperatively with other governmental and private sector entities to implement and manage efficient, cost-effective, and sound environmental programs and services that secure clean air, water and land.

The City supports appropriate legislation and regulation that promotes pollution prevention, supports energy conservation efforts and encourages green development without imposing unfunded mandates.

The City opposes efforts that place a severe financial burden on municipalities.

VI. LAND USE PLANNING

The City supports maintaining local authority in land use planning issues and supports legislative efforts that promote more orderly growth and opposes efforts that impede growth management, including the preservation of local authority to set land use policies.

The City supports efforts to assist local governments in implementing sustainable development practices.

The City opposes legislation that would restrict a municipality's ability to redevelop under-performing areas.

VII. ECONOMIC DEVELOPMENT

The City supports efforts to enhance the range of economic development mechanisms at a municipality's disposal that would strengthen the abilities of local agencies to prepare for, and implement growth, development, redevelopment, conservation and beautification projects.

The City opposes any attempt to limit local control over, or ability to execute economic development projects including through the diversion of redevelopment funding.

The City opposes any state or federal proposals that reduce economic investment opportunities at the local level. This includes reductions and restrictions to block grants and housing subsidies.

VIII. AFFORDABLE HOUSING

The City recognizes the importance of housing for all income levels as critical to the balanced and healthy growth of the city and its communities. The City supports affordable housing efforts as a key component to workforce recruitment and retention. This includes support for federal and state participation and financial support of programs to provide adequate housing for the elderly, disabled and low income persons throughout the community.

LEGISLATIVE PLATFORM CONTINUED

The following platform statements address additional legislative issues that may arise, and appear regularly at the federal and state levels.

GOVERNMENTAL PUBLIC LIABILITY POLICY

The City supports efforts to reinforce public entity design and discretionary act immunity.

The City supports efforts to abolish lump-sum awards for damages and to substitute installment payments projected over the plaintiff's life span, to cease at time of death.

The City supports efforts to develop statutory provisions calling for the reimbursement of all public entity defense costs and expenditures incurred in the defense of frivolous and spurious claims and lawsuits.

The City supports efforts to change the legal principal of "joint and several liability" to protect, ensure and otherwise provide that the City will not be a "deep pocket" liability target.

The City opposes efforts to further erode governmental tort immunity.

The City opposes any efforts to remove or weaken any statutory time limits as to the filing and serving of claims and lawsuits as well as any efforts to open public entities to liability for punitive or exemplary damages.

The City opposes any efforts to expand situations in which public entities may be liable to pay for litigants' attorneys' fees or other litigation expenses.

EMPLOYEE RELATIONS AND BENEFITS

The City supports efforts that provide the City with necessary resources and authority to establish appropriate working conditions and benefits to its employees. This includes preserving and enhancing equal employment opportunities for all people seeking employment, and opposing efforts that remove the local decision making authority in employee issues.

The City is supportive of efforts that result in improved public and private sector labor management relations and opposes efforts that impose state mandates.

The City supports efforts to prevent abuses within the compensation system, which in turn results in increased costs to the municipality.

PUBLIC SAFETY AND EMERGENCY SERVICES

The City supports initiatives to preserve and enhance the ability of local governments to strategically plan for and respond to emergencies and efforts to ensure that the greatest level of public safety and emergency services are provided to the community without creating an unfunded mandate

The City supports the retention of revenue streams for funding public safety employees, disaster preparedness, crime and fire prevention and suppression, emergency medical services and public safety training

TELECOMMUNICATIONS

The City supports efforts that ensure consumer access to telecommunications services in an efficient and cost effective manner while retaining local government's authority. This includes retaining local government's ability to negotiate franchise agreements, the ability to regulate the use of public rights-of-way and collect appropriate revenues in order to maximize benefits to the consumer.

DRAFT

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

**TITLE: Procedures and Requirements for
Development Agreements**

POLICY # 402

ADOPTED: September 6, 2011

AMENDED:

1.0 Purpose

To adopt regulations establishing procedures and requirements for consideration of development agreements.

2.0 Policy

Under a development agreement, both the City and the developer commit themselves to proceed with a development in accordance with the terms of the agreement. The city may agree to process further applications in accordance with the City's building regulations and planning and zoning ordinances, regulations, and standards in effect at the time of the agreement, and not to subject the development to changes in those ordinances, regulations and standards for a specified time. In return, the developer may agree to construct specific improvements, provide public facilities and services, pay development impact fees, develop according to a specified time schedule or make other commitments that the City might otherwise have no authority to require a developer to perform. A development agreement is enforceable despite any changes to the General Plan, a specific plan, zoning, subdivision, or building regulations.

The development agreement may provide that the developer shall be subject to future changes in development impact fees. Any fees received or costs recovered by the City shall comply with Government Code Section 66006.

A development agreement is distinguishable from a "disposition and development agreement" entered into between a developer and a redevelopment agency, wherein the agency typically participates financially in the project in some way. The commitments made by a developer under a development agreement may be different in kind and scope than the exactions imposed by a city under the Mitigation Fee Act (Government Code Section 66000, et. seq.), which authorizes a city to impose impact fees on a development project involving the issuance of a permit for construction, but not a permit to operate; such fees are collected for the purpose of defraying the cost of public facilities related to the development project.

3.0 References

Government Code Section 65864-65869.5

4.0 Requirements for Applications and Agreements

4.1 Forms and Information

- a. The City Attorney shall prescribe the form for each application and notice required under this Policy for the preparation and implementation of development agreements.
- b. The Development Services Director may require an applicant to submit such information and supporting data as the Director considers necessary to process the application.

4.2 Fees

The City Council may include in the City's Fee Schedule the fees and charges imposed for the filing and processing of each application and document required under this Policy.

4.3 Qualification as an Applicant

Only a qualified applicant may file an application to enter into a development agreement with the City. A qualified applicant is a person who has a legal or equitable interest in the real property that is the subject of the agreement. "Applicant" includes an authorized agent of the person who has such an interest. The Development Services Director may require an applicant to submit proof of his or her interest in the real property and of the authority of the agent to act for the applicant. Before the application is processed, the City Attorney shall determine the sufficiency of the applicant's interest in the real property to enter into the agreement.

4.4 Form and Contents of Development Agreement

In applying for a development agreement, a developer may submit a form of agreement prepared by the developer. Whether prepared by the City or the developer, the agreement shall specify the following:

- a. The duration of the agreement;
- b. The permitted uses of the real property;
- c. The density or intensity of use;
- d. The maximum height and size of proposed structures;
- e. Provisions for reservation or dedication of land for public purposes;
- f. The nature and timing of construction of improvements;
- g. The date by which construction shall commence;
- h. The date by which construction of the development and each phase of the development shall commence;

i. Other commitments by the developer including, but not limited to, an agreement to construct specific improvements, provide public facilities and services, pay development impact fees, or make other commitments that the City requires;

j. A commitment by the City to process the developer's application in accordance with the City's building regulations and planning and zoning ordinances, regulations, and standards in effect at the time the agreement is entered into, and not to subject the development to changes in such ordinances, regulations, and standards for a specified period of time; and

k. For phased developments, and developments of long duration, the City and the developer may agree that the period of time for which the development will not be subject to changes in the City's building, planning, and zoning ordinances and regulations will be for a specified time that is less than the term of the agreement.

l. Other conditions, terms, restrictions, and requirements provided they do not prevent the development of the real property for the uses and to the density or intensity of development set forth in the agreement.

4.5 Review of Applications; Submission to Planning Commission.

The Development Services Director shall review the application and shall reject it if it is inaccurate or incomplete for processing. If the Development Services Director finds the application is complete and contains the information necessary to complete the development agreement, he or she shall accept it for filing. When both the application and agreement are determined by the Development (Services Director to be complete, the Development Services Director shall submit the agreement to the Secretary of the Planning Commission, who shall place the agreement on a Commission agenda for a public hearing to consider the agreement for approval. At the time the Development Services Director submits the agreement to the Secretary of the Planning Commission, City Attorney shall submit with the agreement a report indicating whether or not the agreement would be consistent with the General Plan and any applicable specific plan.

4.6 Hearing by City Council

After the development agreement is considered by the Planning Commission, the Development Services Director shall cause to have it placed on a City Council agenda to have it considered for approval by the Council after public hearing. The City Attorney shall submit with the agreement a report indicating whether or not the agreement would be consistent with the General Plan and any applicable specific plan.

4.7 Concurrent Processing

A development agreement may be processed concurrently with other applications for development for the same property.

4.8 Other Parties

In addition to the City and the developer, any federal, state, or local government agency may be included as a party to the development agreement under the authority of the Joint exercise of Powers Act (Government Code Section 6500 et seq.) or other authority.

5.0 Notices and Hearings

5.1 Notice of Intention

The City Clerk shall give notice of the intention to consider adoption of a development agreement at least ten days before the public hearings of the Planning Commission and the City Council. The notice shall be given as provided in Section 65091 of the Government Code.

5.2 Form of Notice

The form of Notice of Intention to consider adoption of a development agreement shall contain:

- a. The time and place of the hearing;
- b. A general explanation of the matter to be considered, including a general description of the area affected; and
- c. Other information required by specific provisions of this Policy or that the Director of Development Services considers necessary or desirable.

5.3 Manner of Notice

Notice of the intention to consider adoption of a development agreement shall be given as provided in Government Code Section 65091.

5.4 Failure to Receive Notice

The failure of any person or entity to receive notice shall not affect the authority of the City to enter into a development agreement, or affect the validity of a development agreement.

5.5 Rules Governing Conduct of Public Hearings

A public hearing at which a development agreement is considered shall be conducted as nearly as possible in accordance with the procedural standards adopted under Government Code Section 65804 for the conduct of zoning hearings. Each person interested in the matter shall be given an opportunity to be heard. The developer has the burden of proof at the public hearing.

6.0 Standards of Review, Findings, and Decision

6.1 Recommendation by Planning Commission

After the public hearing is held by the Planning Commission, the Commission shall adopt a resolution making its recommendation to the City Council as to whether the development agreement should be approved. The resolution shall set forth the reasons for

the Commission's recommendation, including findings setting forth the Commission's determinations regarding the following:

- a. Whether the development agreement is consistent with the objectives, policies, land uses, and programs specified in the General Plan and any applicable specific plan;
- b. Whether the development agreement is compatible with the uses and regulations for the zone in which the property is located;
- c. Whether the development agreement is in conformity with the public convenience, general welfare, and good land use practice;
- d. Whether the development agreement will not be detrimental to the health, safety, and general welfare;
- e. For a development agreement that is to be entered into in connection with a subdivision, as defined in Government Code Section 66473.7, whether the agreement provides that any tentative map will comply with the provisions of that section.
- f. Whether the development agreement offers to the City Substantial benefit in exchange for the vested right benefit granted to the developer.

6.2 Decision by City Council

- a. After receipt of the recommendation of the Planning Commission, the City Council shall hold a public hearing. The Council may accept, disapprove, or modify the recommendation of the Planning Commission. The Council may, but is not required to, refer matters not previously considered by the Planning Commission during its hearing back to the Planning Commission for report and recommendation. The Planning Commission shall consider at a public meeting all matters referred back to it by the City Council and may, but is not required to, hold a public hearing on such matters.
- b. The City Council may not approve the development agreement unless it finds that the agreement is in compliance with the standards set forth in Section 6.1.
- c. The decision whether to enter into a development agreement is within the sole discretion of the City Council.

6.3 Approval of Development Agreement

If the City Council approves the development agreement, it shall do so by the adoption of an ordinance. The City may enter into the agreement after the ordinance approving the agreement takes effect.

7.0 Amendment and Cancellation of Development Agreement by Mutual Consent

7.1 Initiation of Amendment or Cancellation

A development agreement may be amended, or cancelled in whole or in part, by mutual consent of the parties to the agreement or their successors in interest. Either party may initiate such amendment or cancellation.

7.2 Procedure

a. The procedure for proposing and adopting an amendment to or cancellation in whole or in part of the development agreement is the same as the procedure for entering into an agreement in the first instance, as set forth in Sections 5.0 and 6.0 of this Policy.

b. If the City initiates the proposed amendment to or cancellation in whole or in part of the development agreement, it shall first give notice to the developer of its intention to initiate such proceedings at least 30 days in advance of the giving of the Notice of Intention to consider the amendment or cancellation required by Section 5.0.

8.0 Recordation

8.1 Recordation of Development Agreement, Amendment or Cancellation

a. Within 10 days after the City enters into the development agreement, the City Clerk shall have the agreement recorded with the County Recorder. The agreement shall run with the land and inure to the benefit of and bind successors in interest.

b. If the City and the developer or the developer's successor in interest amend or cancel the agreement as provided in Government Code Section 65868, or if the City terminates or modifies the agreement as provided in Government Code Section 65865.1 for failure of the applicant to comply in good faith with the terms or conditions of the agreement, the City Clerk shall cause notice of such action to be recorded with the County Recorder within 10 days.

9.0 Periodic Review

9.1 Time for Initiation of Review

The City Council shall review the development agreement at a public hearing at least every 12 months from the date the agreement is entered into. The time period before which review may occur may be shortened either by agreement of the City and the developer or by initiation in one or more of the following ways:

a. Recommendation of the Director of Development Services; or

b. Action of the City Council. The failure to conduct a review in any 12 month period does not preclude a later review.

9.2 Notice of Review

The City shall begin the review proceeding by giving notice that the City Council intends to undertake a review of the development agreement.

9.3 Delegation or Referral to Planning Commission

At the time the development agreement is reviewed by the City Council, the Council may:

- a. Review the development agreement itself; or
- b. Delegate the review to the Planning Commission for a determination; or
- c. Refer the review to the Planning Commission for a recommendation as to the action to be taken by the City Council.

9.4 Procedure

The notice and hearing procedure for review of the development agreement is the same as the procedure for entering into the agreement in the first instance, as set forth in Section 5.0 of this Policy.

9.5 Public Hearing

The decision-making body shall conduct a public hearing at which the developer must demonstrate good faith compliance with the terms of the agreement. The burden of proof on this issue is with the developer. At the time and place set for hearing, the developer shall be given an opportunity to be heard.

9.6 Findings

- a. At the conclusion of the public hearing, the decision-making body shall adopt a resolution making findings based on substantial evidence as to whether or not the developer has, for the period of time under review, complied in good faith with the terms and conditions of the development agreement.
- b. If the decision-making body finds and determines on the basis of substantial evidence that the developer has complied in good faith with the terms and conditions of the development agreement during the period of time under review, the review for that period is concluded.
- c. If the decision-making body finds and determines on the basis of substantial evidence that the developer has not complied in good faith with the terms and conditions of the development agreement during the period of time under review, it shall in its resolution modify or terminate the agreement. If the agreement is modified, the decision-making body may impose those conditions to its action as it considers necessary to protect the interests of the City. If the decision-making body determines to modify the agreement, it shall do so only in a manner reasonably related to addressing the lack of compliance identified under Subsection (b) of this Section.
- d. If the review is conducted by the Planning Commission for a determination the developer or any interested person may appeal the determination under Subsections (b) and (c) of this Section to the City Council in accordance with the City's procedures for appeals to the City Council.

9.7 Decision of the City Council Final

In all proceedings under Section 9.0, the decision of the City Council shall be final.

9.8 Costs of Review

The developer shall pay the City's reasonable costs for staff time expended on the annual review.

10.0 Judicial Review

10.1 Standard of Review

Judicial review of the initial approval by the City of a development agreement shall be by writ of mandate under Code of Civil Procedure Section 1085. Judicial review of a City action taken pursuant to this Policy, other than the initial approval of development agreements, shall be by writ of mandamus under Code of Civil Procedure Section 1094.5. Any action or proceeding to attack, review, set aside, void, or annul any decision of the City to approve or amend a development agreement under this Policy shall be commenced within 90 days of the date of the decision.

ORIGINAL

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

**TITLE: Procedures and Requirements for
Development Agreements**

POLICY # 402

ADOPTED: September 6, 2011

AMENDED:

Purpose

To adopt regulations establishing procedures and requirements for consideration of development agreements.

Deleted: 1.0

Policy

Under a development agreement, both the City and the developer commit themselves to proceed with a development in accordance with the terms of the agreement. The city may agree to process further applications in accordance with the City's building regulations and planning and zoning ordinances, regulations, and standards in effect at the time of the agreement, and not to subject the development to changes in those ordinances, regulations and standards for a specified time. In return, the developer may agree to construct specific improvements, provide public facilities and services, pay development impact fees, develop according to a specified time schedule or make other commitments that the City might otherwise have no authority to require a developer to perform. A development agreement is enforceable despite any changes to the General Plan, a specific plan, zoning, subdivision, or building regulations.

Deleted: 2.0

The development agreement may provide that the developer shall be subject to future changes in development impact fees. Any fees received or costs recovered by the City shall comply with Government Code Section 66006.

A development agreement is distinguishable from a "disposition and development agreement" entered into between a developer and a redevelopment agency, wherein the agency typically participates financially in the project in some way. The commitments made by a developer under a development agreement may be different in kind and scope than the exactions imposed by a city under the Mitigation Fee Act (Government Code Section 66000, et. seq.), which authorizes a city to impose impact fees on a development project involving the issuance of a permit for construction, but not a permit to operate; such fees are collected for the purpose of defraying the cost of public facilities related to the development project.

A. Requirements for Applications and Agreements

Deleted: 3.0 References¶
Government Code Section 65864-
65869.5¶

A.1 Forms and Information

Deleted: 4.0

Formatted: Indent: Left: 0.5"

Deleted: 4.1

a. The City Attorney shall prescribe the form for each application and notice required under this Policy for the preparation and implementation of development agreements.

Formatted: Indent: Left: 1"

b. The City Manager, or designee, may require an applicant to submit such information and supporting data as deemed necessary to process the application.

Deleted: Development Services Director

Deleted: the Director considers

Formatted: Indent: Left: 0.5"

Deleted: 4.2

A.2 Fees

The City Council may include in the City's Fee Schedule the fees and charges imposed for the filing and processing of each application and document required under this Policy.

A.3 Qualification as an Applicant

Deleted: 4.3

Only a qualified applicant may file an application to enter into a development agreement with the City. A qualified applicant is a person who has a legal or equitable interest in the real property that is the subject of the agreement. "Applicant" includes an authorized agent of the person who has such an interest. The City Manager, or designee, may require an applicant to submit proof of his or her interest in the real property and of the authority of the agent to act for the applicant. Before the application is processed, the City Attorney shall determine the sufficiency of the applicant's interest in the real property to enter into the agreement.

Deleted: Development Services Director

A.4 Form and Contents of Development Agreement

Deleted: 4.4

In applying for a development agreement, a developer may submit a form of agreement prepared by the developer. Whether prepared by the City or the developer, the agreement shall specify the following:

- a. The duration of the agreement;
- b. The permitted uses of the real property;
- c. The density or intensity of use;
- d. The maximum height and size of proposed structures;
- e. Provisions for reservation or dedication of land for public purposes;
- f. The nature and timing of construction of improvements;
- g. The date by which construction shall commence;
- h. The date by which construction of the development and each phase of the development shall commence;

Formatted: Indent: Left: 1"

i. Other commitments by the developer including, but not limited to, an agreement to construct specific improvements, provide public facilities and services, pay development impact fees, or make other commitments that the City requires;

j. A commitment by the City to process the developer's application in accordance with the City's building regulations and planning and zoning ordinances, regulations, and standards in effect at the time the agreement is entered into, and not to subject the development to changes in such ordinances, regulations, and standards for a specified period of time; and

k. For phased developments, and developments of long duration, the City and the developer may agree that the period of time for which the development will not be subject to changes in the City's building, planning, and zoning ordinances and regulations will be for a specified time that is less than the term of the agreement.

l. Other conditions, terms, restrictions, and requirements provided they do not prevent the development of the real property for the uses and to the density or intensity of development set forth in the agreement.

A.5 Review of Applications: Submission to Planning Commission.

The City Manager, or designee, shall review the application and shall reject it if it is inaccurate or incomplete for processing. If City staff finds the application is complete and contains the information necessary to complete the development agreement, he or she shall accept it for filing. When both the application and agreement are determined by the City to be complete, the City Manager, or designee, shall submit the agreement to the Secretary of the Planning Commission, who shall place the agreement on a Commission agenda for a public hearing to consider the agreement for approval. At the time the City Manager, or designee, submits the agreement to the Secretary of the Planning Commission, City Attorney shall submit with the agreement a report indicating whether or not the agreement would be consistent with the General Plan and any applicable specific plan.

- Formatted: Indent: Left: 0.5"
- Deleted: 4.5
- Deleted: Development Services Director
- Deleted: the
- Deleted: Development Services Director
- Deleted: Development (Services) Director
- Deleted: Development Services Director s
- Deleted: Development Services Director

A.6 Hearing by City Council

After the development agreement is considered by the Planning Commission, the City Manager, or designee, shall cause to have it placed on a City Council agenda to have it considered for approval by the Council after public hearing. The City Attorney shall submit with the agreement a report indicating whether or not the agreement would be consistent with the General Plan and any applicable specific plan.

- Deleted: 4.6
- Deleted: Development Services Director

A.7 Concurrent Processing

A development agreement may be processed concurrently with other applications for development for the same property.

- Deleted: 4.7

A.8 Other Parties

In addition to the City and the developer, any federal, state, or local government agency may be included as a party to the development agreement under the authority of the Joint exercise of Powers Act (Government Code Section 6500 et seq.) or other authority.

Deleted: 4.8

Comment [CS1]: GC 6500 is correct - this section is addressing allowing joint powers also be a party to such agreements

B. Notices and Hearings

Deleted: 5.0

B.1 Notice of Intention

The City Clerk shall give notice of the intention to consider adoption of a development agreement at least ten days before the public hearings of the Planning Commission and the City Council. The notice shall be given as provided in Section 65091 of the Government Code.

Formatted: Indent: Left: 0.5"

Deleted: 5.1

B.2 Form of Notice

The form of Notice of Intention to consider adoption of a development agreement shall contain:

Deleted: 5.2

- a. The time and place of the hearing;
- b. A general explanation of the matter to be considered, including a general description of the area affected; and
- c. Other information required by specific provisions of this Policy or that the City Manager, or designee, considers necessary or desirable.

Formatted: Indent: Left: 1"

Deleted: Director of Development Services

B.3 Manner of Notice

Notice of the intention to consider adoption of a development agreement shall be given as provided in Government Code Section 65091.

Formatted: Indent: Left: 0.5"

Deleted: 5.3

B.4 Failure to Receive Notice

The failure of any person or entity to receive notice shall not affect the authority of the City to enter into a development agreement, or affect the validity of a development agreement.

Deleted: 5.4

B.5 Rules Governing Conduct of Public Hearings

A public hearing at which a development agreement is considered shall be conducted as nearly as possible in accordance with the procedural standards adopted under Government Code Section 65804 for the conduct of zoning hearings. Each person interested in the matter shall be given an opportunity to be heard. The developer has the burden of proof at the public hearing.

Deleted: 5.5

C. Standards of Review, Findings, and Decision

Deleted: 6.0

C.1 Recommendation by Planning Commission

Formatted: Indent: Left: 0.5"

Deleted: 6.1

After the public hearing is held by the Planning Commission, the Commission shall adopt a resolution making its recommendation to the City Council as to whether the development agreement should be approved. The resolution shall set forth the reasons for the Commission's recommendation, including findings setting forth the Commission's determinations regarding the following:

- a. Whether the development agreement is consistent with the objectives, policies, land uses, and programs specified in the General Plan and any applicable specific plan;
- b. Whether the development agreement is compatible with the uses and regulations for the zone in which the property is located;
- c. Whether the development agreement is in conformity with the public convenience, general welfare, and good land use practice;
- d. Whether the development agreement will not be detrimental to the health, safety, and general welfare;
- e. For a development agreement that is to be entered into in connection with a subdivision, as defined in Government Code Section 66473.7, whether the agreement provides that any tentative map will comply with the provisions of that section.
- f. Whether the development agreement offers to the City Substantial benefit in exchange for the vested right benefit granted to the developer.

Formatted: Indent: Left: 1"

Formatted: Indent: Left: 0.5"

Deleted: 6.2

C.2 Decision by City Council

a. After receipt of the recommendation of the Planning Commission, the City Council shall hold a public hearing. The Council may accept, disapprove, or modify the recommendation of the Planning Commission. The Council may, but is not required to, refer matters not previously considered by the Planning Commission during its hearing back to the Planning Commission for report and recommendation. The Planning Commission shall consider at a public meeting all matters referred back to it by the City Council and may, but is not required to, hold a public hearing on such matters.

Formatted: Indent: Left: 1"

b. The City Council may not approve the development agreement unless it finds that the agreement is in compliance with the standards set forth in Section C.1.

Deleted: 6

c. The decision whether to enter into a development agreement is within the sole discretion of the City Council.

Formatted: Indent: Left: 0.5"

C.3 Approval of Development Agreement

If the City Council approves the development agreement, it shall do so by the adoption of an ordinance. The City may enter into the agreement after the ordinance approving the agreement takes effect.

Deleted: 6

Deleted:

D. Amendment and Cancellation of Development Agreement by Mutual Consent

Deleted: 7.0

D.1 Initiation of Amendment or Cancellation

A development agreement may be amended, or cancelled in whole or in part, by mutual consent of the parties to the agreement or their successors in interest. Either party may initiate such amendment or cancellation.

Formatted: Indent: Left: 0.5"

Deleted: 7

D.2 Procedure

a. The procedure for proposing and adopting an amendment to or cancellation in whole or in part of the development agreement is the same as the procedure for entering into an agreement in the first instance, as set forth in Sections "B" and "C" of this Policy.

Deleted: 7

Formatted: Indent: Left: 1"

b. If the City initiates the proposed amendment to or cancellation in whole or in part of the development agreement, it shall first give notice to the developer of its intention to initiate such proceedings at least 30 days in advance of the giving of the Notice of Intention to consider the amendment or cancellation required by Section "B".

Deleted: 5.0

Deleted: 6.0

Deleted: 5.0

E. Recordation

Deleted: 8.0

E.1 Recordation of Development Agreement, Amendment or Cancellation

a. Within 10 days after the City enters into the development agreement, the City Clerk shall have the agreement recorded with the County Recorder. The agreement shall run with the land and inure to the benefit of and bind successors in interest.

Formatted: Indent: Left: 0.5"

Deleted: 8

Formatted: Indent: Left: 1"

b. If the City and the developer or the developer's successor in interest amend or cancel the agreement as provided in Government Code Section 65868, or if the City terminates or modifies the agreement as provided in Government Code Section 65865.1 for failure of the applicant to comply in good faith with the terms or conditions of the agreement, the City Clerk shall cause notice of such action to be recorded with the County Recorder within 10 days.

F. Periodic Review

Deleted: 9.0

F.1 Time for Initiation of Review

The City Council shall review the development agreement at a public hearing at least every 12 months from the date the agreement is entered into. The time

Formatted: Indent: Left: 0.5"

Deleted: 9

period before which review may occur may be shortened either by agreement of the City and the developer or by initiation in one or more of the following ways:

- a. Recommendation of the City Manager, or designee; or
- b. Action of the City Council. The failure to conduct a review in any 12 month period does not preclude a later review.

Deleted: Director of Development Services

Formatted: Indent: Left: 1"

Formatted: Indent: Left: 0.5"

Deleted: 9

F.2 Notice of Review

The City shall begin the review proceeding by giving notice that the City Council intends to undertake a review of the development agreement.

F.3 Delegation or Referral to Planning Commission

At the time the development agreement is reviewed by the City Council, the Council may:

- a. Review the development agreement itself; or
- b. Delegate the review to the Planning Commission for a determination; or
- c. Refer the review to the Planning Commission for a recommendation as to the action to be taken by the City Council.

Deleted: 9

Formatted: Indent: Left: 1"

Formatted: Indent: Left: 0.5"

Deleted: 9

F.4 Procedure

The notice and hearing procedure for review of the development agreement is the same as the procedure for entering into the agreement in the first instance, as set forth in Section "B" of this Policy.

Deleted: 5.0

F.5 Public Hearing

The decision-making body shall conduct a public hearing at which the developer must demonstrate good faith compliance with the terms of the agreement. The burden of proof on this issue is with the developer. At the time and place set for hearing, the developer shall be given an opportunity to be heard.

Deleted: 9

F.6 Findings

- a. At the conclusion of the public hearing, the decision-making body shall adopt a resolution making findings based on substantial evidence as to whether or not the developer has, for the period of time under review, complied in good faith with the terms and conditions of the development agreement.
- b. If the decision-making body finds and determines on the basis of substantial evidence that the developer has complied in good faith with the terms and conditions of the development agreement during the period of time under review, the review for that period is concluded.

Deleted: 9

Formatted: Indent: Left: 1"

c. If the decision-making body finds and determines on the basis of substantial evidence that the developer has not complied in good faith with the terms and conditions of the development agreement during the period of time under review, it shall in its resolution modify or terminate the agreement. If the agreement is modified, the decision-making body may impose those conditions to its action as it considers necessary to protect the interests of the City. If the decision-making body determines to modify the agreement, it shall do so only in a manner reasonably related to addressing the lack of compliance identified under Subsection (b) of this Section.

d. If the review is conducted by the Planning Commission for a determination the developer or any interested person may appeal the determination under Subsections (b) and (c) of this Section to the City Council in accordance with the City's procedures for appeals to the City Council.

F.7 Decision of the City Council Final

In all proceedings under Section "F", the decision of the City Council shall be final.

Formatted: Indent: Left: 0.5"

Deleted: 9

Deleted: 9.0

F.8 Costs of Review

The developer shall pay the City's reasonable costs for staff time expended on the annual review.

Deleted: 9

G. Judicial Review

G.1 Standard of Review

Judicial review of the initial approval by the City of a development agreement shall be by writ of mandate under Code of Civil Procedure Section 1085. Judicial review of a City action taken pursuant to this Policy, other than the initial approval of development agreements, shall be by writ of mandamus under Code of Civil Procedure Section 1094.5. Any action or proceeding to attack, review, set aside, void, or annul any decision of the City to approve or amend a development agreement under this Policy shall be commenced within 90 days of the date of the decision.

Deleted: 10.0

Formatted: Indent: Left: 0.5"

Deleted: 10

Related Policy References

Government Code Sections: 65091, 65804, 65864-65869.5, 66000, 66006, 66473.7

Code of Civil Procedure Sections: 1085, 1094.5

Formatted: Font: Bold, Underline

Prior Policy Amendments

None

Formatted: Font: Bold, Underline

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

**TITLE: Procedures and Requirements for
Development Agreements**

POLICY # 402

ADOPTED: September 6, 2011

AMENDED:

Purpose

To adopt regulations establishing procedures and requirements for consideration of development agreements.

Policy

Under a development agreement, both the City and the developer commit themselves to proceed with a development in accordance with the terms of the agreement. The city may agree to process further applications in accordance with the City's building regulations and planning and zoning ordinances, regulations, and standards in effect at the time of the agreement, and not to subject the development to changes in those ordinances, regulations and standards for a specified time. In return, the developer may agree to construct specific improvements, provide public facilities and services, pay development impact fees, develop according to a specified time schedule or make other commitments that the City might otherwise have no authority to require a developer to perform. A development agreement is enforceable despite any changes to the General Plan, a specific plan, zoning, subdivision, or building regulations.

The development agreement may provide that the developer shall be subject to future changes in development impact fees. Any fees received or costs recovered by the City shall comply with Government Code Section 66006.

A development agreement is distinguishable from a "disposition and development agreement" entered into between a developer and a redevelopment agency, wherein the agency typically participates financially in the project in some way. The commitments made by a developer under a development agreement may be different in kind and scope than the exactions imposed by a city under the Mitigation Fee Act (Government Code Section 66000, et. seq.), which authorizes a city to impose impact fees on a development project involving the issuance of a permit for construction, but not a permit to operate; such fees are collected for the purpose of defraying the cost of public facilities related to the development project.

A. Requirements for Applications and Agreements

A.1 Forms and Information

- a. The City Attorney shall prescribe the form for each application and notice required under this Policy for the preparation and implementation of development agreements.
- b. The City Manager, or designee, may require an applicant to submit such information and supporting data as deemed necessary to process the application.

A.2 Fees

The City Council may include in the City's Fee Schedule the fees and charges imposed for the filing and processing of each application and document required under this Policy.

A.3 Qualification as an Applicant

Only a qualified applicant may file an application to enter into a development agreement with the City. A qualified applicant is a person who has a legal or equitable interest in the real property that is the subject of the agreement. "Applicant" includes an authorized agent of the person who has such an interest. The City Manager, or designee, may require an applicant to submit proof of his or her interest in the real property and of the authority of the agent to act for the applicant. Before the application is processed, the City Attorney shall determine the sufficiency of the applicant's interest in the real property to enter into the agreement.

A.4 Form and Contents of Development Agreement

In applying for a development agreement, a developer may submit a form of agreement prepared by the developer. Whether prepared by the City or the developer, the agreement shall specify the following:

- a. The duration of the agreement;
- b. The permitted uses of the real property;
- c. The density or intensity of use;
- d. The maximum height and size of proposed structures;

- e. Provisions for reservation or dedication of land for public purposes;
- f. The nature and timing of construction of improvements;
- g. The date by which construction shall commence;
- h. The date by which construction of the development and each phase of the development shall commence;
- i. Other commitments by the developer including, but not limited to, an agreement to construct specific improvements, provide public facilities and services, pay development impact fees, or make other commitments that the City requires;
- j. A commitment by the City to process the developer's application in accordance with the City's building regulations and planning and zoning ordinances, regulations, and standards in effect at the time the agreement is entered into, and not to subject the development to changes in such ordinances, regulations, and standards for a specified period of time; and
- k. For phased developments, and developments of long duration, the City and the developer may agree that the period of time for which the development will not be subject to changes in the City's building, planning, and zoning ordinances and regulations will be for a specified time that is less than the term of the agreement.
- l. Other conditions, terms, restrictions, and requirements provided they do not prevent the development of the real property for the uses and to the density or intensity of development set forth in the agreement.

A.5 Review of Applications; Submission to Planning Commission.

The City Manager, or designee, shall review the application and shall reject it if it is inaccurate or incomplete for processing. If City staff finds the application is complete and contains the information necessary to complete the development agreement, he or she shall accept it for filing. When both the application and agreement are determined by the City to be complete, the City Manager, or designee, shall submit the agreement to the Secretary of the Planning Commission, who shall place the agreement on a Commission agenda for a public hearing to consider the agreement for approval. At the time the City Manager, or designee, submits the agreement to the Secretary of the Planning Commission, City Attorney shall submit with the agreement a report indicating whether or not

**TITLE: Procedures and Requirements for
Development Agreements**

POLICY # 402

ADOPTED: September 6, 2011

AMENDED:

the agreement would be consistent with the General Plan and any applicable specific plan.

A.6 Hearing by City Council

After the development agreement is considered by the Planning Commission, the City Manager, or designee, shall cause to have it placed on a City Council agenda to have it considered for approval by the Council after public hearing. The City Attorney shall submit with the agreement a report indicating whether or not the agreement would be consistent with the General Plan and any applicable specific plan.

A.7 Concurrent Processing

A development agreement may be processed concurrently with other applications for development for the same property.

A.8 Other Parties

In addition to the City and the developer, any federal, state, or local government agency may be included as a party to the development agreement under the authority of the Joint exercise of Powers Act (Government Code Section 6500 et seq.) or other authority.

B. Notices and Hearings

B.1 Notice of Intention

The City Clerk shall give notice of the intention to consider adoption of a development agreement at least ten days before the public hearings of the Planning Commission and the City Council. The notice shall be given as provided in Section 65091 of the Government Code.

B.2 Form of Notice

The form of Notice of Intention to consider adoption of a development agreement shall contain:

- a. The time and place of the hearing;
- b. A general explanation of the matter to be considered, including a general description of the area affected; and
- c. Other information required by specific provisions of this Policy or that the City Manager, or designee, considers necessary or desirable.

B.3 Manner of Notice

Notice of the intention to consider adoption of a development agreement shall be given as provided in Government Code Section 65091.

B.4 Failure to Receive Notice

The failure of any person or entity to receive notice shall not affect the authority of the City to enter into a development agreement, or affect the validity of a development agreement.

B.5 Rules Governing Conduct of Public Hearings

A public hearing at which a development agreement is considered shall be conducted as nearly as possible in accordance with the procedural standards adopted under Government Code Section 65804 for the conduct of zoning hearings. Each person interested in the matter shall be given an opportunity to be heard. The developer has the burden of proof at the public hearing.

C. Standards of Review, Findings, and Decision

C.1 Recommendation by Planning Commission

After the public hearing is held by the Planning Commission, the Commission shall adopt a resolution making its recommendation to the City Council as to whether the development agreement should be approved. The resolution shall set forth the reasons for the Commission's recommendation, including findings setting forth the Commission's determinations regarding the following:

- a. Whether the development agreement is consistent with the objectives, policies, land uses, and programs specified in the General Plan and any applicable specific plan;
- b. Whether the development agreement is compatible with the uses and regulations for the zone in which the property is located;
- c. Whether the development agreement is in conformity with the public convenience, general welfare, and good land use practice;
- d. Whether the development agreement will not be detrimental to the health, safety, and general welfare;
- e. For a development agreement that is to be entered into in connection with a subdivision, as defined in Government Code Section 66473.7,

whether the agreement provides that any tentative map will comply with the provisions of that section.

f. Whether the development agreement offers to the City Substantial benefit in exchange for the vested right benefit granted to the developer.

C.2 Decision by City Council

a. After receipt of the recommendation of the Planning Commission, the City Council shall hold a public hearing. The Council may accept, disapprove, or modify the recommendation of the Planning Commission. The Council may, but is not required to, refer matters not previously considered by the Planning Commission during its hearing back to the Planning Commission for report and recommendation. The Planning Commission shall consider at a public meeting all matters referred back to it by the City Council and may, but is not required to, hold a public hearing on such matters.

b. The City Council may not approve the development agreement unless it finds that the agreement is in compliance with the standards set forth in Section C.1.

c. The decision whether to enter into a development agreement is within the sole discretion of the City Council.

C.3 Approval of Development Agreement

If the City Council approves the development agreement, it shall do so by the adoption of an ordinance. The City may enter into the agreement after the ordinance approving the agreement takes effect.

D. Amendment and Cancellation of Development Agreement by Mutual Consent

D.1 Initiation of Amendment or Cancellation

A development agreement may be amended, or cancelled in whole or in part, by mutual consent of the parties to the agreement or their successors in interest. Either party may initiate such amendment or cancellation.

D.2 Procedure

a. The procedure for proposing and adopting an amendment to or cancellation in whole or in part of the development agreement is the same

as the procedure for entering into an agreement in the first instance, as set forth in Sections "B" and "C" of this Policy.

b. If the City initiates the proposed amendment to or cancellation in whole or in part of the development agreement, it shall first give notice to the developer of its intention to initiate such proceedings at least 30 days in advance of the giving of the Notice of Intention to consider the amendment or cancellation required by Section "B".

E. Recordation

E.1 Recordation of Development Agreement, Amendment or Cancellation

a. Within 10 days after the City enters into the development agreement, the City Clerk shall have the agreement recorded with the County Recorder. The agreement shall run with the land and inure to the benefit of and bind successors in interest.

b. If the City and the developer or the developer's successor in interest amend or cancel the agreement as provided in Government Code Section 65868, or if the City terminates or modifies the agreement as provided in Government Code Section 65865.1 for failure of the applicant to comply in good faith with the terms or conditions of the agreement, the City Clerk shall cause notice of such action to be recorded with the County Recorder within 10 days.

F. Periodic Review

F.1 Time for Initiation of Review

The City Council shall review the development agreement at a public hearing at least every 12 months from the date the agreement is entered into. The time period before which review may occur may be shortened either by agreement of the City and the developer or by initiation in one or more of the following ways:

- a. Recommendation of the City Manager, or designee; or
- b. Action of the City Council. The failure to conduct a review in any 12 month period does not preclude a later review.

F.2 Notice of Review

The City shall begin the review proceeding by giving notice that the City Council intends to undertake a review of the development agreement.

F.3 Delegation or Referral to Planning Commission

At the time the development agreement is reviewed by the City Council, the Council may:

- a. Review the development agreement itself; or
- b. Delegate the review to the Planning Commission for a determination; or
- c. Refer the review to the Planning Commission for a recommendation as to the action to be taken by the City Council.

F.4 Procedure

The notice and hearing procedure for review of the development agreement is the same as the procedure for entering into the agreement in the first instance, as set forth in Section "B" of this Policy.

F.5 Public Hearing

The decision-making body shall conduct a public hearing at which the developer must demonstrate good faith compliance with the terms of the agreement. The burden of proof on this issue is with the developer. At the time and place set for hearing, the developer shall be given an opportunity to be heard.

F.6 Findings

- a. At the conclusion of the public hearing, the decision-making body shall adopt a resolution making findings based on substantial evidence as to whether or not the developer has, for the period of time under review, complied in good faith with the terms and conditions of the development agreement.
- b. If the decision-making body finds and determines on the basis of substantial evidence that the developer has complied in good faith with the terms and conditions of the development agreement during the period of time under review, the review for that period is concluded.
- c. If the decision-making body finds and determines on the basis of substantial evidence that the developer has not complied in good faith with the terms and conditions of the development agreement during the period of time under review, it shall in its resolution modify or terminate the agreement. If the agreement is modified, the decision-making body may impose those conditions to its action as it considers necessary to protect the interests of the City. If the decision-making body determines to modify the agreement, it shall do so only in a manner reasonably related to

addressing the lack of compliance identified under Subsection (b) of this Section.

d. If the review is conducted by the Planning Commission for a determination the developer or any interested person may appeal the determination under Subsections (b) and (c) of this Section to the City Council in accordance with the City's procedures for appeals to the City Council.

F.7 Decision of the City Council Final

In all proceedings under Section "F", the decision of the City Council shall be final.

F.8 Costs of Review

The developer shall pay the City's reasonable costs for staff time expended on the annual review.

G. Judicial Review

G.1 Standard of Review

Judicial review of the initial approval by the City of a development agreement shall be by writ of mandate under Code of Civil Procedure Section 1085. Judicial review of a City action taken pursuant to this Policy, other than the initial approval of development agreements, shall be by writ of mandamus under Code of Civil Procedure Section 1094.5. Any action or proceeding to attack, review, set aside, void, or annul any decision of the City to approve or amend a development agreement under this Policy shall be commenced within 90 days of the date of the decision.

Related Policy References

Government Code Sections: 65091, 65804, 65864-65869.5, 66000, 66006, 66473.7

Code of Civil Procedure Sections: 1085, 1094.5

Prior Policy Amendments

None

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

TITLE: Sewer Stoppage Repairs

POLICY #501

ADOPTED: May 6, 1975

AMENDED:

Purpose

The establishment of procedures to handle requests for service on sewer lines which need repair.

Policy

The property owner is responsible for a sewer lateral line from the building to the main. This includes the portion of the lateral on private property and the portion in the right-of-way. The resident is responsible to call a licensed plumbing contractor if a stoppage occurs. City crews cannot respond to requests for lateral sewage line service unless the resident has first obtained the services of a licensed plumber.

City crews will only respond to lateral problems when a licensed plumber verifies to Public Works that he cannot clear a stoppage and, in his professional opinion, the stoppage is in the right-of-way portion of the lateral. The property line cleanout must be exposed by the resident before City crews can start to clear the line. City crews are not authorized to work on lines on private property.

If a citizen is experiencing repeated blockages in the right-of-way portion of the sewer lateral, even though the licensed plumber is able to clear the problem, it is symptomatic of a potential problem in the lateral itself. In this case, the City will make a courtesy call during normal working hours to inspect the line and to make such repairs to the right-of-way portion of the lateral as the City deems appropriate. Repeated blockages is defined as being able to produce two paid receipts for blockage service from licensed plumbers within the preceding 12-month period. Courtesy calls will not be made on overtime.

If a sewer backup into a citizen's property is caused by a blockage in the City main, City forces will respond immediately around-the-clock, to clear the blockage. Upon clearing the blockage, City crews shall provide the citizen with a current listing of contractors who do clean-up work of this type, and will advise the citizen that if they will select a contractor, and will have that contractor contact a Public Works supervisor in advance, with a price for doing the clean-up, the City will contract with that firm for the clean-up. City crews will inform the citizen that if the citizen feels he has been damaged in any other way, proper claim forms are available through the City Clerk's office, and that there is a limited time within which to make such a claim.

Related Policy References

National City Municipal Code, Chapter 14.06

CITY COUNCIL POLICY
CITY OF NATIONAL CITY

TITLE: Sewer Stoppage Repairs

POLICY #501

ADOPTED: May 6, 1975

AMENDED:

DELETE

CITY COUNCIL POLICY

CITY OF NATIONAL CITY

**TITLE: Policy for the Underground Conversion
of Overhead Utility Lines on Private Properties**

POLICY: 503

ADOPTED: June 6, 1995

AMENDED: August 1, 1995

I. Purpose

The purpose of this policy is to establish:

- a. A policy for the use of utility conversion funds for the conversion of the residential and non-residential customer's service laterals.
- b. A policy for a 50/50 program for the use of the City's funds to modify the residential electric meter boxes.

II. Definition

- a. Residential: For the purpose of this policy residential use is defined as any type of residential use of the property at the time that physical underground conversion construction began.
- b. Non-Residential: For the purposes of this policy non-residential use is defined as all other uses than residential.

III. General Provisions

1. Private Service Lateral Conversion:
 - a. Funding shall be limited to facilities which the customer traditionally supplies and installs, such as trenching and conduit from the property line to the point of connection.
 - b. Funding shall not exceed the estimated cost of trenching and conduit installation for up to 100 feet of the private service lateral.
2. Electric Meter Box Conversion
 - a. The 50/50 program shall apply to only the residential use properties.
 - b. The property owners shall be responsible for 50% of the cost of the meter box modification.

3. The property owners will have the following options:
 - a. The property owners will be responsible for installing the service lateral and converting the electric meter box. The City will reimburse the property owners for the service lateral at an established rate, and reimbursed the property owners for 50% of the meter box conversion cost.
 - b. The City will install the service lateral and convert the electric meter box. The property owner will be required to provide the City with permission to enter the property to do work. The property owner will also be required to either reimburse the City for 50% of the meter box conversion cost, or sign an Agreement and a Covenant Running with the Land in substantially the from set forth in Exhibit "A".
4. If a property owner decides not to cooperate, the utility service may be terminated.

IV. Implementation Procedure

A. Work performed by the property owner:

1. RESIDENTIAL:
 - a. The use of utility funds to convert private laterals shall be recommended by the City Engineer.
 - b. The City Engineer shall determine the length of lateral (trenching and conduit that is (1) eligible for utility funding for each property within the conversion district and (2) the length of conduit and wire that the appropriate cable company will provide free of charge to each residential property.
 - c. The City Engineer shall agree on a "reasonable" cost per linear foot of lateral conversion.
 - d. The City Engineer shall agree on the proportional split each utility is to bear for conversion of the service laterals.
 - e. All owners within the conversion district shall be informed of the utility fund amount proposed to be reimbursed prior to the public hearing on the conversion district formation.
 - f. Council shall set the limit for each amount of reimbursement to be applied to each service lateral by resolution. The amounts shall be

those recommended by the City Engineer or as amended by the Council pursuant to public hearing deliberations.

g. Utility companies shall pay the City the total proportional shares specified in "e" above when:

1. All of the customers have satisfactorily completed their service lateral conversions.

2. The electric metering equipment has passed a City inspection certifying it is ready to receive underground service.

h. The City shall then pay:

1. Amount of reimbursement due each property owner after receipt of funds from the utility companies for converting private laterals.

2. 50% of the amount of the reimbursement due each residential property owner for modifying the electric meter boxes. The owner shall be required to pay the other one-half.

2. NON-RESIDENTIAL

a. The procedure shall be in accordance with sections (IV.A.1.a) thru (IV.A.1.h.1) specified below.

b. The property owners shall be responsible to pay for 100% of the cost for modifying their electric meter boxes

B. Work performed by the City and its Contractor:

a. the City will prepare plans, specifications, and cost estimates for converting all of the private service laterals for residential and non-residential properties and modifying the electric meter boxes only for the residential properties.

b. The City shall pay for the one half (50%) cost of the meter box modification for the residential properties.

c. The City shall give the following options to the residential property owners to pay for their share of the modification cost of electric meter boxes (50%).

1. Reimburse the City for 50% of the cost to convert the electric meter box, following completion of the work, and upon receipt of the Invoice.
 2. Sign a Covenant Running with the Land form (attached, Exhibit "A").
- d. The City shall inspect the electric metering equipment which is installed by non-residential property owners to certify if it is ready to receive underground service.

NOTES:

1. The service lateral shall be defined as: trenching, backfill, and any necessary conduit from the customer's property line to the underground sweep at the base of the customer's termination facility. In those cases where the service conduit enters the customer's building, the service lateral will terminate at the point where the conduit enters the building.
2. For the purpose of this policy utility is defined as any company providing electric, telephone communication, cable television and data transmission services.

EXHIBIT "A"

COVENANT RUNNING WITH THE LAND

This covenant is made by _____ hereinafter referred to as "OWNER".

WHEREAS OWNER is the owner of that certain real property located in the City of National City, County of San Diego, State of California, described as follows:

WHEREAS OWNER'S real property is located within an underground utility district.

Whereas, said owner desires a deferment from paying to install the following improvements: The electric meter box in conjunction with an underground utility conversion project.

NOW, THEREFORE, in consideration for the granting of a deferral to install said improvements by the City Council of the City of National City, said Owner covenants for _____ Owner and his/her/theirs, heirs, successors, assigns executors and administrators as follows:

1. The City or its Contractor will have permission to enter the property and perform all of the necessary work.
2. The property owner(s) shall pay 50% of the cost of the meter box modification in conjunction with the underground utility conversion project prior to the transfer of the ownership of the real property.
3. If the property owner decides not to comply with the terms of this agreement the utility service will be disconnected by the City at the Owner's expense.
4. This covenant shall be recorded.

Date: _____

CITY COUNCIL POLICY
CITY OF NATIONAL CITY

**TITLE: Policy for the Underground Conversion
of Overhead Utility Lines on Private Properties**

POLICY: 503

ADOPTED: June 6, 1995

AMENDED: August 1, 1995

DELETE