



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

<https://www.nationalcityca.gov/webcast>

LIVE WEBCAST  
COUNCIL CHAMBERS  
CIVIC CENTER

1243 NATIONAL CITY BOULEVARD  
NATIONAL CITY, CALIFORNIA  
TUESDAY, OCTOBER 19, 2021 – 6:00 PM

**ALEJANDRA SOTELO-SOLIS**  
Mayor

**JOSE RODRIGUEZ**  
Vice Mayor

**MARCUS BUSH**  
Councilmember

**RON MORRISON**  
Councilmember

**MONA RIOS**  
Councilmember

**NOTICE:** The health and well-being of National City residents, visitors, and employees during the COVID-19 outbreak remains our top priority. The City of National City is coordinating with the County of San Diego Health Human Services Agency, and other agencies to take measures to monitor and reduce the spread of the novel coronavirus (COVID-19). **The World Health Organization has declared the outbreak a global pandemic and local and state emergencies have been declared providing reprieve from certain public meeting laws such as the Brown Act.**

As a result, the City Council Meeting will occur only online to ensure the safety of City residents, employees and the communities we serve. A live webcast of the meeting may be viewed on the city's website at [www.nationalcityca.gov](http://www.nationalcityca.gov). For Public Comments see "PUBLIC COMMENTS" section below

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

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

**PUBLIC COMMENTS:** There are multiple ways you can make sure your opinions are heard and considered by our City Council as outlined below:

**Submit your public comment prior to the meeting:** To submit a comment in writing, email [PublicComment@nationalcityca.gov](mailto:PublicComment@nationalcityca.gov), provide the agenda item number and title of the item in the subject line of your email. Public comments or testimony is limited to up to three (3) minutes. If the comment is not related to a specific agenda item,

1243 National City Blvd.  
National City, CA 91950  
619-336-4240

Meeting agendas and  
minutes available on the  
City's website at  
[WWW.NATIONALCITYCA.GOV](http://WWW.NATIONALCITYCA.GOV)

indicate General Public Comment in the subject line. All email comments received by 4:00 p.m. on the day of the meeting will be emailed to the City Council Members and made a part of the official record.

**Register online and participate in live public comment during the meeting:** To provide live public comment during the meeting, you must pre-register on the City's website at <https://www.nationalcityca.gov/publiccomment> by 4:00 p.m. on the day of the regular meeting to join the City Council Meeting.

\*\*\*Please note that you do not need to pre-register to watch the meeting online, but you must pre-register if you wish to speak.

Once registered, you will receive an email with a link from Zoom to join the live meeting. You can participate by phone or by computer. Please allow yourself time to log into Zoom before the start of the meeting to ensure you do not encounter any last-minute technical difficulties.

\*\*\*Please note that members of the public will not be shown on video; they will be able to watch and listen and speak when called upon. Public microphones will be muted until it is your turn to comment.

Each speaker is allowed up to three (3) minutes to address the City Council. Please be aware that the Mayor may limit the comments' length due to the number of persons wishing to speak or if comments become repetitious or unrelated.

All comments are subject to the same rules as would otherwise govern speaker comments at the meeting. Speakers are asked to be respectful and courteous. Please address your comments to the City Council as a whole and avoid personal attacks against members of the public, City Council, and city staff.

**Questions about public comment or City Council protocols?** Please contact the City Clerk's Office at (619) 336-4228 or via email at [Clerk@nationalcityca.gov](mailto:Clerk@nationalcityca.gov).

**INTERPRETATION SERVICES:** To use the Zoom interpretation feature you must first Pre-Register on Zoom. Once logged into Zoom to use the interpretation feature, please scroll to the bottom of the Zoom screen (where the meeting controls are), click on the interpretation icon (world), and select English as your language. If you are joining using the Zoom mobile app (cell phone, tablet, etc.), please press the ellipsis (...), then Interpretation, and then choose your language.

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

**CONSENT CALENDAR:** Consent calendar items involve matters which are of a routine or noncontroversial nature. All consent items are adopted by approval of a single motion by the City Council. Prior to such approval, any item may be removed from the consent portion of the agenda and separately considered, upon request of a Councilmember, a staff member, or a member of the public.

Upon request, this agenda can be made available in appropriate alternative formats to persons with a disability in compliance with the Americans with Disabilities Act. Please



contact the City Clerk's Office at (619) 336-4228 to request a disability-related modification or accommodation. Notification 24-hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

**AVISO:** La salud y el bienestar de los residentes, visitantes y empleados de National City durante el brote de COVID-19 sigue siendo nuestra máxima prioridad. El Ayuntamiento de la Ciudad de National City se está coordinando con la Agencia de Salud y Servicios Humanos del Condado de San Diego y otras agencias para tomar medidas con el fin de monitorear y reducir la propagación del nuevo coronavirus (COVID-19). La Organización Mundial de la Salud declaró el brote como una pandemia global y se han manifestado emergencias locales y estatales que resultan en la suspensión de ciertas leyes de reuniones públicas, tal como la Ley Brown.

Como resultado de ello, la junta del Concejo Municipal del Ayuntamiento se llevará a cabo solamente en línea para garantizar la seguridad de los residentes, empleados y comunidades locales que atendemos. Se podrá ver una transmisión en vivo de la junta en el sitio web del Ayuntamiento en [www.nationalcityca.gov](http://www.nationalcityca.gov). Para comentarios públicos, vea la sección “COMENTARIOS PÚBLICOS” más adelante.

**ORDEN DEL DÍA:** Las sesiones públicas de todas las juntas ordinarias del Concejo Municipal/Comisión de Desarrollo Comunitario - Autoridad de Vivienda (en lo sucesivo denominado Órgano Electo) inician a las 6:00 p.m. el primer y tercer martes de cada mes. Las audiencias públicas inician a las 6:00 p.m., a menos que se indique lo contrario. Las juntas cerradas inician en sesión abierta a las 5:00 p.m. o en cualquier otro momento que se indique, y tras anunciar los temas de la sesión cerrada, la junta se realiza como sesión cerrada. Si se programa una reunión de discusión y análisis, el tema y la hora de la misma aparecerán en la agenda. La Alcaldesa y los Concejales se reúnen por igual que el Presidente y los integrantes del Consejo de la Comisión de Desarrollo Comunitario.

**INFORMES:** Todos los temas e informes de la agenda de la sesión abierta, así como todos los documentos y escritos entregados al Órgano Electo menos de 72 horas antes de la sesión, aparecerán en el sitio web del Ayuntamiento. Las juntas ordinarias del Órgano Electo se transmiten por Internet y se archivan en el sitio web del Ayuntamiento en [www.nationalcityca.gov](http://www.nationalcityca.gov).

**COMENTARIOS PÚBLICOS:** Hay varias formas en las que puede asegurarse de que sus opiniones sean escuchadas y consideradas por nuestro Concejo Municipal como se describe a continuación:

**Envíe su comentario público antes de la sesión:** Para enviar un comentario por escrito, envíe un correo electrónico a [PublicComment@nationalcityca.gov](mailto:PublicComment@nationalcityca.gov), proporcione el número del tema o asunto de la agenda y el título del tema o asunto en la línea de asunto de su correo electrónico. Los comentarios o testimonios públicos se limitan a tres (3) minutos. Si el comentario no se relaciona con un tema o asunto específico de la agenda, indique Comentario Público General en la línea de asunto. Todos los comentarios por correo electrónico recibidos antes de las 4:00 p.m. del día de la sesión se enviarán por correo electrónico a los miembros del Concejo Municipal y formarán parte del acta oficial.

**Regístrese en línea y participe en los comentarios públicos en vivo durante la sesión:** Para proporcionar comentarios públicos en vivo durante la sesión, debe registrarse previamente en el sitio web del Ayuntamiento en

<https://www.nationalcityca.gov/publiccomment> **antes de las 4:00 p.m.** del día de la junta ordinaria para incorporarse a la sesión del Concejo Municipal.

\*\*\*Tenga presente que no necesita registrarse previamente para ver la sesión en línea, pero debe registrarse previamente si desea hablar.

Una vez registrado, recibirá un correo electrónico con un enlace de Zoom para integrarse a la sesión en vivo. Puede participar por teléfono o por computadora. Tómese el tiempo necesario para iniciar la reunión en Zoom antes del inicio de la sesión para asegurarse de no encontrar dificultades técnicas de último momento.

\*\*\*Tenga presente que las personas del público no se mostrarán en vídeo; podrán observar, escuchar y hablar cuando se les solicite. Los micrófonos públicos se silenciarán hasta que sea su turno de comentar.

Cada orador tiene hasta tres (3) minutos para dirigirse al Concejo Municipal. Tenga en cuenta que la Alcaldesa puede limitar la extensión de los comentarios debido a la cantidad de personas que deseen hablar o si los comentarios se vuelven repetitivos o no relacionados.

Todos los comentarios están sujetos a las mismas reglas que de otro modo regirían los comentarios de los oradores en la sesión. Se pide a los oradores que sean respetuosos y corteses. Dirija sus comentarios al Concejo Municipal en su conjunto y evite ataques personales contra personas del público, el Concejo Municipal y el personal del Ayuntamiento.

**¿Preguntas sobre comentarios públicos o protocolos del Concejo Municipal?**  
Comuníquese con la Oficina de la Secretaria del Ayuntamiento al teléfono (619) 336-4228, o por correo electrónico a [Clerk@nationalcityca.gov](mailto:Clerk@nationalcityca.gov).

**SERVICIO DE INTERPRETACIÓN: Para utilizar la función de interpretación zoom primero debe registrarse previamente en el sitio web de Zoom.** Una vez que haya iniciado sesión en zoom para utilizar la función de interpretación, favor de desplazarse a la parte inferior de la pantalla de Zoom (donde aparecen los controles). Haga clic en el ícono de interpretación (globo terráqueo), y seleccione "*Spanish*" (español). Si está utilizando la aplicación móvil de Zoom (celular, tableta, etc.), presione los puntos suspensivos (...), luego "*interpretation*" y luego el idioma.

**AGENDA ESCRITA:** Con contadas excepciones, el Órgano Electo puede tomar medidas únicamente sobre los temas que aparecen en la agenda escrita. Los temas que no aparezcan en la agenda deben aparecer en una agenda subsecuente, a menos que sean de emergencia o urgencia demostrada, y la necesidad de tomar medidas sobre esos temas haya surgido después de haber sido publicada la agenda.

**CALENDARIO DE CONSENTIMIENTO:** Los temas del calendario de consentimiento implican cuestiones de naturaleza rutinaria o no controvertida. Todos los temas de consentimiento se adoptan mediante la aprobación de una sola moción del Concejo Municipal. Antes de la aprobación, cualquier tema puede eliminarse de la parte de consentimiento de la agenda y considerarse aparte, a petición de un concejal, individuo del personal del Ayuntamiento o persona del público.

Previa solicitud, esta agenda puede estar disponible en formatos alternativos apropiados para personas con discapacidades, en observancia de la Ley de Estadounidenses con Discapacidades. Llame al teléfono (619) 336-4228 de la Oficina del Secretario del Ayuntamiento para solicitar una modificación o adaptación de acceso relativa a la discapacidad. Notificar 24 horas antes de la sesión permitirá al Ayuntamiento hacer arreglos razonables para garantizar la accesibilidad a esta junta.

## **OPEN TO THE PUBLIC**

### **A. CITY COUNCIL**

**CALL TO ORDER**

**ROLL CALL**

**PLEDGE OF ALLEGIANCE TO THE FLAG**

**PUBLIC COMMENTS (THREE-MINUTE TIME LIMIT)**

**PROCLAMATIONS AND CERTIFICATES**

1. [Honoring our National City centenarian, Gerarda “Danding” Yambao.](#)
2. [National City recognizes Breast Cancer Awareness month by honoring Assembly Woman Lorena Gonzalez.](#)
3. [National City Celebrates Sister-City Tecate in their 129th Anniversary.](#)

**AWARDS AND RECOGNITIONS**

**PRESENTATIONS (FIVE-MINUTE TIME LIMIT)**

**INTERVIEWS / APPOINTMENTS**

**REGIONAL BOARDS AND COMMITTEE REPORTS (FIVE-MINUTE TIME LIMIT)**

**CONSENT CALENDAR**

4. [Motion of the City Council of the City of National City approving the waiving of the reading of the text of the Ordinances or Resolutions that are having a Public Hearing considered at this meeting and providing that such Ordinances or Resolutions shall be introduced and/or adopted after a reading of the title only. \(City Clerk\)](#)
5. [Approval of Meeting Minutes: City Council and Community Development Commission - Housing Authority of the City of National City Virtual Regular Meeting - September 21, 2021 Special Meeting of the City Council of the City of National City Virtual Special Closed Session Meeting - September 21, 2021. \(City Clerk\)](#)
6. [Resolution of the City Council of the City of National City approving the settlement between Camilo Gutierrez Jr. and the City of National City. \(City Attorney\)](#)
7. [Resolution of the City Council of the City of National City to authorize the City Manager to enter into an Agreement with VideoTrack LLC, for audio/video](#)

- blurring, editing, synchronization, captioning, and transcription services for the National City Police Department and authorizing an increase of \$50,000 to fiscal year 2022 General Fund appropriation and use of General Fund balance for such services. (Police)
8. Resolution of the City Council of the City of National City authorizing the Mayor to execute the First Amendment to an Agreement with VideoTrack LLC, increasing the Agreement by \$35,621.13. (Police)
  9. Resolution of the City Council of the City of National City ratifying and authorizing the City Manager to execute a one year agreement between the City of National City, Alpha Project, and City of Chula Vista to provide a homeless emergency assistance program; and appropriate PLHA funds to the Alpha Project in the amount of \$60,000. (Housing Authority)
  10. Resolution of the City Council of the City of National City authorizing the Mayor to execute Program Supplement Agreement (PSA) No. F011 Rev. 1 with the State of California Department of Transportation (Caltrans) for the El Toyon-Las Palmas Bicycle Corridor Project to allow for reimbursement of up to \$1,544,000 in eligible project expenditures through the Federal Active Transportation Program (ATP). (Engineering/Public Works)
  11. Resolution of the City Council of the City of National City authorizing a Fiscal Year 2022 budget adjustment to establish appropriations in the amount of \$60,000 for Capital Improvement Program (CIP) Fleet Vehicle Equipment and Accessories for the Public Works Streets and Wastewater Division, Public Works Parks Division, and the National City Police Department. (Engineering/Public Works)
  12. Resolution of the City Council of the City of National City authorizing the installation of 50 feet of parallel “15-minute” parking and 25 feet of parallel “Loading or Unloading” parking on the north side of E. 8th Street, in front of the future “Market on 8th” at 41 E. 8th Street to increase parking turnover for customers (TSC No. 2020-13). (Engineering/Public Works)
  13. Temporary Use Permit – Milk & Honey Outdoor Event hosted by Outpouring Outreach Ministry at 1920 Sweetwater Road on December 4, 2021 from 9 a.m. to 4:30 p.m. with no waiver of fees. (Community Development)
  14. Warrant Register #10 for the period of 9/01/21 through 9/07/21 in the amount of \$3,816,368.09. (Finance)
  15. Warrant Register #11 for the period of 9/08/21 through 9/14/21 in the amount of \$462,311.81. (Finance)

**PUBLIC HEARINGS: ORDINANCES AND RESOLUTIONS**



16. [Public Hearing and Introduction of an Ordinance of the City Council of the City of National City amending Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of Sections 18.30.380 and 18.30.390 of Title 18 \(Zoning\) of the National City Municipal Code related to Accessory Dwelling Units and Junior Accessory Dwelling Units. \(Applicant City-Initiated\) \(Case File 2021-18 A\) \(Planning\)](#)
17. [Public Hearing and the Introduction of an Ordinance of the City Council of the City of National City establishing Community Choice Aggregation \(CCA\) in the City of National City. \(Engineering/Public Works\)](#)

## **NON CONSENT RESOLUTIONS**

18. [Approval of the 2021 Pension Obligation Bonds. \(Finance\)](#)

## **NEW BUSINESS**

### **B. COMMUNITY DEVELOPMENT COMMISSION - HOUSING AUTHORITY**

#### **CONSENT RESOLUTIONS - HOUSING AUTHORITY**

#### **PUBLIC HEARINGS: RESOLUTIONS - HOUSING AUTHORITY**

#### **NON CONSENT RESOLUTIONS - HOUSING AUTHORITY**

#### **NEW BUSINESS - HOUSING AUTHORITY**

### **C. REPORTS**

#### **STAFF REPORTS**

19. [City Manager Report. \(City Manager\)](#)

#### **MAYOR AND CITY COUNCIL**

20. [Proposal to name new park Dolores Huerta Park and Community Garden.](#)

#### **CLOSED SESSION**

#### **CLOSED SESSION REPORT**

#### **ADJOURNMENT**

Regular Meeting of the City Council and Community Development Commission - Housing Authority of the City of National City - Tuesday - November 2, 2021 - 6:00 p.m. - Council Chambers - National City, California.

The following page(s) contain the backup material for Agenda Item: [Honoring our National City centenarian, Gerarda “Danding” Yambao.](#)  
Please scroll down to view the backup material.

**Item # \_\_\_\_**  
**10/19/21**

**Honoring our National City  
centenarian, Gerarda “Danding” Yambao**

The following page(s) contain the backup material for Agenda Item: [National City recognizes Breast Cancer Awareness month by honoring Assembly Woman Lorena Gonzalez.](#)

Please scroll down to view the backup material.

Item # \_\_\_\_  
10/19/21

**National City recognizes Breast Cancer Awareness month by  
honoring Assembly Woman Lorena Gonzalez**



The following page(s) contain the backup material for Agenda Item: [National City Celebrates Sister-City Tecate in their 129th Anniversary.](#)

Please scroll down to view the backup material.

Item # \_\_\_\_  
10/19/21

**National City Celebrates Sister-City Tecate  
in their 129<sup>th</sup> Anniversary**

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

Please scroll down to view the backup material.

Item # \_\_\_\_  
10/19/21

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

(City Clerk)

The following page(s) contain the backup material for Agenda Item: [Approval of Meeting Minutes: City Council and Community Development Commission - Housing Authority of the City of National City Virtual Regular Meeting - September 21, 2021 Special Meeting of the City Council of the City of National City Virtual Special Closed Session Meeting - September 21, 2021. \(City Clerk\)](#)

Please scroll down to view the backup material.



Item # \_\_\_\_\_

10-19-2021

## **APPROVAL OF MEETING MINUTES**

CITY COUNCIL AND COMMUNITY DEVELOPMENT COMMISSION - HOUSING AUTHORITY OF THE CITY OF NATIONAL CITY VIRTUAL REGULAR MEETING - September 21, 2021

SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY VIRTUAL SPECIAL CLOSED SESSION MEETING - September 21, 2021

(City Clerk)



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

**September 21, 2021**

This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

The City Council minutes are prepared and ordered to correspond to the City Council Agenda. Agenda Items can be taken out of order during the meeting. The Agenda Items were considered in the order presented.

**A. CITY COUNCIL**

**CALL TO ORDER**

The meeting was called to order at 6:04 p.m. by Mayor Sotelo-Solis.

**ROLL CALL**

Councilmembers present: Bush, Morrison, Rios, Rodriguez, Sotelo-Solis  
Other Elected Officials present: Beauchamp, Molina

Administrative Officials present: Raulston, Winney, Bell Jr., Chapel, Gilman, Williams, Meteau, Aguirre, Yano, Barrera, Ryan, and Brennan.

Interpretation in Spanish provided by Carlos Diaz and Luisa Diaz de Leon.

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Councilmember Bush led the Pledge of Allegiance.

**PUBLIC COMMENTS**

Mayor Sotelo-Solis summarized the process for acceptance of live public comment allowing two (2) minutes per comment and introduced City Clerk Molina.

Thirteen (13) spoken comments were registered and spoken into the record: Diane Grace, Aida Castaneda, Jovita Arellano, Carol Green, Peggy Walker, Jose Gomez, Norma Acosta, Henry Joiner, Ruben Covarrubias, John Moore, Deanna Garcia, Sofia Toral, and Leticia Carrancio.

Two (2) written comments were received and read into the record: Kathleen Lippitt and Ted Godshalk.

## **PROCLAMATIONS AND CERTIFICATES**

1. A Proclamation of the City of National City Celebrating Latino Heritage Month and Recognizing Father Edmundo Zarate.

Mayor Sotelo-Solis presented the proclamation to Father Edmundo Zarate.

Public Comment: None

Received and filed.

2. A Proclamation of the City of National City Declaring September as National Disaster Preparedness Month.

Mayor Sotelo-Solis presented the proclamation to Walter Amedee, Management Analyst III with the National City Fire Department.

## **AWARDS AND RECOGNITIONS**

3. Employee of the Quarter 2021 - Christopher Garcia, Supervising Custodian.

Mayor Sotelo-Solis presented the proclamation to Christopher Garcia. Director of Public Works Yano and Facility Maintenance Supervisor Gonzalez accepted on his behalf.

## **PRESENTATIONS**

4. Library Board of Trustees Annual Report 2020-2021.

Mayor Sotelo-Solis introduced Director of Library and Community Services Joyce Ryan and Chair of the Board of Library Trustees Sherry Gogue. Ms. Gogue gave the report as a PowerPoint presentation entitled Library Board of Trustees Annual Report FY 2020-2021 and received comments from the Councilmembers.

Public Comment: None

Received and filed.

5. School Resource Officer Program.

Mayor Sotelo-Solis introduced Police Captain Alex Hernandez who provided a PowerPoint presentation entitled National City Police Department Staff Report on the School Resources Officer Program. School Representatives Dr. Vernon Moore and Alma Sarmiento responded to questions of the City Council.

Public Comment: None

Received and filed.

**INTERVIEWS / APPOINTMENTS**

## 6. Appointments: City Boards, Commissions, and Committees - Mayoral Appointments.

Mayor Sotelo-Solis introduced City Clerk Molina who provided the report and recited City Council Policy #107 Section D8 regarding the interview process.

Staff recommended that the previously advertised vacancy for the Community and Police Relations Committee will return to the City Council at a future meeting date as the City Attorney brought a possible conflict between the Operating Procedures and the Bylaws of the Committee to the attention of the Office of the City Clerk that may require an additional step in the appointment process.

City Clerk Molina informed the City Council that Staff recommends that the appointment for the Housing Advisory Committee be delayed as Staff has determined a conflict between City Council Policy #107 and the National City Municipal Code.

Public Comment: None.

**ACTION:**

Mayor Sotelo-Solis motioned to appoint Coyote Moon to the Board of Library Trustee for a term ending 9/30/2024, seconded by Councilmember Bush.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint H. Bradley Bang to the Board of Library Trustees for a term ending 9/30/2024, seconded by Councilmember Bush.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Anzueth G. Zambrano to the Board of Library Trustee for a term ending 09/30/2024, seconded by Councilmember Bush.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Florfina Arce to the Park, Recreation & Senior Citizens Advisory Committee for a term ending 9/30/2024, seconded by Councilmember Bush.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Reuben Felizardo to the Park, Recreation & Senior Citizens Advisory Committee for a term ending 9/30/2024, seconded by Councilmember Rios.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Jose A. Lopez as a primary member to the Public Art Committee for a term ending 9/30/2024, seconded by Councilmember Rios.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Natalia Valerdi-Rogers to the Public Art Committee for a term ending 9/30/2024, seconded by Councilmember Bush.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Marisa Rosales to the Traffic Safety Committee for a term ending 9/30/2024, seconded by Councilmember Bush.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Javier Alvarado to the Traffic Safety Committee for a term ending 9/30/2024, seconded by Councilmember Bush.

Motion carried by unanimous vote.

Mayor Sotelo-Solis motioned to appoint Jhoana Alvarado to the Veterans & Military Families Advisory Committee for a term ending 9/30/2025, seconded by Councilmember Rios.

Motion carried by unanimous vote.

7. Appointments: City Boards, Commissions and Committees - City Council Appointment.

Mayor Sotelo-Solis introduced City Clerk Molina who gave the report and recited City Council Policy #107 Section D8 regarding the interview process.

**Civil Service Commission:** One (1) vacancy for a term through September 30, 2022.

The City Council considered two (2) applicants for this position.

City Council conducted public interviews of one of the two (2) applicants: Javier Alvarado. Applicant Dr. Gonzalo Quintero was not available for interview but did submit written comment to the City Council for consideration.

Public Comment:

One (1) written Public Comment: Dr. Gonzalo J. Quintero

**ACTION:** Councilmembers cast their vote virtually by holding up the name of the applicant who received their vote.

Councilmember Bush voted for Dr. Gonzalo Quintero

Councilmember Morrison voted for Javier Alvarado

Councilmember Rios voted for Dr. Gonzalo Quintero

Vice-Mayor Rodriguez voted for Javier Alvarado

Mayor Sotelo-Solis voted for Dr. Gonzalo Quintero

Dr. Gonzalo Quintero was appointed to the Civil Service Commission by 3-2 vote.

## REGIONAL BOARDS AND COMMITTEE REPORTS

Mayor Sotelo-Solis reported that San Diego Association of Governments (SANDAG) will hold an upcoming meeting to discuss the Regional Transportation Plan. She also reported that San Diego Metropolitan Transit System (MTS) is updating the access to restrooms.

Councilmember Rios announced that Sweetwater Authority appointed Carlos Quintero as General Manager. She also reported on San Diego County Water Authority's announcement in response to the State Water Resources Control Board announcement of water conservation figures for July. San Diego County water users have done a good job of reducing water waste.

Councilmember Bush reported on the business of the San Diego Air Pollution Control District (APCD).

Councilmember Morrison stated that his next meeting will be held next quarter.



Vice-Mayor Rodriguez stated that his next meeting will be held next month.

## CONSENT CALENDER

Public Comment: None.

### ACTION:

Motion by Councilmember Rios, seconded by Councilmember Morrison, to approve the Consent Calendar Items 8 through 21.

Motion carried by unanimous vote.

8. Motion of the City Council of the City of National City approving the waiving of the reading of the text of the Ordinances or Resolutions that are having a Public Hearing considered at this meeting and providing that such Ordinances or Resolutions shall be introduced and/or adopted after a reading of the title only.
9. Adopted Resolution 2021-132. Resolution of the City Council of the City of National City ratifying a First Amendment extending the term to September 30, 2021 and authorizing a Second Amendment extending the term to June 30, 2022 to the Agreement with the County of San Diego for the administration of COVID-19 vaccinations via mobile service units (Mutual Aid Agreement) and authorizing the City Manager to execute future amendments extending the term of the Mutual Aid Agreement.
10. Adopted Resolution 2021-133. Resolution of the City Council of the City of National City approving the one (1) year ratified Agreement and Authorizing the Mayor to execute the ratified Agreement with the National School District for partial funding of the School Resource Officer Program for FY 2022. The City of National City will be reimbursed \$77,068 for FY 2022.
11. Adopted Resolution 2021-134. Resolution of the City Council of the City of National City approving the one (1) year ratified Agreement and Authorizing the Mayor to execute the ratified Agreement with the Sweetwater Union High School for partial funding of the School Resource Officer Program for FY 2022. The City of National City will be reimbursed \$105,000 for FY 2022.
12. Adopted Resolution 2021-135. Resolution of the City Council of the City of National City approving the settlement between Cheryl Newell and the City of National City.
13. Adopted Resolution 2021-136. Resolution of the City Council of the City of National City approving the settlement and release agreement between Mauquieta McNeil and Taneka McNeil and the City of National City.
14. Adopted Resolution 2021-137. Resolution of the City Council of the City of National City authorizing the Mayor to execute a First Amendment to the Agreement with Vortex Industries, Inc., increasing the not-to-exceed amount by \$60,000, for a total Agreement amount of \$120,000, due to the demand and continuous need for assistance with specialized services for commercial roll-up doors and gates.
15. Adopted Resolution 2021-138. Resolution of the City Council of the City of National City authorizing the Mayor to execute a First Amendment to the Agreement with 24 Hour Elevator, Inc., increasing the not-to-exceed amount by \$100,000, for a total Agreement

amount of \$160,000, due to the demand and continuous need for assistance with specialized elevator services.

16. Adopted Resolution 2021-139. Resolution of the City Council of the City of National City authorizing the installation of red curb “No Parking” at the intersection of Stancrest Lane and E. 14th Street in order to enhance safety and visibility for drivers exiting Stancrest Lane onto E. 14th Street (TSC No. 2021-17).
17. Adopted Resolution 2021-140. Resolution of the City Council of the City of National City authorizing the installation of a blue curb disabled persons parking space with sign in front of the residence located at 1510 Harding Avenue (TSC No. 2021-18).
18. Filed Investment transactions for the month ended July 31, 2021.
19. Ratified Warrant Register #5 for the period of 7/28/21 through 8/03/21 in the amount of \$1,321,040.70.
20. Ratified Warrant Register #6 for the period of 8/04/21 through 8/10/21 in the amount of \$2,265,977.29.
21. Ratified Warrant Register #7 for the period of 8/11/21 through 8/17/21 in the amount of \$976,085.85.

*Mayor Sotelo-Solis called for a recess at 8:27 p.m. and returned to open session at 8:40 p.m. with all members present.*

## **PUBLIC HEARINGS: ORDINANCES AND RESOLUTIONS**

### **NON CONSENT RESOLUTIONS**

22. Adopted Resolution No. 2021-141. Resolution of the City Council of the City of National City: 1) acknowledging the Preliminary Update of Climate Action Plan and; 2) directing staff to return to City Council with a CCA ordinance and Joint Powers Agency agreement with San Diego Community Power.

City Clerk Molina read the title of the Resolution into the record.

Mayor Sotelo-Solis introduced Director of Public Works Yano, who presented the report and gave a PowerPoint presentation titled “Climate Action Plan Preliminary Update / CCA Recommendation”. Mr. Yano invited Stephanie Whitmore, Director with WSP, and Cody Hooven with San Diego Community Power and received comments from the Councilmembers.

Public Comment:

Ten (10) spoken comments were registered and spoken into the record: Karinna Gonzalez, Matthew Vasilakis, Sean Ellis, Kori Ellis, James Hardie, Angel Del Rosario, MacCollin Pelayo, Adam Paris, Cristina Marquez, and Madison Coleman.

Five (5) written comment was received and read into the record: Moon Coyote, Kelvin Barrios, John Bennett, Kyle Heiskala, and Vi Nguyen.

**ACTION:**

Motion by Councilmember Bush, seconded by Councilmember Rios, to adopt the Resolution.

Ayes: Bush, Rios, Rodriguez, Sotelo-Solis

Nays: Morrison

Motion passed by 4 to 1 vote.

Substitute motion by Vice-Mayor Rodriguez, seconded by Councilmember Morrison, to direct Staff to bring back to Council options to purchase energy from this community power agreement and discuss other potential electrical sources.

Ayes: Morrison, Rodriguez

Nays: Bush, Rios, Sotelo-Solis

Motion failed by 3 to 2 vote.

Original motion by Councilmember Bush, seconded by Councilmember Rios, to adopt the Resolution.

Ayes: Bush, Rios, Rodriguez, Sotelo-Solis

Nays: Morrison

Motion passed by 4 to 1 vote.

**NEW BUSINESS**

23. Adopted Resolution No. 2021-142. Resolution of the City Council of the City of National City authorizing the acceptance of the Library Access on the Go Grant from the State Library in the amount of \$16,421 to cover the costs associated with creating an app for National City Public Library and the establishment of Library Grants Fund appropriations of \$16,421 and corresponding revenue budget for Library Access on the Go with no matching funds required.

City Clerk Molina read the title of the Resolution into the record.

Mayor Sotelo-Solis introduced Director of Library and Community Services Joyce Ryan who gave a PowerPoint presentation entitled Library Access On the Go Mobile App.

Public Comment: None.

**ACTION:**

Motion by Councilmember Rios, seconded by Councilmember Morrison, to adopt the Resolution.

Motion passed by unanimous vote.

**B. COMMUNITY DEVELOPMENT COMMISSION – HOUSING AUTHORITY**

No agenda items.

**C. REPORTS**

**STAFF REPORTS**

24. City Manager Report.

City Manager Raulston provided a report on the upcoming policy from OSHA to require private employers to adopt an employee vaccine mandate. He stated that our organization's vaccination rate is 79%. He continues to promote vaccination as the safest and most effective way for residents and employees to avoid serious illness and hospitalization. Also, the Fire Department will begin their flu vaccination clinics soon.

## **MAYOR AND CITY COUNCIL**

City Clerk Molina acknowledged National Hispanic Heritage Month. She also mentioned the United Nations General Assembly meeting focused on vaccination, climate change, and sustainable development goals.

City Treasurer Beauchamp provided comments concerning the lowrider community's interests. He spoke about sea-level rise and the potential impacts. He mentioned that the City's finances are good due to bonds.

Councilmember Bush thanked the ad hoc committee on the lowrider issues and the community members in support of repealing the cruising ordinance.

Councilmember Morrison spoke about the private event for the lowrider community.

Councilmember Rios acknowledged efforts for a cleaner National City.

Vice-Mayor Rodriguez spoke about the misinformation campaign concerning the Covid-19 vaccine. He acknowledged the nurses and other workers that continue their work during the pandemic. He acknowledged Hispanic Heritage Month.

Mayor Sotelo-Solis wished a happy Hispanic Heritage Month to the community. She acknowledged the diversity within the Police Department. She spoke about the Paradise Creek clean-up and thanked the volunteers. She also acknowledged the Miracle Babies diapers event, the lowriders event, and the National City Movies in the Park. She wished National City a happy 134<sup>th</sup> birthday and thanked Baked by Brodic for the special birthday cake.

## **CLOSED SESSION CLOSED SESSION REPORT**

Mayor Sotelo-Solis introduced City Attorney Bell who provided the report.

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Government Code Section 54956.9(d)(1)  
Name of Case: *Tammy Davis v. City of National City, et al.*  
United States District Court, Southern District of California – Case No. 19-CV-534-BEN-BGS

City Attorney Bell reported that there was direction given by City Council by unanimous vote.

2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION  
Government Code Section 54956.9(d)(1)  
Name of Case: *Camillo Gutierrez v. City of National City*

Workers' Compensation Appeal Board Case No. Claim: 13324860

City Attorney Bell reported that there was direction given by City Council by unanimous vote.

3. CONFERENCE WITH LEGAL COUNSEL – LIABILITY CLAIM

Government Code Section 54956.95

Claimant: *Elva Garcia-Aguilera, et al.*

Agency Notice of Potential Liability Claim Against: City of National City

City Attorney Bell reported that direction was given by a vote of 4 to 0 vote with Mayor Sotelo-Solis as absent. Mayor Sotelo-Solis returned to the meeting at 3:51 p.m. prior to Item 4 Closed Session Item.

4. PUBLIC EMPLOYEE EMPLOYMENT

Government Code Section 54957

Performance Evaluation: City Attorney

No report.

5. CONFERENCE WITH LABOR NEGOTIATORS

Government Code Section 54957.6

Employee Organizations: Municipal Employees' Association (SEIU, Local 221), National City Firefighters Association (Local 2744), Police Officers Association (POA)

Unrepresented Groups: Executive, Confidential, and Management

Agency Designated Representatives: Eddie Kreisberg (Labor Negotiator), Brad Raulston (City Manager), Tony Winney (Assistant City Manager), Molly Brennan (Administrative Services Director), Jose Tellez (Chief of Police), Paul Valadez (Budget Manager - Finance), Lilia Munoz (Human Resources Manager)

No report.

**ADJOURNMENT**

Mayor Sotelo-Solis adjourned to the Regular Meeting of the City Council and Community Development Commission - Housing Authority of the City of National City to be held Tuesday, October 5, 2021 at 6:00 p.m. via teleconference.

The meeting adjourned at 10:34 p.m.

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Luz Molina, City Clerk

The foregoing minutes were approved at the Regular Meeting of October 19, 2021.

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Alejandra Sotelo-Solis, Mayor



## MINUTES OF A SPECIAL MEETING NATIONAL CITY COUNCIL

September 21, 2021

This meeting was conducted utilizing teleconferencing and electronic means consistent with State of California Executive Order N-29-20 dated March 17, 2020, regarding the COVID-19 pandemic.

### **OPEN SESSION**

#### **CALL TO ORDER**

The meeting was called to order at 3:04 p.m. by Mayor Sotelo-Solis.

#### **ROLL CALL**

Councilmembers present: Bush, Morrison, Rios, Rodriguez, and Sotelo-Solis.

Administrative Officials present: Raulston, Winney, Bell Jr., Chapel, Brennan, Meteau, Munoz, Tellez, Valadez, and Yano.

Consultants/Advisors: Rod Coppedge and Eddie Kreisberg.

#### **PUBLIC COMMENTS**

None.

Members retired into Closed Session at 3:06 p. m.

### **CLOSED SESSION**

#### 1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code Section 54956.9(d)(1)

Name of Case: *Tammy Davis v. City of National City, et al.*

United States District Court, Southern District of California – Case No. 19-CV-534-BEN-BGS

*Members retired into Closed Session at 3:06 p.m. and returned at 3:45 p.m. with all members present in attendance: Bush, Morrison, Rios, Rodriguez, Sotelo-Solis, Raulston, Winney, Bell Jr., and Jose Tellez*

#### 2. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Government Code Section 54956.9(d)(1)

Name of Case: *Camillo Gutierrez v. City of National City*

Workers' Compensation Appeal Board Case No. Claim: 13324860

*Members retired into Closed Session at 3:45 p.m. and returned at 3:47 p.m. with all members present in attendance: Bush, Morrison, Rios, Rodriguez, Sotelo-Solis, Raulston, Winney, Bell Jr., Meteau, Brennan, and Outside Counsel Rod Coppedge.*

*Rod Coppedge, Outside Counsel and Robert Meteau, Director of Human Resources left the meeting at 3:48 p.m.*

*Mayor Sotelo-Solis left the Meeting at 3:48 p.m. and returned at 3:51 p.m. Vice-Mayor Rodriguez chaired the meeting during the next Closed Session item.*

3. CONFERENCE WITH LEGAL COUNSEL – LIABILITY CLAIM

Government Code Section 54956.95

Claimant: *Elva Garcia-Aguilera, et al.*

Agency Notice of Potential Liability Claim Against: City of National City

*Members retired into Closed Session at 3:48 p.m. and returned at 3:51 p.m. with all members present in attendance: Bush, Morrison, Rios, Rodriguez, Raulston, Winney, Bell Jr., Brennan, and Yano.*

*Robert Yano, Director of Public Works left the meeting at 3:51 p.m.*

4. PUBLIC EMPLOYEE EMPLOYMENT

Government Code Section 54957

Performance Evaluation: City Attorney

*Members retired into Closed Session at 3:51 p.m. and returned at 4:00 p.m. with all members present in attendance: Bush, Morrison, Rios, Rodriguez, Sotelo-Solis, and Bell Jr.*

5. CONFERENCE WITH LABOR NEGOTIATORS

Government Code Section 54957.6

Employee Organizations: Municipal Employees' Association (SEIU, Local 221), National City Firefighters Association (Local 2744), Police Officers Association (POA)

Unrepresented Groups: Executive, Confidential, and Management

Agency Designated Representatives: Eddie Kreisberg (Labor Negotiator), Brad Raulston

(City Manager), Tony Winney (Assistant City Manager), Molly Brennan (Administrative

Services Director), Jose Tellez (Chief of Police), Paul Valadez (Budget Manager - Finance),

Lilia Munoz (Human Resources Manager)

*Members retired into Closed Session at 4:02 p.m. and returned at 5:42 p.m. with all members present in attendance: Morrison, Rios, Rodriguez, Sotelo-Solis, Raulston, Winney, Bell Jr., Brennan, Valadez, and Munoz.*

*Guest: Eddie Kreisberg (Labor Negotiator)*

**CLOSED SESSION REPORT PROVIDED AT END OF REGULAR MEETING**

Members returned from Closed Session at 5:42 p.m. with all members present.

## **ADJOURNMENT**

Mayor Sotelo-Solis adjourned to the Special Meeting to the Regular Meeting of the City Council and Community Development Commission - Housing Authority of the City of National City to be held Tuesday, September 21, 2021, at 6:00 p.m. via teleconference.

The meeting adjourned at 5:42 p.m.

\_\_\_\_\_  
Shelley Chapel, Deputy City Clerk

The foregoing minutes were approved at the Regular Meeting of October 19, 2021.

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor



The following page(s) contain the backup material for Agenda Item: [Resolution of the City Council of the City of National City approving the settlement between Camilo Gutierrez Jr. and the City of National City. \(City Attorney\)](#)  
Please scroll down to view the backup material.

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

**MEETING DATE:** 10/19/2021

**AGENDA ITEM NO.** |

**ITEM TITLE:**

Resolution of the City Council of the City of National City approving the settlement between Camilo Gutierrez Jr. and the City of National City.

City Attorney

**PREPARED BY:** Charles E. Bell, Jr., City Attorney

**DEPARTMENT:**

*Charles E. Bell, Jr.*

**PHONE:** Ext. 4222

**APPROVED BY:**

**EXPLANATION:**

On October 19, 2019 and June 19, 2020 Plaintiff Camilo Gutierrez Jr. filed a Workers' Compensation case against the City of National City. Workers' Compensation Appeal Board Case No. Claim # 20-148885 – WCAB # ADJ12612439, ADJ13324860, ADJ13324460, ADJ13324841, ADJ13324847 and ADJ13324855 ("Litigation"). In Closed Session on September 21, 2021, City Council authorized a \$75,000 settlement.

**FINANCIAL STATEMENT:**

**APPROVED:**

*Molly Brown*

**Finance**

**ACCOUNT NO.**

**APPROVED:**

**MIS**

627-407-081-433 Worker's Comp Claim Costs

**ENVIRONMENTAL REVIEW:**

This action does not constitute a project under California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(2).

**ORDINANCE:** INTRODUCTION:

FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Adopt Resolution approving the \$75,000 settlement between Camilo Gutierrez Jr. and the City of National City

**BOARD / COMMISSION RECOMMENDATION:**

**ATTACHMENTS:**

- Resolution

**RESOLUTION NO. 2021 -**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, APPROVING THE SETTLEMENT BETWEEN CAMILO GUTIERREZ JR. AND THE CITY OF NATIONAL CITY**

**WHEREAS**, on October 19, 2019 and June 19, 2020, Plaintiff Camilo Gutierrez Jr. (“Plaintiff”) filed a Workers’ Compensation case against the City of National City (“City”); and

**WHEREAS**, the Workers’ Compensation case is titled Workers’ Compensation Appeal Board Case No. . Claim # 20-148885 – WCAB # ADJ12612439, ADJ13324860, ADJ13324460 , ADJ13324841, ADJ13324847 and ADJ13324855 (“Litigation”); and

**WHEREAS**, in Closed Session on September 21, 2021, the City Council by the following votes: Yeas, 5; Nays, 0; Absent, 0; authorized settlement on the Litigation for \$75,000.00 according to such other terms more fully outlined in the Settlement Agreement.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1:** Authorizes the Administrative Services Director to pay the sum of seventy-five thousand (\$75,000.00) from the Workers’ Compensation Claim Costs Fund No. 627-407-081-433-0000, in settlement of each and every claim for damages, interest, costs, and fees of any type against the City of National City, its agents, and employees, arising from the Workers’ Compensation case filed by Plaintiff Camilo Gutierrez Jr.

**Section 2:** The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolution.

**PASSED and ADOPTED this 19th day of October, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney

The following page(s) contain the backup material for Agenda Item: [Resolution of the City Council of the City of National City to authorize the City Manager to enter into an Agreement with VideoTrack LLC, for audio/video blurring, editing, synchronization, captioning, and transcription services for the National City Police Department and authorizing an increase of \\$50,000 to fiscal year 2022 General Fund appropriation and use of General Fund balance for such services. \(Police\)](#)

Please scroll down to view the backup material.

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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.** |

**ITEM TITLE:**

Resolution of the City Council of the City of National City to authorize the City Manager to enter into an Agreement with VideoTrack LLC, for audio/video blurring, editing, synchronization, captioning, and transcription services for the National City Police Department and authorizing an increase of \$50,000 to fiscal year 2022 General Fund appropriation and use of General Fund balance for such services.

**PREPARED BY:** Christopher A. Sullivan, Lieutenant

**DEPARTMENT:** Police

**PHONE:** (619) 336-4451

**APPROVED BY:** 

**EXPLANATION:**

The National City Police Department requests the City Council authorize the City Manager to enter into a new 2-year Agreement between the City of National City and VideoTrack LLC., for audio/video blurring, editing, synchronization, captioning, and transcription services related to Senate Bill 1421 and other release of information laws. It is requested that City Council authorize the appropriation of \$50,000 for Fiscal Year 2022 for the new Agreement.

**FINANCIAL STATEMENT:**

**APPROVED:**  **Finance**

**ACCOUNT NO.** |

**APPROVED:** \_\_\_\_\_ **MIS**

Expenditure: 001-4111-000-299-0000-Police Contracted Services.  
Funding Source: General Fund Balance.

**ENVIRONMENTAL REVIEW:**

N/A

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Approve the Resolution.

**BOARD / COMMISSION RECOMMENDATION:**

| |

**ATTACHMENTS:**

City of National City Short Form Services Agreement with VideoTrack LLC and supporting documents  
Exhibit A – Description of Updated Service Rates  
Addendum A – Rate Increase document from VideoTrack LLC.



**SHORT FORM SERVICES AGREEMENT  
BY AND BETWEEN  
THE CITY OF NATIONAL CITY  
AND  
VIDEOTRACK LLC**

THIS AGREEMENT is entered into this 19th day of October, 2021, by and between the CITY OF NATIONAL CITY, a municipal corporation (the "CITY"), and VIDEOTRACK LLC, a California limited liability company (the "CONTRACTOR").

NOW, THEREFORE, CITY agrees to engage CONTRACTOR to perform the services set forth herein in accordance with the following terms and conditions:

1. **Description of Services.** CONTRACTOR shall provide audio/video conversion; video blurring services; editing services; synchronization and captioning services; and transcription services to the CITY. These audio/video services shall be performed as requested by the CITY in connection with public records affected by, for example, SB 1421's amendments to Penal Code section 832.7. Rate for these audio/video services is provided in Exhibit A.

2. **Length of Agreement.** This Agreement will become effective on September 1, 2021. The duration of this Agreement is for the period of October 19, 2021, through June 30, 2023.

3. **Compensation.** The total compensation to CONTRACTOR for providing the services set forth herein shall not exceed an annual total cost of \$50,000. The compensation for CONTRACTOR'S work shall be based upon and not exceed the rates provided in Exhibit A without prior written authorization from CITY.

A. Monthly invoices will be processed for payment and remitted within thirty (30) days from receipt of invoice, provided that work is accomplished consistent with Section 1, as determined by the CITY. CITY'S discretion described in this Section 3 will turn on whether CONTRACTOR'S services fully, completely, and accurately comprehend the events captured in the original recording CITY provides to CONTRACTOR. For example, portions of the audio or visual quality of CITY'S original recording may be poor, pixelated, or unintelligible ("Original Defect"). CITY understands if CONTRACTOR is unable to clarify or improve any aspect of any Original Defect. However, CONTRACTOR must convert the Original Defect into digital format in such a way that fully, completely, and accurately portrays the Original Defect as it appears in analog format.

B. The parties anticipate that the services described in Section 1 will not be processed on an expedited basis. If expedited services is needed, rush rates may apply but the parties will discuss expedited completion dates and rush rates before CONTRACTOR renders any expedited services for CITY. Any rush rates must be agreed to by the parties in writing, for example via email.

C. The CONTRACTOR shall maintain all books, documents, papers, accounting records, and other evidence pertaining to costs incurred, and shall make such materials



available at its office at all reasonable times during the term of this Agreement and for three (3) years from the date of final payment under this Agreement, for inspection by the CITY, and for furnishing of copies to the CITY, if requested.

4. **Payment Schedule.** CITY will make payment within thirty (30) days of receiving and approving a billing statement for the satisfactorily completed services of CONTRACTOR.

5. **Termination.** CITY or CONTRACTOR may terminate this Agreement at any time by providing thirty (30) day's written notice to the non-terminating party.

A. If either party terminates pursuant to this Section, all finished or unfinished work described in Section 1 prepared by the CONTRACTOR, whether paper or electronic, shall immediately become the property of and be delivered to the CITY. CONTRACTOR shall be entitled to receive just and equitable compensation for any work satisfactorily completed on such documents and other materials up to the effective date of this Notice of Termination, not to exceed the amounts payable under this Agreement, and less any damages caused the CITY by the CONTRACTOR'S breach, if any. Thereafter, ownership of said written material shall vest in the CITY.

6. **Independent Contractor.** It is agreed that CONTRACTOR is an independent Contractor, and all persons working for or under the direction of CONTRACTOR are CONTRACTOR'S agents, servants and employees, and said persons shall not be deemed agents, servants, or employees of CITY.

7. **Insurance.** CONTRACTOR shall obtain:

A.  If checked, Professional Liability Insurance (errors and omissions) with minimum limits of \$1,000,000 per occurrence, \$2,000,000 aggregate.

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

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

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

Pursuant to the Declaration and Addendum To All Contracts Awarded to Video Track LLC attached hereto as Exhibit B and incorporated herein by reference.



CONSULTANT has no employees subject to the California Workers' Compensation and Labor laws.

E. The aforesaid policies shall constitute primary insurance as to the CITY, its officers, employees, and volunteers, so that any other policies held by the CITY shall not contribute to any loss under said insurance. Said policies shall provide for thirty (30) days prior written notice to the CITY's Risk Manager, at the address listed in subsection G below, of cancellation or material change.

F. Said policies, except for the professional liability and workers' compensation policies, shall name the CITY and its officers, agents, employees, and volunteers as additional insureds, and separate additional insured endorsements shall be provided.

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

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

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

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

J. This Agreement shall not take effect until certificate(s) or other sufficient proof that these insurance provisions have been complied with, are filed with, and approved by the CITY's Risk Manager. If the CONTRACTOR does not keep all insurance policies required by this Section 7 in full force and effect at all times during the term of this Agreement, the CITY may treat the failure to maintain the requisite insurance as a breach of this Agreement and terminate the Agreement as provided herein.

K. All deductibles and self-insured retentions in excess of \$10,000 must be disclosed to and approved by the CITY. CITY reserves the right to modify the insurance requirements of this Section 7, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

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

8. **Indemnification and Hold Harmless.** To the maximum extent provided by law, the CONTRACTOR agrees to defend, indemnify, and hold harmless the City of National City, its officers, officials, agents, employees, and volunteers against and from any and all liability, loss,



damages to property, injuries to, or death of any person or persons, and all claims, demands, suits, actions, proceedings, reasonable attorneys' fees, and defense costs, of any kind or nature, including workers' compensation claims, of or by anyone whomsoever, resulting from or arising out of the CONTRACTOR'S established sole negligence, recklessness, or willful misconduct in the performance of this Agreement, provided, however, that this defense, indemnification and hold harmless shall not include any claims or liability arising from established sole negligence, recklessness, or willful misconduct of the CITY, its agents, officers, employees, or volunteers . CITY will cooperate reasonably in the defense of any action, and CONTRACTOR shall employ competent counsel, reasonably acceptable to the City Attorney.

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

9. **EMPLOYEE PAYMENTS AND INDEMNIFICATION.**

9.1 PERS Eligibility Indemnification. If CONTRACTOR providing services under this Agreement claims, or is determined by a court of competent jurisdiction or the California Public Employees Retirement System ("PERS") to be eligible for enrollment in PERS of the CITY, CONTRACTOR shall indemnify, defend, and hold harmless CITY for the payment of any employer and employee contributions for PERS benefits on behalf of CONTRACTOR as well as for payment of any penalties and interest on such contributions which would otherwise be the responsibility of the CITY.

CONTRACTOR providing service under this Agreement shall not: (1) qualify for any compensation and benefit under PERS; (2) be entitled to any benefits under PERS; (3) enroll in PERS as an employee of CITY; (4) receive any employer contributions paid by CITY for PERS benefits; or (5) be entitled to any other PERS-related benefit that would accrue to a CITY employee. CONTRACTOR hereby waives any claims to benefits or compensation described in this Section 9. This Section 9 applies to CONTRACTOR notwithstanding any other agency, state or federal policy, rule, regulation, law or ordinance to the contrary.

9.2 Limitation of CITY Liability. The payment made to CONTRACTOR under this Agreement shall be the full and complete compensation to which CONTRACTOR and CONTRACTOR's officers, agents, and subcontractors are entitled for performance of any work under this Agreement. Neither CONTRACTOR nor CONTRACTOR's officers, agents, and subcontractors are entitled to any salary or wages, or retirement, health, leave or other fringe benefits applicable to CITY employees. The CITY will not make any federal or state tax withholdings on behalf of CONTRACTOR. The CITY shall not be required to pay any workers' compensation insurance on behalf of CONTRACTOR.

9.3 Indemnification for Employee Payments. CONTRACTOR agrees to defend and indemnify the CITY for any obligation, claim, suit, or demand for tax, retirement contribution including any contribution to PERS, social security, salary or wages, overtime payment, or workers' compensation payment which the CITY may be required to make on behalf of (1) CONTRACTOR, (2) any employee of CONTRACTOR, or (3) any employee of CONTRACTOR



construed to be an employee of the CITY, for work performed under this Agreement. This is a continuing obligation that survives the termination of this Agreement.

10. **Acceptability of Work.** The CITY shall, consistent with Section 3, with reasonable diligence, determine the quality or acceptability of the work, the manner of performance, and/or the compensation payable to the CONTRACTOR.

11. **Business License.** CONTRACTOR must possess or shall obtain a business license from National City Finance Department before beginning work.

12. **Prevailing Wages.** Since the services under this Agreement do not meet the definition of a “public works” project as defined by Labor Code section 1720, payment of prevailing wage, as referred to in Labor Code section 1771, is not required.

13. **Administrative Provisions.**

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

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

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

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

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

F. *Assignment & Assumption of Rights.* CONTRACTOR shall not assign this Agreement, in whole or in part, to any other party without first obtaining the written consent of CITY.

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

H. *Applicable Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of California. The venue for any legal action arising under this Agreement shall be in either state or federal court in the County of San Diego, State of California. The CONTRACTOR shall comply with all laws, including federal, state, and local laws, whether now in force or subsequently enacted.

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







IN WITNESS WHEREOF, this Agreement is executed by CITY and by CONTRACTOR on the date and year first above written.

**CITY OF NATIONAL CITY**

**VIDEOTRACK LLC, A CALIFORNIA LIMITED LIABILITY COMPANY**

By: \_\_\_\_\_  
Brad Raulston, City Manager

By: Deborah L. Burk  
Deborah L. Burk, Managing Member

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Charles E. Bell Jr.  
City Attorney

By: Calvin S. Davidson  
Calvin S. Davidson, Managing Member

**CONTACT INFORMATION**

**CITY OF NATIONAL CITY**  
1243 National City Boulevard  
National City, CA 91950-4397

**VIDEOTRACK LLC**  
600 West Broadway, Suite 700  
San Diego, CA. 92101

Phone: (619) 336-4451  
Fax: (619) 336-4349  
Contact: Christopher A. Sullivan  
Title: Administrative Lieutenant  
Dep.: Police Department  
Email: csullivan@nationalcityca.gov

Phone: (619) 234-1990  
Fax: N/A  
Contact: Deborah L. Burk  
Title: Managing Member  
Email: debbie@videotracksd.com  
Taxpayer I.D. No.: 45-0534276



## Exhibit "A"

### Description of Service Rates

#### **Audio/Video Conversion:**

- Audiotape to digital file: \$25.00 per tape converted
- Videotape to digital file: \$50.00 per tape converted (up to 6-hr record time)
- Tape repair: Attempt to repair any damaged video or audio tapes; however, depending on the type and extend of damage, we cannot guarantee the outcome of any such repair

#### **Video Blurring Services:**                    \$105.00 per hour

- Blurring video recordings to protect the identity of participants as instructed by client; no charge for computer rendering time

#### **Editing Services:**                                \$145.00 per hour

- Editing services such as redacting portions of video or audio recordings, combining related recordings into a complete recording, enhancing video or audio recordings, inserting title screens or other text
- No Charge for computer rendering time

#### **Synchronization and Captioning Services:**

- Synchronizing text to video or audio recordings: \$105.00 per hour
- Inserting synchronized scrolling text captions on video or audio recordings: \$130.00 per hour of services rendered; no charge for computer rendering time

#### **Transcription Services (English Language Only)**    \$34.00 per hour of transcribing time

- Estimated at 5 times media length for court hearings/trials and interviews, and 6 times media length for body worn camera recordings



## EXHIBIT "B"



(To be submitted only when there are no employees subject to Workers' Compensation)

### DECLARATION AND ADDENDUM TO ALL CONTRACTS AWARDED TO:

#### VIDEOTRACK LLC, A California Limited Liability Company

For the purpose of inducing the City of National City to go forward with any contracts awarded to VIDEOTRACK LLC, I declare as follows:

I, Deborah L. Burk, Managing Member, am authorized to execute this document on behalf of VIDEOTRACK LLC with respect to compliance with the California Workers' Compensation and Labor laws. All work required will be performed personally and solely by Deborah L. Burk and Calvin S. Davidson, Managing Members of VIDEOTRACK LLC. If, however, VIDEOTRACK LLC shall ever be required to hire employees or Subcontractors to perform this contract, VIDEOTRACK LLC shall obtain Workers' Compensation Insurance and/or provide proof of Workers' Compensation Insurance coverage to the City of National City.

This document constitutes a declaration by VIDEOTRACK LLC against its financial interest, relative to any claims which may be asserted under the California Workers' Compensation and/or Labor laws against the City of National City relating to any bid or contract awarded VIDEOTRACK LLC.

VIDEOTRACK LLC will defend, indemnify, and hold harmless the City of National City, its officers and employees, from any and all claims and liability, including Workers' Compensation claims and liability that may be asserted or established by any party in the event it hires an employee in violation of this addendum who makes a claim against or alleges liability of the City of National City for Workers' Compensation, and it will further indemnify the City of National City, its officers and employees, for all damages the City thereby suffers.

I agree that these declarations shall constitute an addendum to any bid or contract awarded to: VIDEOTRACK LLC.

Dated: October 14, 2021

VIDEOTRACK LLC,  
a California Limited Liability Company

By: Deborah L. Burk

DEBORAH L. BURK, Managing Member



**Addendum to Short Form Services Agreement  
By and Between The City of National City  
and  
VideoTrack LLC**

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

VideoTrack LLC  
600 West Broadway, Suite 700  
San Diego, CA 92101

1. Description of Services:

Rates for such services as follows:

Pursuant to cost of living adjustments for 2020 and 2021, the rates as listed in the Agreement dated August 1, 2019, which were locked in through the 2-year term of the Agreement which expires on June 30, 2021, shall be adjusted as follows:

Audio/Video Conversion:	\$25.00 per audiotape converted (no change) \$50.00 per videotape converted (no change)
Video Blurring Services:	Increase from \$100.00 to \$105.00 per hour
Editing Services:	Increase from \$140.00 to \$145.00 per hour
Synchronization and Captioning Services	Increase from \$100.00 to \$105.00 per hour Increase from \$125.00 to \$130.00 per hour
Transcription Services:	Increase from \$32.00 to \$34.00 per hour of transcribing time

[2020 increase of 1.3%, 2021 increase of 1.3% (Social Security Administration)]



**RESOLUTION NO. 2021 -**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH VIDEOTRACK LLC AND AUTHORIZING AN INCREASE OF \$50,000 TO THE FISCAL YEAR 2022 GENERAL FUND APPROPRIATION AND USE OF GENERAL FUND BALANCE FOR SUCH SERVICES**

**WHEREAS**, the National City Police Department requests the City Council authorize the City Manager to enter into a new two-year Agreement between the City of National City and VideoTrack LLC, for audio/video blurring, editing, synchronization, captioning, and transcription services related to Senate Bill 1421 and other release of information laws; and

**WHEREAS**, the duration of this Agreement is for the period of September 1, 2021, through June 30, 2023, for a not-to-exceed annual total amount of \$50,000; and

**WHEREAS**, City staff recommends City Council to authorize the City Manager to execute the Agreement and further authorize the appropriation of \$50,000 for Fiscal Year 2022 for the new Agreement with VideoTrack LLC.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1:** Authorize the City Manager to enter into a two (2) year Agreement with VideoTrack LLC, for a period of September 1, 2021, through June 30, 2023, in the not-to-exceed annual total cost of \$50,000

**Section 2.** Authorizes an increase of \$50,000 to the Fiscal Year 2022 General Fund appropriation and use of General Fund balance for such services.

**Section 3:** The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolution.

**PASSED and ADOPTED this 19th day of October, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney



The following page(s) contain the backup material for Agenda Item: [Resolution of the City Council of the City of National City authorizing the Mayor to execute the First Amendment to an Agreement with VideoTrack LLC, increasing the Agreement by \\$35,621.13. \(Police\)](#)  
Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO. |**

**ITEM TITLE:**

Resolution of the City Council of the City of National City authorizing the Mayor to execute the First Amendment to an Agreement with VideoTrack LLC, increasing the Agreement by \$35,621.13.

**PREPARED BY:** Christopher A. Sullivan, Lieutenant

**DEPARTMENT:** Police

**PHONE:** (619) 336-4451

**APPROVED BY:** 

**EXPLANATION:**

In 2019 the National City Police Department entered into a two-year Agreement with VideoTrack LLC, for audio/video blurring, editing, synchronization, captioning, and transcription services related to Senate Bill 1421. Due to the voluminous records and video files, the services needed under the 2019 Agreement exceeded \$50,000. The National City Police Department requests the City Council authorize a First Amendment to the Agreement between the City of National City and VideoTrack LLC, increasing the Agreement by \$35,621.13.

**FINANCIAL STATEMENT:**

**APPROVED:**  Finance

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_ MIS

Expenditure: 001-4111-000-299-0000-Police Contracted Services.  
Funding Source: General Fund Balance.

**ENVIRONMENTAL REVIEW:**

This action does not constitute a project under California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(2).

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Resolution of the City Council of the City of National City authorizing the Mayor to execute the First Amendment to an Agreement with VideoTrack LLC, increasing the Agreement by \$35,621.13.

**BOARD / COMMISSION RECOMMENDATION:**

**ATTACHMENTS:**

Exhibit A - City of National City Amendment to Agreement with VideoTrack LLC and supporting documents  
Exhibit B – Retroactive Amendment for VideoTrack LLC, Increase of Funds



**AMENDMENT TO THE AGREEMENT  
BY AND BETWEEN  
THE CITY OF NATIONAL CITY  
AND  
VIDEOTRACK LLC**

THIS FIRST AMENDMENT TO THE AGREEMENT is entered into this 19<sup>th</sup> day of October, 2021, by and between the CITY OF NATIONAL CITY, a municipal corporation ("CITY"), and VIDEOTRACK LLC, a California limited liability company (the "CONTRACTOR").

**RECITALS**

**WHEREAS**, the CITY and the CONTRACTOR entered into an Agreement on August 1, (2019) ("the Agreement"), wherein the CONTRACTOR agreed to provide audio/video conversion; video blurring services; editing services; synchronization and captioning services; and transcription services to the CITY, for a not-to-exceed amount of \$50,000; and

**WHEREAS**, the parties desire to amend the Agreement to cover the cost of providing the increase scope of services from the amount of \$50,000 to the not-to-exceed amount by \$35,621.13, for a total not-to-exceed amount of \$85,621.13.

**AGREEMENT**

**NOW, THEREFORE**, the parties hereto agree that:

1. The August 1, 2019, Agreement is hereby amended to cover the cost of the increased scope of services from original contract amount of \$50,000 by a not to-exceed increased amount of \$35,621.13, for a total not-to-exceed amount of \$85,621.13.
2. The parties further agree that, with the foregoing exceptions, each and every other term and provision of the August 1, 2019 Agreement shall remain in full force and effect.



///

IN WITNESS WHEREOF, this Agreement is executed by CITY and by CONTRACTOR on the date and year first above written.

**CITY OF NATIONAL CITY**

By: \_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Charles E. Bell Jr., City Attorney

**VIDEOTRACK LLC, A CALIFORNIA  
LIMITED LIABILITY COMPANY**

By:   
Deborah L. Burk, Managing Member

By:   
Calvin S. Davidson, Managing Member

## Exhibit "B"

### Retroactive Amendment for VideoTrack LLC, Increase of Funds

On August 1, 2019, the City of National City and VideoTrack LLC entered into an Agreement for audio/video blurring, editing, synchronization, captioning, and transcription services for the National City Police Department. That Agreement was for a two-year period that expired on June 30, 2021. During the length of the Agreement, the voluminous amount of work required to comply with Senate Bill 1421 project exceeded the monetary amount listed in the Agreement, which was set at \$50,000.00. The total amount spent as of May 27, 2021 is 85,621.13. Due to the cost overage of \$35,621.13, City Council approval will be required to approve a retroactive increase to the Agreement that ended June 30, 2021, and to authorize the Mayor to sign the Amendment.

**RESOLUTION NO. 2021 -**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE THE FIRST AMENDMENT TO AN AGREEMENT WITH VIDEOTRACK LLC, INCREASING THE AGREEMENT BY \$35,000**

**WHEREAS**, on August 1, 2019, the City of National City (“City”) entered into a two-year agreement with VideoTrack LLC for audio/video blurring, editing, synchronization, captioning, and transcription services related to Senate Bill 1421 for a not-to-exceed amount of \$50,000; and

**WHEREAS**, due to an unforeseeable increase in the scope of services, the 2019 Agreement exceeded the \$50,000 not-to-exceed amount; and

**WHEREAS**, the City and VideoTrack LLC both desire to amend the 2019 Agreement by increasing the not-to-exceed amount by \$35,000 for a new not-to-exceed amount of \$85,000 to cover the scope of the increased costs of services from the original agreement amount.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1:** Authorize the Mayor to execute the First Amendment to an Agreement between the City of National City and VideoTrack LLC by increasing the Agreement amount by \$35,000 for a new not-to-exceed amount of \$85,000.

**Section 2:** The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolution.

**PASSED and ADOPTED this 19th day of October, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney

The following page(s) contain the backup material for Agenda Item: [Resolution of the City Council of the City of National City ratifying and authorizing the City Manager to execute a one year agreement between the City of National City, Alpha Project, and City of Chula Vista to provide a homeless emergency assistance program; and appropriate PLHA funds to the Alpha Project in the amount of \\$60,000. \(Housing Authority\)](#)

Please scroll down to view the backup material.

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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO. |**

**ITEM TITLE:**

Resolution of the City Council of the City of National City, California, ratifying and authorizing the City Manager to execute a one year agreement between the City of National City, Alpha Project, and City of Chula Vista to provide a homeless emergency assistance program; and appropriate PLHA funds to the Alpha Project in the amount of \$60,000.

**PREPARED BY:** Angelita Palma  
Housing Programs Manager

**DEPARTMENT:** Housing Authority

**PHONE:** (619) 336-4219

**APPROVED BY:** 

**EXPLANATION:**

See attached explanation.

**FINANCIAL STATEMENT:**

**APPROVED:**  Finance

**APPROVED:** \_\_\_\_\_ MIS

**ACCOUNT NO.**

Revenue Account: 501-45477-3463 - Permanent Local Housing Allocation - \$60,000

Expenditure Account: 501-419-477-\* - Permanent Local Housing Allocation- \$60,000

Funds are available through PLHA grant fund appropriations authorized by City Council Resolution 2021-90 on June 15, 2021. The City's General Fund will not be used for the agreement.

**ENVIRONMENTAL REVIEW:**

No CEQA Exemption - This action is not subject to review under the California Environmental Quality Act (CEQA).

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Adopt the Resolution.

**BOARD / COMMISSION RECOMMENDATION:**

Not applicable to this report.

**ATTACHMENTS:**

1. Background
2. Agreement
3. Resolution



City of National City  
October 5, 2021  
Staff Report Explanation

**Resolution of the City Council of the City of National City, California, ratifying and authorizing the City Manager to execute a one year agreement between the City of National City, Alpha Project, and City of Chula Vista to provide a homeless emergency assistance program; and appropriate PLHA funds to the Alpha Project in the amount of \$60,000.**

---

In 2018, the State enacted HEAP as part of California Senate Bill (SB) 850, which provided grants to cities and counties to address homelessness throughout the State. HEAP funds provided one-time, flexible funds to address immediate homelessness challenges, including prevention, criminal justice diversion programs to unsheltered individuals with mental health needs, and emergency aid. Recognizing the effects of homelessness were felt regionally, a new partnership was formed with the City of Chula Vista to identify issues impacting our respective cities and develop solutions in the same manner. In May 2019, the City successfully applied for the Chula Vista-National City Regional Homeless Outreach Program. As a result, the City was awarded \$905,958 in HEAP funds over two years, ending May 31, 2021.

In 2019, to continue the mission of addressing the homelessness crisis, the State enacted Assembly Bill 101. This action created the Homeless Housing Assistance Program (HHAP), providing additional funding to support local jurisdictions further and continue building on regional collaboration developed through previous rounds of HEAP funding. The Regional Task Force on Homelessness (RTFH) awarded \$179,000 in HHAP funds to the City of Chula Vista in partnership with the City of National City.

On June 15, 2021, the City Council approved Resolution 2021-90, the First Amendment to the Permanent Local Housing Allocation (PLHA) Plan. Section 3 of the Resolution approved entering into an agreement with Alpha Project subject to City Council ratification to implement stated goals in the PLHA Plan. There is no match required from the City's General Fund for the agreement with the Alpha Project and no additional funding are requested.

Over the past two years, the Alpha Project has established supportive relationships and enhanced the participation in the necessary services of National City's homeless population. The 3-Party Agreement with the use of HHAP and PLHA funding, leveraged with Housing dollars, further enhances the ongoing efforts by the National City Police Department's (NCPD) Homeless Outreach Team (HOT), the McAlister Institute, and various social service agencies. The 3-Party Agreement will allow the Alpha Project to continue outreach, engage unsheltered individuals and families, and provide case management, housing navigation, and transportation. While the ultimate goal is to have a homeless person move into permanent housing, steps towards stability in housing look different for each person. Participation in each of those steps, which might include obtaining an identification card, signing up for benefits, or seeking health care, represents an achieved goal. Each outreach touchpoint builds trust and relationships that allow our homeless to re-engage with hope for self-sufficiency and more stable housing.

Through this action, staff is seeking Council's approval to enter into a 3-Party Agreement between the City, Alpha Project, and City of Chula Vista, and appropriate \$60,000 in PLHA funds to the Alpha Project, all of which are necessary to implement and administer services.

**CITY OF CHULA VISTA AND CITY OF NATIONAL  
CITY CONTRACTOR/SERVICE PROVIDER  
SERVICES AGREEMENT WITH ALPHA PROJECT**

This Agreement is entered into effective as of August 24, 2021 (“Effective Date”) by and between the **City of Chula Vista**, a chartered municipal corporation, (“City”) and **the City of National City**, a chartered municipal corporation, (“National City”) and **Alpha Project** (“Contractor/Service Provider”) (collectively, the “Parties” and, individually, a “Party”) with reference to the following facts:

**RECITALS**

WHEREAS, the City of Chula Vista, National City, and Alpha Project partnered to submit a Homeless Housing Assistance Program (“HHAP”) funding application with the Regional Task Force for Homeless (“RTFH”) to provide services to address homelessness; and

WHEREAS, the application for HHAP was approved by the RTFH, but for an amount lower than requested, with the City of Chula Vista acting as the funding “pass through” entity under the terms of a subrecipient agreement with RTFH (Agreement No. HHAP-2021-City of Chula Vista -1); and,

WHEREAS, THE City, National City, and Alpha Project desire to implement the programs/projects to be funded by the HHAP grant, with the services required to be provided by Contractor/Service Provider under this agreement split equally between City and National City; and,

WHEREAS, Contractor/Service Provider warrants and represents that it is experienced and staffed in a manner such that it can deliver the services required of Contractor/Service Provider to City in accordance with the time frames and the terms and conditions of this Agreement.

**[End of Recitals. Next Page Starts Obligatory  
Provisions.]**

## OBLIGATORY PROVISIONS

NOW, THEREFORE, in consideration of the above recitals, the covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which the Parties hereby acknowledge, City, National City, and Contractor/Service Provider hereby agree as follows:

### 1. SERVICES

1.1 Required Services. Contractor/Service Provider agrees to perform the services, and deliver to City and National City the “Deliverables” (if any) described in the attached Exhibit A, incorporated into the Agreement by this reference, within the time frames set forth therein, time being of the essence for this Agreement. The services and/or Deliverables described in Exhibit A shall be referred to herein as the “Required Services.”

1.2 Reductions in Scope of Work. City may independently, or upon request from Contractor/Service Provider, from time to time, reduce the Required Services to be performed by the Contractor/Service Provider under this Agreement. Upon doing so, City, and Contractor/Service Provider, as applicable, agree to meet and confer in good faith for the purpose of negotiating a corresponding reduction in the compensation associated with the reduction.

1.3 Additional Services. Subject to compliance with the City’s Charter, codes, policies, procedures and ordinances governing procurement and purchasing authority, City may request Contractor/Service Provider provide additional services related to the Required Services (“Additional Services”). If so, City and Contractor/Service Provider agree to meet and confer in good faith for the purpose of negotiating an amendment to Exhibit A, to add the Additional Services. Unless otherwise agreed, compensation for the Additional Services shall be charged and paid consistent with the rates and terms already provided therein. Once added to Exhibit A, “Additional Services” shall also become “Required Services” for purposes of this Agreement.

1.4 Reduction in Scope of Work/Additional Services. Should National City desire a reduction in the Scope of Work or wish to add Additional Services, the City and Alpha Project agree to meet and confer in good faith to negotiate an Amendment of this agreement to add or reduce services under this Agreement.

1.5 Standard of Care. Contractor/Service Provider expressly warrants and agrees that any and all Required Services hereunder shall be performed in accordance with the highest standard of care exercised by members of the profession currently practicing under similar conditions and in similar locations.

1.6 No Waiver of Standard of Care. Where approval by City or National City is required, it is understood to be conceptual approval only and does not relieve the Contractor/Service Provider of responsibility for complying with all laws, codes, industry standards, and liability for damages caused by negligent acts, errors, omissions, noncompliance with industry standards, or the willful misconduct of the Contractor/Service Provider or its subcontractors.

1.7 Security for Performance. In the event that Exhibit A Section 4 indicates the need for Contractor/Service Provider to provide additional security for performance of its duties under this

Agreement, Contractor/Service Provider shall provide such additional security prior to commencement of its Required Services in the form and on the terms prescribed on Exhibit A, or as otherwise prescribed by the City Attorney for the City of Chula Vista.

1.8 Compliance with Laws. In its performance of the Required Services, Contractor/Service Provider shall comply with any and all applicable federal, state and local laws, including the Chula Vista Municipal Code and the National City Municipal Code.

1.9 Business License. Prior to commencement of work, Contractor/Service Provider shall obtain business licenses from City and National City.

1.10 Subcontractors. Prior to commencement of any work, Contractor/Service Provider shall submit for City's and National City's information and approval a list of any and all subcontractors to be used by Contractor/Service Provider in the performance of the Required Services. Contractor/Service Provider agrees to take appropriate measures necessary to ensure that all subcontractors and personnel utilized by the Contractor/Service Provider to complete its obligations under this Agreement comply with all applicable laws, regulations, ordinances, and policies, whether federal, state, or local. In addition, if any subcontractor is expected to fulfill any responsibilities of the Contractor/Service Provider under this Agreement, Contractor/Service Provider shall ensure that each and every subcontractor carries out the Contractor/Service Provider's responsibilities as set forth in this Agreement.

1.11 Term. This Agreement shall commence on the earlier to occur of the Effective Date or Contractor/Service Provider's commencement of the Required Services hereunder, and shall terminate when the Parties have complied with all their obligations hereunder; provided, however, provisions which expressly survive termination shall remain in effect.

1.11 RTFH Agreement. This Agreement is subject to the terms of the related subrecipient agreement with RFTH (Agreement No. HHAP-2021-City of Chula Vista-1; referred to as "Subrecipient Agreement") which is hereby fully incorporated by reference into this Agreement. In the event of any conflict of terms between this Agreement and the Subrecipient Agreement, the Subrecipient Agreement shall govern.

## 2. COMPENSATION

2.1 General. For satisfactory performance of the Required Services, City, as the fiscal agent pursuant to HHAP agreement number HHAP-2021-City of Chula Vista-1, agrees to compensate Contractor/Service Provider in the amount(s) and on the terms set forth in Exhibit A, Section 4. Standard terms for billing and payment are set forth in this Section 2.

2.2 Detailed Invoicing. Contractor/Service Provider agrees to provide City with a detailed invoice for services performed each month, within thirty (30) days of the end of the month in which the services were performed, unless otherwise specified in Exhibit A. Invoicing shall begin on the first of the month following the Effective Date of the Agreement. All charges must be presented in a line item format with each task separately explained in reasonable detail. Each invoice shall include the current monthly amount being billed, the amount invoiced to date, and the remaining amount available under any approved budget. Contractor/Service Provider must

obtain prior written authorization from City for any fees or expenses that exceed the estimated budget.

2.3 Payment to Contractor/Service Provider. Upon receipt of a properly prepared invoice and confirmation that the Required Services detailed in the invoice have been satisfactorily performed to the Satisfaction of City and National City, City shall pay Contractor/Service Provider for the invoice amount within thirty (30) days. Payment shall be made in accordance with the terms and conditions set forth in Exhibit A and section 2.4, below. At City's discretion, invoices not timely submitted may be subject to a penalty of up to five percent (5%) of the amount invoiced.

2.4 Retention Policy. City shall retain ten percent (10%) of the amount due for Required Services detailed on each invoice (the "holdback amount"). Upon City review and determination of Project Completion, the holdback amount will be issued to Contractor/Service Provider.

2.5 Reimbursement of Costs. City may reimburse Contractor/Service Provider's out-of-pocket costs incurred by Contractor/Service Provider in the performance of the Required Services if negotiated in advance and included in Exhibit A. Unless specifically provided in Exhibit A, Contractor/Service Provider shall be responsible for any and all out-of-pocket costs incurred by Contractor/Service Provider in the performance of the Required Services.

2.6 Exclusions. City shall not be responsible for payment to Contractor/Service Provider for any fees or costs in excess of any agreed upon budget, rate or other maximum amount(s) provided for in Exhibit A. City shall also not be responsible for any cost: (a) incurred prior to the Effective Date; or (b) arising out of or related to the errors, omissions, negligence or acts of willful misconduct of Contractor/Service Provider, its agents, employees, or subcontractors.

2.7 Payment Not Final Approval. Contractor/Service Provider understands and agrees that payment to the Contractor/Service Provider or reimbursement for any Contractor/Service Provider costs related to the performance of Required Services does not constitute a City final decision regarding whether such payment or cost reimbursement is allowable and eligible for payment under this Agreement, nor does it constitute a waiver of any violation by Contractor/Service Provider of the terms of this Agreement. If City determines that Contractor/Service Provider is not entitled to receive any amount of compensation already paid, City will notify Contractor/Service Provider in writing and Contractor/Service Provider shall promptly return such amount.

### 3. INSURANCE

3.1 Required Insurance. Contractor/Service Provider must procure and maintain, during the period of performance of Required Services under this Agreement, and for twelve months after completion of Required Services, the policies of insurance described on the attached Exhibit B, incorporated into the Agreement by this reference (the "Required Insurance"). The Required Insurance shall also comply with all other terms of this Section.

3.2 Deductibles and Self-Insured Retentions. Any deductibles or self-insured retentions relating to the Required Insurance must be disclosed to and approved by City in advance of the commencement of work.

3.3 Standards for Insurers. Required Insurance must be placed with licensed insurers admitted to transact business in the State of California with a current A.M. Best's rating of A V or better, or, if insurance is placed with a surplus lines insurer, insurer must be listed on the State of California List of Eligible Surplus Lines Insurers (LESLI) with a current A.M. Best's rating of no less than A X. For Workers' Compensation Insurance, insurance issued by the State Compensation Fund is also acceptable.

3.4 Subcontractors. Contractor/Service Provider must include all sub-Contractor/Service Providers/sub- contractors as insureds under its policies and/or furnish separate certificates and endorsements demonstrating separate coverage for those not under its policies. Any separate coverage for sub-Contractor/Service Providers must also comply with the terms of this Agreement.

3.5 Additional Insureds. City and National City, including their officers, officials, employees, agents, and volunteers must be named as additional insureds with respect to any policy of general liability, automobile, or pollution insurance specified as required in Exhibit B or as may otherwise be specified by City's Risk Manager. The general liability additional insured coverage must be provided in the form of an endorsement to the Contractor/Service Provider's insurance using ISO CG 2010 (11/85) or its equivalent; such endorsement must not exclude Products/Completed Operations coverage.

3.6 General Liability Coverage to be "Primary." Contractor/Service Provider's general liability coverage must be primary insurance as it pertains to City and National City, their officers, officials, employees, agents, and volunteers. Any insurance or self-insurance maintained by the City or National City, their officers, officials, employees, or volunteers is wholly separate from the insurance provided by Contractor/Service Provider and in no way relieves Contractor/Service Provider from its responsibility to provide insurance.

3.7 No Cancellation. No Required Insurance policy may be canceled by either Party during the required insured period under this Agreement, except after thirty days' prior written notice to City and National City by certified mail, return receipt requested. Prior to the effective date of any such cancellation Contractor/Service Provider must procure and put into effect equivalent coverage(s).

3.8 Waiver of Subrogation. Contractor/Service Provider's insurer(s) will provide a Waiver of Subrogation in favor of the City and National City for each Required Insurance policy under this Agreement. In addition, Contractor/Service Provider waives any right it may have or may obtain to subrogation for a claim against City and National City.

3.9 Verification of Coverage. Prior to commencement of any work, Contractor/Service Provider shall furnish City and National City with original certificates of insurance and any amendatory endorsements necessary to demonstrate to City and National City that Contractor/Service Provider has obtained the Required Insurance in compliance with the terms of this Agreement. The words "will endeavor" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents, or representatives" or any similar language must be deleted from all certificates. The required certificates and endorsements should otherwise be on industry standard forms. The City and National City reserve the right to require, at any time, complete, certified copies of all required insurance policies, including endorsements



evidencing the coverage required by these specifications.

3.10 Claims Made Policy Requirements. If General Liability, Pollution and/or Asbestos Pollution Liability and/or Errors & Omissions coverage are required and are provided on a claims-made form, the following requirements also apply:

a. The “Retro Date” must be shown, and must be before the date of this Agreement or the beginning of the work required by this Agreement.

b. Insurance must be maintained, and evidence of insurance must be provided, for at least five (5) years after completion of the work required by this Agreement.

c. If coverage is canceled or non-renewed, and not replaced with another claims-made policy form with a “Retro Date” prior to the effective date of this Agreement, the Contractor/Service Provider must purchase “extended reporting” coverage for a minimum of five (5) years after completion of the work required by this Agreement.

d. A copy of the claims reporting requirements must be submitted to the City for review.

3.11 Not a Limitation of Other Obligations. Insurance provisions under this section shall not be construed to limit the Contractor/Service Provider’s obligations under this Agreement, including Indemnity.

3.12 Additional Coverage. To the extent that insurance coverage provided by Contractor/Service Provider maintains higher limits than the minimums appearing in Exhibit B, City requires and shall be entitled to coverage for higher limits maintained.

#### 4. INDEMNIFICATION

4.1. General. To the maximum extent allowed by law, Contractor/Service Provider shall protect, defend, indemnify and hold harmless City and National City, their elected and appointed officers, agents, employees and volunteers (collectively, “Indemnified Parties”), from and against any and all claims, demands, causes of action, costs, expenses, (including reasonable attorneys’ fees and court costs), liability, loss, damage or injury, in law or equity, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions, negligence, or willful misconduct of Contractor/Service Provider, its officials, officers, employees, agents, and contractors, arising out of or in connection with the performance of the Required Services, the results of such performance, or this Agreement. This indemnity provision does not include any claims, damages, liability, costs and expenses arising from the sole negligence or willful misconduct of the Indemnified Parties. Also covered is liability arising from, connected with, caused by or claimed to be caused by the active or passive negligent acts or omissions of the Indemnified Parties which may be in combination with the active or passive negligent acts or omissions of the Contractor/Service Provider, its employees, agents or officers, or any third party.

4.2. Modified Indemnity Where Agreement Involves Design Professional Services. Notwithstanding the forgoing, if the services provided under this Agreement are design professional services, as defined by California Civil Code section 2782.8, as may be amended

from time to time, the defense and indemnity obligation under Section 1, above, shall be limited to the extent required by California Civil Code section 2782.8.

4.3 Costs of Defense and Award. Included in Contractor/Service Provider's obligations under this Section 4 is Contractor/Service Provider's obligation to defend, at Contractor/Service Provider's own cost, expense and risk, any and all suits, actions or other legal proceedings that may be brought or instituted against one or more of the Indemnified Parties. Subject to the limitations in this Section 4, Contractor/Service Provider shall pay and satisfy any judgment, award or decree that may be rendered against one or more of the Indemnified Parties for any and all related legal expenses and costs incurred by any of them.

4.4. Contractor/Service Provider's Obligations Not Limited or Modified. Contractor/Service Provider's obligations under this Section 4 shall not be limited to insurance proceeds, if any, received by the Indemnified Parties, or by any prior or subsequent declaration by the Contractor/Service Provider. Furthermore, Contractor/Service Provider's obligations under this Section 4 shall in no way limit, modify or excuse any of Contractor/Service Provider's other obligations or duties under this Agreement.

4.5. Enforcement Costs. Contractor/Service Provider agrees to pay any and all costs City and National City incur in enforcing Contractor/Service Provider's obligations under this Section 4.

4.6 Survival. Contractor/Service Provider's obligations under this Section 4 shall survive the termination of this Agreement.

## 5. FINANCIAL INTERESTS OF CONTRACTOR/SERVICE PROVIDER.

5.1 Form 700 Filing. The California Political Reform Act and the Chula Vista Conflict of Interest Code require certain government officials and Contractor/Service Providers performing work for government agencies to publicly disclose certain of their personal assets and income using a Statement of Economic Interests form (Form 700). In order to assure compliance with these requirements, Contractor/Service Provider shall comply with the disclosure requirements identified in the attached Exhibit C, incorporated into the Agreement by this reference.

5.2 Disclosures; Prohibited Interests. Independent of whether Contractor/Service Provider is required to file a Form 700, Contractor/Service Provider warrants and represents that it has disclosed to City any economic interests held by Contractor/Service Provider, or its employees or subcontractors who will be performing the Required Services, in any real property or project which is the subject of this Agreement. Contractor/Service Provider warrants and represents that it has not employed or retained any company or person, other than a bona fide employee or approved subcontractor working solely for Contractor/Service Provider, to solicit or secure this Agreement. Further, Contractor/Service Provider warrants and represents that it has not paid or agreed to pay any company or person, other than a bona fide employee or approved subcontractor working solely for Contractor/Service Provider, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Contractor/Service Provider further warrants and represents that no officer or employee of City, has any interest, whether contractual, non-contractual, financial or otherwise, in this transaction, the proceeds hereof, or in the business of Contractor/Service Provider or



Contractor/Service Provider's subcontractors. Contractor/Service Provider further agrees to notify City in the event any such interest is discovered whether or not such interest is prohibited by law or this Agreement. For breach or violation of any of these warranties, City shall have the right to rescind this Agreement without liability.

5.3 National City Requirements. National City may also require to Contractor/Service Provider to abide by the terms of this Section 5 by providing written notice to Contractor/Service Provider of such requirement.

## 6. REMEDIES

6.1 Termination for Cause. If for any reason whatsoever Contractor/Service Provider shall fail to perform the Required Services under this Agreement, in a proper or timely manner, or if Contractor/Service Provider shall violate any of the other covenants, agreements or conditions of this Agreement (each a "Default"), in addition to any and all other rights and remedies City may have under this Agreement, at law or in equity, City shall have the right to terminate this Agreement by giving five (5) days written notice to Contractor/Service Provider. Such notice shall identify the Default and the Agreement termination date. If Contractor/Service Provider notifies City of its intent to cure such Default prior to City's specified termination date, and City agrees that the specified Default is capable of being cured, City may grant Contractor/Service Provider up to ten (10) additional days after the designated termination date to effectuate such cure. In the event of a termination under this Section 6.1, Contractor/Service Provider shall immediately provide City any and all "Work Product" (defined in Section 7 below) prepared by Contractor/Service Provider as part of the Required Services. Such Work Product shall be City's sole and exclusive property as provided in Section 7 hereof. Contractor/Service Provider may be entitled to compensation for work satisfactorily performed prior to Contractor/Service Provider's receipt of the Default notice; provided, however, in no event shall such compensation exceed the amount that would have been payable under this Agreement for such work, and any such compensation shall be reduced by any costs incurred or projected to be incurred by City as a result of the Default.

6.2 Termination or Suspension for Convenience of City. City may suspend or terminate this Agreement, or any portion of the Required Services, at any time and for any reason, with or without cause, by giving specific written notice to Contractor/Service Provider of such termination or suspension at least fifteen (15) days prior to the effective date thereof. Upon receipt of such notice, Contractor/Service Provider shall immediately cease all work under the Agreement and promptly deliver all "Work Product" (defined in Section 7 below) to City. Such Work Product shall be City's sole and exclusive property as provided in Section 7 hereof. Contractor/Service Provider shall be entitled to receive just and equitable compensation for this Work Product in an amount equal to the amount due and payable under this Agreement for work satisfactorily

performed as of the date of the termination/suspension notice plus any additional remaining Required Services requested or approved by City in advance that would maximize City's value under the Agreement.

6.3 Waiver of Claims. In the event City terminates the Agreement in accordance with the terms of this Section, Contractor/Service Provider hereby expressly waives any and all claims for damages or compensation as a result of such termination against both the City and National City except as expressly provided in this Section 6.

6.4 Administrative Claims Requirements and Procedures. No suit or arbitration shall be brought arising out of this Agreement against City unless a claim has first been presented in writing and filed with City and acted upon by City in accordance with the procedures set forth in Chapter 1.34 of the Chula Vista Municipal Code, as same may be amended, the provisions of which, including such policies and procedures used by City in the implementation of same, are incorporated herein by this reference. Upon request by City, Contractor/Service Provider shall meet and confer in good faith with City for the purpose of resolving any dispute over the terms of this Agreement. This paragraph applies to National City if it is pursuing any suit or arbitration against City. In addition, this section applies to Contractor/Service Provider is pursuing any suit of arbitration against National City.

6.5 Governing Law/Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California. Any action arising under or relating to this Agreement shall be brought only in San Diego County, State of California.

6.6 Service of Process. Contractor/Service Provider agrees that it is subject to personal jurisdiction in California. If Contractor/Service Provider is a foreign corporation, limited liability company, or partnership that is not registered with the California Secretary of State, Contractor/Service Provider irrevocably consents to service of process on Contractor/Service Provider by first class mail directed to the individual and address listed under "For Legal Notice," in section 1.B. of Exhibit A to this Agreement, and that such service shall be effective five days after mailing.

## 7. OWNERSHIP AND USE OF WORK PRODUCT

All reports, studies, information, data, statistics, forms, designs, plans, procedures, systems and any other materials or properties produced in whole or in part under this Agreement in connection with the performance of the Required Services (collectively "Work Product") shall be the sole and exclusive property of City. No such Work Product shall be subject to private use, copyrights or patent rights by Contractor/Service Provider in the United States or in any other country without the express, prior written consent of City. City shall have unrestricted authority to publish, disclose, distribute, and otherwise use, copyright or patent, in whole or in part, any such Work Product, without requiring any permission of Contractor/Service Provider, except as may be limited by the provisions of the Public Records Act or expressly prohibited by other applicable laws. With respect to computer files containing data generated as Work Product, Contractor/Service Provider shall make available to City, upon reasonable written request by City, the necessary functional computer software and hardware for purposes of accessing, compiling, transferring and printing computer files.

## 8. GENERAL PROVISIONS

8.1 Amendment. This Agreement may be amended, but only in writing signed by all Parties.

8.2 Assignment. City and National City would not have entered into this Agreement but for Contractor/Service Provider's unique qualifications and traits. Contractor/Service Provider shall not assign any of its rights or responsibilities under this Agreement, nor any part hereof, without City's prior written consent, which City may grant, condition or deny in its sole discretion.

8.3 Authority. The person(s) executing this Agreement for Contractor/Service Provider warrants and represents that they have the authority to execute same on behalf of Contractor/Service Provider and to bind Contractor/Service Provider to its obligations hereunder without any further action or direction from Contractor/Service Provider or any board, principle or officer thereof.

8.4 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one Agreement after each Party has signed such a counterpart.

8.5 Entire Agreement. This Agreement together with all exhibits attached hereto and other agreements expressly referred to herein, constitutes the entire Agreement between the Parties with respect to the subject matter contained herein. All exhibits referenced herein shall be attached hereto and are incorporated herein by reference. All prior or contemporaneous agreements, understandings, representations, warranties and statements, oral or written, are superseded.

8.6 Record Retention. During the course of the Agreement and for three (3) years following completion of the Required Services, Contractor/Service Provider agrees to maintain, intact and readily accessible, all data, documents, reports, records, contracts, and supporting materials relating to the performance of the Agreement, including accounting for costs and expenses charged to City and National City, including such records in the possession of sub-contractors/sub-Contractor/Service Providers.

8.7 Further Assurances. The Parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Agreement and the intentions of the Parties.

8.8 Independent Contractor. Contractor/Service Provider is and shall at all times remain as to City and National City a wholly independent contractor. Neither City and National City nor any of their officers, employees, agents or volunteers shall have control over the conduct of Contractor/Service Provider or any of Contractor/Service Provider's officers, employees, or agents ("Contractor/Service Provider Related Individuals"), except as set forth in this Agreement. No Contractor/Service Provider Related Individuals shall be deemed employees of City or National City, and none of them shall be entitled to any benefits to which City or National City employees are entitled, including but not limited to, overtime, retirement benefits, worker's compensation benefits, injury leave or other leave benefits. Furthermore, neither City or National City will withhold state or federal income tax, social security tax or any other payroll tax with respect to any Contractor/Service Provider Related Individuals; instead, Contractor/Service Provider shall be solely responsible for the payment of same and shall hold the City and National City harmless with respect to same. Contractor/Service Provider shall not at any time or in any manner represent that it or any of its Contractor/Service Provider Related Individuals are employees or agents of City

or National City. Contractor/Service Provider shall not incur or have the power to incur any debt, obligation or liability whatsoever against City or National City, or bind City or National City in any manner.

8.9 Notices. All notices, demands or requests provided for or permitted to be given pursuant to this Agreement must be in writing. All notices, demands and requests to be sent to any Party shall be deemed to have been properly given or served if personally served or deposited in the United States mail, addressed to such Party, postage prepaid, registered or certified, with return receipt requested, at the addresses identified in this Agreement at the places of business for each of the designated Parties as indicated in Exhibit A, or otherwise provided in writing.

**(End of page. Next page is signature page.)**

**SIGNATURE PAGE  
CONTRACTOR/SERVICE PROVIDER SERVICES AGREEMENT**

IN WITNESS WHEREOF, by executing this Agreement where indicated below, City, National City, and Contractor/Service Provider agree that they have read and understood all terms and conditions of the Agreement, that they fully agree and consent to bound by same, and that they are freely entering into this Agreement as of the Effective Date.

**ALPHA PROJECT FOR THE HOMELESS**

**BY:** \_\_\_\_\_  
Bob McElroy,  
President and CEO

**CITY OF CHULA VISTA**

**CITY OF NATIONAL CITY**

**BY:** \_\_\_\_\_  
Maria Kachadoorian,  
Chula Vista City Manager

**BY:** \_\_\_\_\_  
Brad Raulston  
National City City Manager

**ATTEST**

**BY:** \_\_\_\_\_  
Kerry K. Bigelow, MMC  
Chula Vista City Clerk

**BY:** \_\_\_\_\_  
Luz Molina  
National City City Clerk

**APPROVED AS TO FORM**

**BY:** \_\_\_\_\_  
Glen R. Googins  
Chula Vista City Attorney

**BY:** \_\_\_\_\_  
Gabriela M. Torres  
National City Deputy City Attorney

**EXHIBIT A****SCOPE OF WORK AND PAYMENT TERMS****1. Contact People for Contract Administration and Legal Notice****A. City Contract Administration:**

Angelica Davis, Sr  
 Management Analyst 276  
 Fourth Avenue; Building C  
 619-691-5036  
[adavis@chulavistaca.gov](mailto:adavis@chulavistaca.gov)

For Legal Notice Copy to: City of Chula Vista  
 City of Chula Vista - City Attorney  
 Glenn Googins, City Attorney  
 276 Fourth Avenue, Chula Vista,  
 CA 91910 619-691-5037  
[ggoogins@chulavistaca.gov](mailto:ggoogins@chulavistaca.gov)

And,

City Contract Administration:  
 Housing Programs Manager  
 City of National City Housing Authority  
 1243 National City Blvd.  
 National City, CA 91950-430  
 619-336-4219  
 E-mail: [apalma@nationalcityca.gov](mailto:apalma@nationalcityca.gov)

For Legal Notice Copy to: City of National City:  
 City of National City - City Attorney  
 1243 National City Blvd.  
 National City, CA 91950-430  
 619-336-4220  
 E-mail: [cao@nationalcityca.gov](mailto:cao@nationalcityca.gov)

**B. Contractor/Service Provider Contract Administration:**

ALPHA PROJECT  
 Karen Pucci, Director of Special Projects  
 3737 5th Ave Ste 203, San Diego, CA 92103  
 619-542-1877  
[karenp@alphaproject.org](mailto:karenp@alphaproject.org)

**2. Required Services****A. General Description and Reporting Requirements:**

The Contractor shall provide services to City and National City related to the Homeless Emergency Assistance Program including, but not limited to: outreach; case management; and, housing navigation.

The Required Services required under this Agreement are to be shared between the City and National City equally and consistently with the grant application and award. City and National City

shall meet and confer in good faith, as needed, to ensure the required services are shared equally and consistent with the grant application and award. Services shall meet the requirements of the Permanent Local Housing Allocation (PLHA) Program.

Reporting Requirements: A year-end and monthly Performance Report spreadsheet will be used to report on the deliverables of the grant. Monthly and year-end quantitative reports of the tasks detailed above will be due 15 days following the end of the previous month and 15 days following the expiration of the Agreement. Narrative summary reports, found in the Performance Report spreadsheet, are due on a bi-annual and annual basis. All reports should be emailed to the City's Contract Administer.

B. Detailed Description:

<b>Task</b>	<b>Description</b>	<b>Deliverables</b>	<b>Completion Date</b>
1	Outreach	Establish supportive relationships with approximately 250 persons to enhance access necessary services and supports that will help them move off the streets	06/30/2022
2	Case Management	Case Management of approximately 50 homeless individuals and families in need of housing assistance	06/30/2022
3	Housing Navigation	Housing-focused Case Management and Supportive Services for approximately 50 homeless individuals (households) in need of housing assistance and housing stabilization services while they are successfully referred to, matched to, and/or enrolled in permanent housing programs.	06/30/2022
4*	Hotel/Motel Voucher Program	Provide 50 one-time assistance to fund security deposits and/or short-term rental assistance for bridge or temporary housing stays hotel/motel vouchers rental subsidies.	06/30/2022
5*	Tenant Based Rental Assistance Program	Provide 30 individuals (or households) with permanent housing rental subsidies	06/30/2022

\*Items with the asterisk are for the City of Chula and paid for with ESG and HOME funds. The City of National City will have the Hotel/Motel Voucher Program and Tenant Based Rental Assistance Program administered through separate service providers.

**3. Term:** In accordance with Section 1.10 of this Agreement, the term of this Agreement shall begin August 24, 2021 and end on June 30, 2022 for completion of all Required Services.

**4. Compensation:**

**A. Form of Compensation**

Invoiced or agreed-upon amounts as follows:

Agreed-Upon Cost Reimbursements are itemized under Sub: Alpha Project. Reimbursements are retroactive to July 1, 2021.

Project Revenue	Lead Agency (Chula Vista)	Agency Two (National City)	Sub: Alpha Project	Total of all Agencies
RTFH HHAP	\$ 179,000.00	\$ -	\$ -	\$ 179,000.00
Other (Emergency Solutions Grant)	\$ 60,000.00	\$ -	\$ -	\$ 60,000.00
Other (PLHA)	\$ -	\$ 60,000.00	\$ -	\$ 60,000.00
Other (PLEASE DESCRIBE)	\$ -	\$ -	\$ -	\$ -
<b>Total Project Revenue</b>	<b>\$ 239,000.00</b>	<b>\$ 60,000.00</b>	<b>\$ -</b>	<b>\$ 299,000.00</b>
Project Expenses	HHAP Lead Agency (Chula Vista)	HHAP Agency Two (National City)	Sub: Alpha Project	Total of all Agencies
Personnel	\$ -	\$ -	\$ 203,000.00	\$ 203,000.00
Fringe Benefits	\$ -	\$ -	\$ 50,750.00	\$ 50,750.00
Operations	\$ -	\$ -	\$ 30,000.00	\$ 30,000.00
Transportation	\$ -	\$ -	\$ 15,250.00	\$ 15,250.00
<b>Total Project Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 299,000.00</b>	<b>\$ 299,000.00</b>
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 299,000.00</b>	<b>\$ 299,000.00</b>



Notwithstanding the foregoing, the maximum amount to be paid to the Contractor/Service Provider for services performed through Enter End of Contract Date shall not exceed Enter Amount.

### 5. Special Provisions:

Permitted Sub-Contractor/Service Providers: List Permitted Sub-Contractor/Service Providers or Indicate "None"

Security for Performance: See City Attorney or Indicate "None" if Not Applicable

Notwithstanding the completion date set forth in Section 3 above, City has option to extend this Agreement for Insert Number of Terms additional terms, defined as a one-year increment or Enter a Specific Date. if applicable. The City Manager or Director of Finance/Treasurer shall be authorized to exercise the extensions on behalf of the City. If the City exercises an option to extend, each extension shall be on the same terms and conditions contained herein, provided that the amounts specified in Section 4 above may be increased by up to Insert Percentage of Increase or Actual Dollar Amount for each extension. The City shall give written notice to Contractor/Service Provider of the City's election to exercise the extension via the Notice of Exercise of Option to Extend document. Such notice shall be provided at least 30 days prior to the expiration of the term.

Other: Describe Special Provisions (Delete Line If Not Applicable)

None



## EXHIBIT C

### CONTRACTOR/SERVICE PROVIDER CONFLICT OF INTEREST DESIGNATION

The Political Reform Act<sup>2</sup> and the Chula Vista Conflict of Interest Code<sup>3</sup> (“Code”) require designated state and local government officials, including some Contractor/Service Providers, to make certain public disclosures using a Statement of Economic Interests form (Form 700). Once filed, a Form 700 is a public document, accessible to any member of the public. In addition, Contractor/Service Providers designated to file the Form 700 are also required to comply with certain ethics training requirements.<sup>4</sup>

A. Contractor/Service Provider **IS** a corporation or limited liability company and is therefore **EXCLUDED<sup>5</sup>** from disclosure.

B. Contractor/Service Provider is **NOT** a corporation or limited liability company and disclosure designation is as follows:

#### APPLICABLE DESIGNATIONS FOR INDIVIDUAL(S) ASSIGNED TO PROVIDE SERVICES

(Category descriptions available at [www.chulavistaca.gov/departments/city-clerk/conflict-of-interest-code](http://www.chulavistaca.gov/departments/city-clerk/conflict-of-interest-code).)

<i>Name</i>	<i>Email Address</i>	<i>Applicable Designation</i>
Enter Name of Each Individual Who Will Be Providing Service Under the Contract – <i>If individuals have different disclosure requirements, duplicate this row and complete separately for each individual</i>	Enter email address(es)	<input type="checkbox"/> <b>A. Full Disclosure</b>  <input type="checkbox"/> <b>B. Limited Disclosure</b> ( <i>select one or more of the categories under which the Contractor shall file</i> ): <input type="checkbox"/> 1. <input type="checkbox"/> 2. <input type="checkbox"/> 3. <input type="checkbox"/> 4. <input type="checkbox"/> 5. <input type="checkbox"/> 6. <input type="checkbox"/> 7.  Justification:  <input checked="" type="checkbox"/> <b>C. Excluded from Disclosure</b>

#### 1. Required Filers

Each individual who will be performing services for the City pursuant to the Agreement and who meets the definition of “Contractor/Service Provider,” pursuant to FPPC Regulation 18700.3, must file a Form 700.

#### 2. Required Filing Deadlines

Each initial Form 700 required under this Agreement shall be filed with the Office of the City Clerk via the City’s online filing system, NetFile, within 30 days of the approval of the Agreement. Additional Form 700 filings will be required annually on April 1 during the term of the Agreement, and within 30 days of the termination of the Agreement.

#### 3. Filing Designation

The City Department Director will designate each individual who will be providing services to the City pursuant to the Agreement as *full disclosure*, *limited disclosure*, or *excluded from disclosure*, based on an analysis of the services the

<sup>2</sup> Cal. Gov. Code §§81000 *et seq.*; FPPC Regs. 18700.3 and 18704. <sup>3</sup> Chula Vista Municipal Code §§2.02.010-2.02.040.

<sup>4</sup> Cal. Gov. Code §§53234, *et seq.*

<sup>5</sup> CA FPPC Adv. A-15-147 (*Chadwick*) (2015); *Davis v. Fresno Unified School District* (2015) 237 Cal.App.4<sup>th</sup> 261;

FPPC Reg. 18700.3 (Consultant defined as an “individual” who participates in making a governmental decision; “individual” does not include corporation or limited liability company).

Contractor/Service Provider will provide. Notwithstanding this designation or anything in the Agreement, the Contractor/Service Provider is ultimately responsible for complying with FPPC regulations and filing requirements. If you have any questions regarding filing requirements, please do not hesitate to contact the City Clerk at (619)691-5041, or the FPPC at 1-866-ASK-FPPC, or (866) 275-3772 \*2.

Pursuant to the duly adopted City of Chula Vista Conflict of Interest Code, this document shall serve as the written determination of the Contractor's requirement to comply with the disclosure requirements set forth in the Code.

***Completed by: Angelica Davis, Sr Management Analyst***

**RESOLUTION NO. 2021 -**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, RATIFYING AND AUTHORIZING THE CITY MANAGER TO EXECUTE A ONE YEAR AGREEMENT BETWEEN THE CITY OF NATIONAL CITY, ALPHA PROJECT, AND CITY OF CHULA VISTA TO PROVIDE A HOMELESS EMERGENCY ASSISTANCE PROGRAM; AND APPROPRIATE PLHA FUNDS TO THE ALPHA PROJECT IN THE AMOUNT OF \$60,000**

**WHEREAS**, the City of National City (“City”) desires to enter into a one year agreement with the City of Chula Vista and the Alpha Project to provide a homeless emergency assistance program; and

**WHEREAS**, the City of Chula Vista in partnership with the City of National City was awarded Homeless Housing Assistance Program (“HHAP”) by the Regional Task Force on Homelessness (“RTFH”); and

**WHEREAS**, the HHAP funding is to address the homelessness crisis; and

**WHEREAS**, the HHAP funding is to support the City of Chula Vista and the City to further and continue building on regional collaboration efforts; and

**WHEREAS**, Alpha Project is qualified by experience and ability to perform the services desired by the City as identified in Exhibit A – Scope of Work; and

**WHEREAS**, the City has an interest in proactively addressing homelessness within the City of National City; and

**WHEREAS**, the target population for the scope of services is homeless individuals in need of outreach, case management services, housing navigation, and transportation services; and

**WHEREAS**, the City, City of Chula Vista, and Alpha Project desire to enter into this agreement; and

**WHEREAS**, Resolution 2021-90 Section 3 approves entering into an agreement with Alpha Project subject to City Council ratification; and

**WHEREAS**, the agreement will be effective from July 1, 2021 to June 30, 2022 and allow an option for three (3) one year extensions; and

**WHEREAS**, City staff desires to enter into this agreement with the City of Chula Vista and the Alpha Project for homeless emergency assistance for an amount not to exceed \$60,000.

///

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1:** Authorizes the City Manager to execute a one year agreement between the City of National City, City of Chula Vista, and Alpha Project for the provision of homeless emergency assistance program for an amount not to exceed \$60,000.

**Section 2:** The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolution.

**PASSED and ADOPTED this 19th day of October, 2021**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney

The following page(s) contain the backup material for Agenda Item: [Resolution of the City Council of the City of National City authorizing the Mayor to execute Program Supplement Agreement \(PSA\) No. F011 Rev. 1 with the State of California Department of Transportation \(Caltrans\) for the El Toyon-Las Palmas Bicycle Corridor Project to allow for reimbursement of up to \\$1,544,000 in eligible project expenditures through the Federal Active Transportation Program \(ATP\). \(Engineering/Public Works\)](#)

Please scroll down to view the backup material.




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

**MEETING DATE:** | October 19, 2021 |

**AGENDA ITEM NO.** |

**ITEM TITLE:**

|Resolution of the City Council of the City of National City authorizing the Mayor to execute Program Supplement Agreement (PSA) No. F011 Rev. 1 with the State of California Department of Transportation (Caltrans) for the El Toyon-Las Palmas Bicycle Corridor Project to allow for reimbursement of up to \$1,544,000 in eligible project expenditures through the Federal Active Transportation Program (ATP). |

**PREPARED BY:** Jose Lopez, Deputy City Engineer 

**PHONE:** | 619-336-4312 |


**DEPARTMENT:** | Engineering/Public Works |

**APPROVED BY:** 

**EXPLANATION:**

|See attached. |

**FINANCIAL STATEMENT:**

**APPROVED:**  **Finance**  
**APPROVED:** \_\_\_\_\_ **MIS**

**ACCOUNT NO.**

|ATP Grant \$1,544,000  
Revenue Account: 296-06579-3463  
Expenditure Account: 296-409-500-598-6579 - \$1,544,000 (El Toyon-Las Palmas Bicycle Corridor Project)  
There is no local match requirement. |

**ENVIRONMENTAL REVIEW:**

Caltrans Determination of Categorical Exclusion under 23 CFR 771.117(c): activity (c)(3), approved February 13, 2017, and revalidated February 7, 2021.

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

**STAFF RECOMMENDATION:**

|Adopt Resolution authorizing the Mayor to execute PSA No. F011 Rev. 1 with Caltrans for the El Toyon-Las Palmas Bicycle Corridor Project to allow for reimbursement of up to \$1,544,000 in ATP grant funds. |

**BOARD / COMMISSION RECOMMENDATION:**

|N/A |

**ATTACHMENTS:**

1. |Explanation w/ Exhibits
2. Program Supplement Agreement
3. Resolution



## Explanation

On December 10, 2014, the California Department of Transportation (Caltrans) awarded a \$375,000 Federal Active Transportation Program (ATP) grant for the El Toyon-Las Palmas Bicycle Corridor Project. There is no local match requirement.

The State's \$375,000 allocation was distributed by Project phases as follows:

- Project Approval and Environmental Documents (PA&ED) - \$50,000
- Plans, Specifications and Estimate (PS&E) – \$250,000
- Right-of-Way (ROW) - \$75,000

On June 21, 2016, City Council adopted Resolution No. 2016-96 authorizing 1) the Mayor to execute Program Supplement Agreement Number F011 with Caltrans to allow for reimbursement of up to \$50,000 in eligible project expenditures, and 2) the appropriation of \$50,000 for the project.

On December 16, 2016, Caltrans awarded a \$1,544,000 Federal ATP grant for the construction phase of the Project. There is no local match requirement.

On November 8, 2017, Caltrans issued an Authorization to Proceed to the City for the PS&E and R/W phase, establishing the date for eligible reimbursement.

On February 20, 2018, City Council adopted Resolution No. 2018-24 authorizing 1) the establishment of an appropriation in the amount of \$325,000 and a corresponding revenue budget for the El Toyon-Las Palmas Bicycle Corridor Project.

On April 28, 2021, Caltrans issued an Authorization to Proceed to the City for the Construction phase, establishing the date for eligible reimbursement. Similar to the PS&E and R/W phase, there is no local match requirement for the construction phase.

The El Toyon-Las Palmas Bicycle Corridor Project includes construction of a new bicycle corridor parallel to the east side of I-805 connecting El Toyon Park and Las Palmas Park (see attached exhibit). Improvements along the bicycle corridor will include Class II and III bike route pavement markings (sharrows) and signage; pedestrian curb ramps for ADA compliance; traffic calming measures such as pedestrian refuge islands, corner bulb-outs and pedestrian actuated flashing crosswalk signs; and storm water treatment infiltration areas.

City Council Resolution authorizing the Mayor to execute Program Supplement Agreement No. N011 Rev. 1 to Administering Agency-State Master Agreement No. 11-5066F15 is required to allow for reimbursement of eligible project expenditures through the Federal ATP grant.







PROGRAM SUPPLEMENT NO. F011 Rev. 1  
 to  
 ADMINISTERING AGENCY-STATE AGREEMENT  
 FOR FEDERAL-AID PROJECTS NO 11-5066F15

Adv Project ID                      Date: May 5, 2021  
 1116000034                      Location: 11-SD-0-NATC  
    Project Number: ATPL-5066(032)  
    E.A. Number:  
    Locode: 5066

This Program Supplement hereby adopts and incorporates the Administering Agency-State Agreement for Federal Aid which was entered into between the Administering Agency and the State on 07/11/16 and is subject to all the terms and conditions thereof. This Program Supplement is executed in accordance with Article I of the aforementioned Master Agreement under authority of Resolution No. \_\_\_\_\_ approved by the Administering Agency on \_\_\_\_\_ (See copy attached).

The Administering Agency further stipulates that as a condition to the payment by the State of any funds derived from sources noted below obligated to this PROJECT, the Administering Agency accepts and will comply with the special covenants or remarks set forth on the following pages.

PROJECT LOCATION: El Toyon - Las Palmas Regional Bicycle Boulevard on Grove Street, Paradise Drive, T Avenue, U Avenue, and Bela Street

TYPE OF WORK: Construct bicycle boulevard with sharrows, signage, crosswalks, and pedestrian-activated signals                      LENGTH: 1.8(MILES)

Estimated Cost	Federal Funds		Matching Funds	
			LOCAL	OTHER
	M3E1	\$325,000.00		
	M3E2	\$50,000.00		
\$1,919,000.00	Z3E1	\$1,544,000.00	\$0.00	\$0.00

CITY OF NATIONAL CITY

STATE OF CALIFORNIA  
 Department of Transportation

By \_\_\_\_\_  
 Title \_\_\_\_\_  
 Date \_\_\_\_\_  
 Attest \_\_\_\_\_

By \_\_\_\_\_  
 Chief, Office of Project Implementation  
 Division of Local Assistance  
 Date \_\_\_\_\_

I hereby certify upon my personal knowledge that budgeted funds are available for this encumbrance:

Accounting Officer *Jennifer J...*

Date *5/6/2021*                      \$1,919,000.00

SPECIAL COVENANTS OR REMARKS

1. A. The ADMINISTERING AGENCY will advertise, award and administer this project in accordance with the current published Local Assistance Procedures Manual.

B. ADMINISTERING AGENCY agrees that it will only proceed with work authorized for specific phase(s) with an "Authorization to Proceed" and will not proceed with future phase(s) of this project prior to receiving an "Authorization to Proceed" from the STATE for that phase(s) unless no further State or Federal funds are needed for those future phase(s).

C. Award information shall be submitted by the ADMINISTERING AGENCY to the District Local Assistance Engineer immediately after project contract award and prior to the submittal of the ADMINISTERING AGENCY'S first invoice for the construction contract.

Failure to do so will cause a delay in the State processing invoices for the construction phase. Attention is directed to Section 15.7 "Award Package" of the Local Assistance Procedures Manual.

D. ADMINISTERING AGENCY agrees, as a minimum, to submit invoices at least once every six months commencing after the funds are encumbered for each phase by the execution of this Project Program Supplement Agreement, or by STATE's approval of an applicable Finance Letter. STATE reserves the right to suspend future authorizations/obligations for Federal aid projects, or encumbrances for State funded projects, as well as to suspend invoice payments for any on-going or future project by ADMINISTERING AGENCY if PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six-month period.

If no costs have been invoiced for a six-month period, ADMINISTERING AGENCY agrees to submit for each phase a written explanation of the absence of PROJECT activity along with target billing date and target billing amount.

ADMINISTERING AGENCY agrees to submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure of ADMINISTERING AGENCY to submit a "Final Report of Expenditures" within 180 days of PROJECT completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current Local Assistance Procedures Manual.

E. Administering Agency shall not discriminate on the basis of race, religion, age, disability, color, national origin, or sex in the award and performance of any Federal-assisted contract or in the administration of its DBE Program Implementation Agreement. The Administering Agency shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure nondiscrimination in the award and administration of Federal-assisted contracts. The Administering Agency's DBE Implementation Agreement is incorporated by reference in this Agreement. Implementation of the DBE Implementation Agreement, including but not limited to timely reporting of DBE commitments and utilization, is a legal

SPECIAL COVENANTS OR REMARKS

obligation and failure to carry out its terms shall be treated as a violation of this Agreement. Upon notification to the Administering Agency of its failure to carry out its DBE Implementation Agreement, the State may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.).

F. Any State and Federal funds that may have been encumbered for this project are available for disbursement for limited periods of time. For each fund encumbrance the limited period is from the start of the fiscal year that the specific fund was appropriated within the State Budget Act to the applicable fund Reversion Date shown on the State approved project finance letter. Per Government Code Section 16304, all project funds not liquidated within these periods will revert unless an executed Cooperative Work Agreement extending these dates is requested by the ADMINISTERING AGENCY and approved by the California Department of Finance.

ADMINISTERING AGENCY should ensure that invoices are submitted to the District Local Assistance Engineer at least 75 days prior to the applicable fund Reversion Date to avoid the lapse of applicable funds. Pursuant to a directive from the State Controller's Office and the Department of Finance; in order for payment to be made, the last date the District Local Assistance Engineer can forward an invoice for payment to the Department's Local Programs Accounting Office for reimbursable work for funds that are going to revert at the end of a particular fiscal year is May 15th of the particular fiscal year. Notwithstanding the unliquidated sums of project specific State and Federal funding remaining and available to fund project work, any invoice for reimbursement involving applicable funds that is not received by the Department's Local Programs Accounting Office at least 45 days prior to the applicable fixed fund Reversion Date will not be paid. These unexpended funds will be irrevocably reverted by the Department's Division of Accounting on the applicable fund Reversion Date.

G. As a condition for receiving federal-aid highway funds for PROJECT, the Administering Agency certifies that NO members of the elected board, council, or other key decision makers are on the Federal Government Exclusion List. Exclusions can be found at [www.sam.gov](http://www.sam.gov).

H. This PROJECT is programmed to receive Federal funding from the Active Transportation Program (ATP). Funding may be provided under one or more components. A component(s) specific fund allocation is required, in addition to other requirements, before reimbursable work can occur for the component(s) identified. Each allocation will be assigned an effective date and identify the amount of funds allocated per component(s).

This PROGRAM SUPPLEMENT has been prepared to allow reimbursement of eligible PROJECT expenditures for the component(s) allocated. The start of reimbursable expenditures is restricted to the later of either 1) the effective date of the component specific allocation or the effective date of the federal obligation of funds.

SPECIAL COVENANTS OR REMARKS

I. STATE and ADMINISTERING AGENCY agree that any additional funds which might be made available by future Federal obligations will be encumbered on this PROJECT by use of a STATE-approved "Authorization to Proceed" and Finance Letter. ADMINISTERING AGENCY also agrees that Federal funds available for reimbursement will be limited to the amounts obligated by the Federal Highway Administration and that STATE funds available for reimbursement will be limited to the amounts allocated by the California Transportation Commission and/or STATE.

J. Upon ADMINISTERING AGENCY request, the CTC and/or STATE may approve supplementary allocations, time extensions, and fund transfers between components. Funds transferred between allocated project components retain their original timely use of funds deadlines, but an approved time extension will revise the timely use of funds criteria for the component(s) and allocation(s) requested. Approved supplementary allocations, time extensions, and fund transfers between components made after the execution of this PROGRAM SUPPLEMENT will be documented and considered subject to the terms and conditions thereof. Documentation will consist of a Federal Highway Administration-approved "Authorization to Proceed" notification, a STATE approved Allocation Letter, Fund Transfer Letter, Time Extension Letter, and Finance Letter, as appropriate.

K. This PROJECT will be administered in accordance with the applicable CTC STIP guidelines and the Active Transportation Program guidelines as adopted or amended, the Local Assistance Procedures Manual (LAPM), the Local Assistance Program Guidelines (LAPG), and this PROGRAM SUPPLEMENT.

L. The submittal of invoices for PROJECT costs shall be in accordance with the above-referenced publications and the following. The ADMINISTERING AGENCY shall invoice STATE for environmental & permits, plans specifications & estimate, and right-of-way costs no later than 180 days after the end of last eligible fiscal year of expenditure. For construction costs, the ADMINISTERING AGENCY has 180 days after project completion or contract acceptance, whichever occurs first, to make the final payment to the contractor and prepare the final Report of Expenditures and final invoice, and submit to STATE for verification and payment.

M. All obligations of STATE under the terms of this Agreement are subject to the appropriation of resources by the Legislature and the encumbrance of funds under this Agreement. Funding and reimbursement are available only upon the passage of the State Budget Act containing these Federal funds.

N. This PROJECT is subject to the timely use of funds provisions enacted by the ATP Guidelines, as adopted or amended, and by approved CTC and State procedures as outlined below.

Funds allocated for the environmental & permits (E&P), plan specifications & estimate (PS&E), and right-of-way components are available for expenditure until the end of the second fiscal year following the year in which the funds were allocated.

SPECIAL COVENANTS OR REMARKS

Funds allocated for the construction component are subject to an award deadline and contract completion deadline. ADMINISTERING AGENCY agrees to award the contract within 6 months of the construction fund allocation and to complete and accept the construction within 36 months of award.

O. By executing this PROGRAM SUPPLEMENT, ADMINISTERING AGENCY agrees to comply with all reporting requirements in accordance with the Active Transportation Program Guidelines, as adopted or amended.

P. This PROJECT has received funds from Active Transportation Program (ATP). The ADMINISTERING AGENCY agrees to administer the project in accordance with the CTC Adopted SB1 Accountability and Transparency Guidelines.

2. A. ADMINISTERING AGENCY shall conform to all State statutes, regulations and procedures (including those set forth in the Local Assistance Procedures Manual and the Local Assistance Program Guidelines, hereafter collectively referred to as "LOCAL ASSISTANCE PROCEDURES") relating to the federal-aid program, all Title 23 Code of Federal Regulation (CFR) and 2 CFR Part 200 federal requirements, and all applicable federal laws, regulations, and policy and procedural or instructional memoranda, unless otherwise specifically waived as designated in the executed project-specific PROGRAM SUPPLEMENT.

B. Invoices shall be formatted in accordance with LOCAL ASSISTANCE PROCEDURES.

C. ADMINISTERING AGENCY must have at least one copy of supporting backup documentation for costs incurred and claimed for reimbursement by ADMINISTERING AGENCY. ADMINISTERING AGENCY agrees to submit supporting backup documentation with invoices if requested by State. Acceptable backup documentation includes, but is not limited to, agency's progress payment to the contractors, copies of cancelled checks showing amounts made payable to vendors and contractors, and/or a computerized summary of PROJECT costs.

D. Indirect Cost Allocation Plan/Indirect Cost Rate Proposals (ICAP/ICRP), Central Service Cost Allocation Plans and related documentation are to be prepared and provided to STATE (Caltrans Audits & Investigations) for review and approval prior to ADMINISTERING AGENCY seeking reimbursement of indirect costs incurred within each fiscal year being claimed for State and federal reimbursement. ICAPs/ICRPs must be prepared in accordance with the requirements set forth in 2 CFR, Part 200, Chapter 5 of the Local Assistance Procedural Manual, and the ICAP/ICRP approval procedures established by STATE.

E. STATE will withhold the greater of either two (2) percent of the total of all federal funds encumbered for each PROGRAM SUPPLEMENT or \$40,000 until ADMINISTERING

SPECIAL COVENANTS OR REMARKS

AGENCY submits the Final Report of Expenditures for each completed PROGRAM SUPPLEMENT PROJECT.

F. Payments to ADMINISTERING AGENCY for PROJECT-related travel and subsistence (per diem) expenses of ADMINISTERING AGENCY forces and its contractors and subcontractors claimed for reimbursement or as local match credit shall not exceed rates authorized to be paid rank and file STATE employees under current State Department of Personnel Administration (DPA) rules. If the rates invoiced by ADMINISTERING AGENCY are in excess of DPA rates, ADMINISTERING AGENCY is responsible for the cost difference, and any overpayments inadvertently paid by STATE shall be reimbursed to STATE by ADMINISTERING AGENCY on demand within thirty (30) days of such invoice.

G. ADMINISTERING AGENCY agrees to comply with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards.

H. ADMINISTERING AGENCY agrees, and will assure that its contractors and subcontractors will be obligated to agree, that Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual PROJECT cost items.

I. Every sub-recipient receiving PROJECT funds under this AGREEMENT shall comply with 2 CFR, Part 200, 23 CFR, 48 CFR Chapter 1, Part 31, Local Assistance Procedures, Public Contract Code (PCC) 10300-10334 (procurement of goods), PCC 10335-10381 (non-A&E services), and other applicable STATE and FEDERAL regulations.

J. Any PROJECT costs for which ADMINISTERING AGENCY has received payment or credit that are determined by subsequent audit to be unallowable under 2 CFR, Part 200, 23 CFR, 48 CFR, Chapter 1, Part 31, and other applicable STATE and FEDERAL regulations, are subject to repayment by ADMINISTERING AGENCY to STATE.

K. STATE reserves the right to conduct technical and financial audits of PROJECT WORK and records and ADMINISTERING AGENCY agrees, and shall require its contractors and subcontractors to agree, to cooperate with STATE by making all appropriate and relevant PROJECT records available for audit and copying as required by the following paragraph:

ADMINISTERING AGENCY, ADMINISTERING AGENCY'S contractors and subcontractors, and STATE shall each maintain and make available for inspection and audit by STATE, the California State Auditor, or any duly authorized representative of STATE or the United States all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts and ADMINISTERING AGENCY shall furnish copies thereof if requested. All of the above referenced parties shall make such AGREEMENT, PROGRAM SUPPLEMENT, and contract materials available at their respective offices at all reasonable times during the entire PROJECT period and for three



**SPECIAL COVENANTS OR REMARKS**

(3) years from the date of submission of the final expenditure report by the STATE to the FHWA.

L. ADMINISTERING AGENCY, its contractors and subcontractors shall establish and maintain a financial management system and records that properly accumulate and segregate reasonable, allowable, and allocable incurred PROJECT costs and matching funds by line item for the PROJECT. The financial management system of ADMINISTERING AGENCY, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles, enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices set to or paid by STATE.

M. ADMINISTERING AGENCY is required to have an audit in accordance with the Single Audit Act of 2 CFR 200 if it expends \$750,000 or more in Federal Funds in a single fiscal year of the Catalogue of Federal Domestic Assistance.

N. ADMINISTERING AGENCY agrees to include all PROGRAM SUPPLEMENTS adopting the terms of this AGREEMENT in the schedule of projects to be examined in ADMINISTERING AGENCY's annual audit and in the schedule of projects to be examined under its single audit prepared in accordance with 2 CFR, Part 200.

O. ADMINISTERING AGENCY shall not award a non-A&E contract over \$5,000, construction contracts over \$10,000, or other contracts over \$25,000 [excluding professional service contracts of the type which are required to be procured in accordance with Government Code sections 4525 (d), (e) and (f)] on the basis of a noncompetitive negotiation for work to be performed under this AGREEMENT without the prior written approval of STATE. Contracts awarded by ADMINISTERING AGENCY, if intended as local match credit, must meet the requirements set forth in this AGREEMENT regarding local match funds.

P. Any subcontract entered into by ADMINISTERING AGENCY as a result of this AGREEMENT shall contain provisions B, C, F, H, I, K, and L under Section 2 of this agreement.

3. Appendix E of the Title VI Assurances (US DOT Order 1050.2A)

During the performance of this agreement, the ADMINISTERING AGENCY, ADMINISTERING AGENCY'S contractors and subcontractor, (hereinafter referred to as the "contractor") agrees to comply with the following nondiscrimination statutes and authorities; including but not limited to:

Pertinent Nondiscrimination Authorities:

A. Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.

B. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970,

**SPECIAL COVENANTS OR REMARKS**

- (42 U.S.C. 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- C. Federal-Aid Highway Act of 1973, (23 U.S.C. 324 et seq.), (prohibits discrimination on the basis of sex);
- D. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- E. The Age Discrimination Act of 1975, as amended, (42 U.S.C. 6101 et seq.), (prohibits discrimination on the basis of age);
- F. Airport and Airway Improvement Act of 1982, (49 U.S.C. 4 71, Section 4 7123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- G. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, subrecipients and contractors, whether such programs or activities are Federally funded or not);
- H. Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38;
- I. The Federal Aviation Administration's Nondiscrimination statute (49 U.S.C. 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- J. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures nondiscrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- K. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- L. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

**RESOLUTION NO. 2021 -**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, AUTHORIZING THE MAYOR TO EXECUTE A PROGRAM SUPPLEMENT AGREEMENT (PSA) NO. F011 REV. 1 WITH THE STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS) FOR THE EL TOYON-LAS PALMAS BICYCLE CORRIDOR PROJECT TO ALLOW FOR REIMBURSEMENT OF UP TO \$1,544,000 IN ELIGIBLE PROJECT EXPENDITURES THROUGH THE FEDERAL ACTIVE TRANSPORTATION PROGRAM (ATP)**

**WHEREAS**, on December 10, 2014, the California Department of Transportation (“Caltrans”) awarded a \$375,000 Federal Active Transportation Program (“ATP”) grant to the City of National City (“City”) for the El Toyon-Las Palmas Bicycle Corridor Project (“Project”); and

**WHEREAS**, on June 21, 2016, City Council adopted Resolution No. 2016-96 authorizing the Mayor to execute Program Supplement Agreement Number F011 with Caltrans to allow for reimbursement of up to \$50,000 in eligible project expenditures, and the appropriation of \$50,000 for the Project; and

**WHEREAS**, on December 16, 2016, Caltrans awarded a \$1,544,000 Federal ATP grant for the construction phase of the Project; and

**WHEREAS**, on November 8, 2017, Caltrans issued an Authorization to Proceed to the City for the PS&E and R/W phase, establishing the date for eligible reimbursement; and

**WHEREAS**, on February 20, 2018, City Council adopted Resolution No. 2018-24 authorizing the establishment of an appropriation for \$325,000 and a corresponding revenue budget for the El Toyon-Las Palmas Bicycle Corridor Project; and

**WHEREAS**, on April 28, 2021, Caltrans issued an Authorization to Proceed to the City for the Construction phase, establishing the date for eligible reimbursement; and

**WHEREAS**, the Project includes the construction of a new bicycle corridor parallel to the east side of I-805 connecting El Toyon Park and Las Palmas Park; and

**WHEREAS**, the Project improvements along the bicycle corridor will include Class II and III bike route pavement markings (sharrows) and signage; pedestrian curb ramps for ADA compliance; traffic calming measures such as pedestrian refuge islands, corner bulb-outs, and pedestrian actuated flashing crosswalk signs; and stormwater treatment infiltration areas; and

**WHEREAS**, the City Council must adopt a Resolution authorizing the Mayor to execute Program Supplement Agreement No. N011 Rev. 1 to Administering Agency-State Master Agreement No. 11-5066F15 to allow for reimbursement of eligible Project expenditures through the Federal ATP grant; and

///

**WHEREAS**, City staff recommends City Council to adopt this Resolution authorizing the Mayor to execute Program Supplement Agreement No. F011 Rev. 1 with the State of California Department of Transportation (Caltrans) for the Project to allow for reimbursement of up to \$1,544,000 in eligible project expenditures through the Federal ATP.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1:** Authorizes the Mayor to execute Program Supplement Agreement No. F011 Rev. 1 with Caltrans for the El Toyon-Las Palmas Bicycle Corridor Project to allow for reimbursement of up to \$1,544,000 in eligible project expenditures through the Federal ATP.

**Section 2:** The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolution.

**PASSED and ADOPTED this 19<sup>th</sup> day of October, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney

The following page(s) contain the backup material for Agenda Item: [Resolution of the City Council of the City of National City authorizing a Fiscal Year 2022 budget adjustment to establish appropriations in the amount of \\$60,000 for Capital Improvement Program \(CIP\) Fleet Vehicle Equipment and Accessories for the Public Works Streets and Wastewater Division, Public Works Parks Division, and the National City Police Department. \(Engineering/Public Works\)](#)

Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.:**

**ITEM TITLE:**

Resolution of the City Council of the City of National City authorizing a Fiscal Year 2022 budget adjustment to establish appropriations in the amount of \$60,000 for Capital Improvement Program (CIP) Fleet Vehicle Equipment and Accessories for the Public Works Streets and Wastewater Division, Public Works Parks Division, and the National City Police Department.

**PREPARED BY:** Tirza Gonzales, Management Analyst II

**DEPARTMENT:** Engineering/Public Works

**PHONE:** 619-336-4318

**APPROVED BY:** 

**EXPLANATION:**

See Staff Report.

**FINANCIAL STATEMENT:**

**ACCOUNT NO.**

644-411-000-511-0000 (Automotive Equipment – Police) \$52,000

644-411-221-511-0000 (Automotive Equipment- Streets) \$4,000

644-411-227-511-0000 (Automotive Equipment- Parks) \$4,000

Funding source is fund balance in fund 644 - Vehicle Acquisition.

**ENVIRONMENTAL REVIEW:**

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

**APPROVED:** 

**FINANCE**

**APPROVED:** \_\_\_\_\_

**MIS**

**ORDINANCE:** INTRODUCTION  FINAL ADOPTION

**STAFF RECOMMENDATION:**

Adopt the resolution authorizing a budget adjustment to establish appropriations in the amount of \$60,000.

**BOARD / COMMISSION RECOMMENDATION:**

**ATTACHMENTS:**

1. Staff report
2. Resolution



Explanation:

Through adoption of the FY19, FY20, and FY21 annual budgets, City Council approved the purchase of these vehicles: One (1) National City Police Department (NCPD) Traffic Truck, one (1) Public Works Streets and Wastewater Division Brush Hog, one (1) Public Works Parks Mini Trencher with Trailer, and three (3) NCPD Interceptors. Due to delays and price increases in the automotive industry, additional funding is required to complete the build-outs of the NCDPD vehicles, which includes accessories and interior and exterior warning and emergency lighting. In addition, the Streets Brush Hog and Trailer portion of the Parks Mini Trencher with Trailer were approved for purchase by Council through the FY20 annual budget and were not purchased due to availability issues. The requested appropriations for the Brush Hog and Mini Trencher Trailer have not increased since Council approved its purchase in FY 20.

Therefore staff requests City Council authorize a Fiscal Year 2022 budget adjustment to establish appropriations in the amount of \$60,000 for Capital Improvement Program (CIP) Fleet Vehicle Equipment and Accessories for the Public Works Streets and Wastewater Division, Public Works Parks Division, and the National City Police Department from automotive equipment accounts as follows:

<b>Description of Vehicle/Equipment</b>	<b>Funds Needed</b>
1 - NCPD Traffic Truck Build-Out	\$26,000
1 - PW Streets and Wastewater Brush Hog	\$4,000
1 - PW Parks Mini Trencher Trailer	\$4,000
2 - NCPD Patrol Interceptor Build-Out	\$16,000
1 - NCPD K-9 Interceptor Build-Out	\$10,000
<b>Total</b>	<b>\$60,000</b>



**RESOLUTION NO. 2021 -**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, AUTHORIZING A FISCAL YEAR 2022 BUDGET ADJUSTMENT TO ESTABLISH APPROPRIATIONS FOR \$60,000 FOR CAPITAL IMPROVEMENT PROGRAM (CIP) FLEET VEHICLE EQUIPMENT AND ACCESSORIES FOR THE PUBLIC WORKS STREETS AND WASTEWATER DIVISION, PUBLIC WORKS PARKS DIVISION, AND THE NATIONAL CITY POLICE DEPARTMENT**

**WHEREAS**, through the adoption of the Fiscal Year 2019, Fiscal Year 2020, and Fiscal Year 2021 annual budgets, City Council approved the purchase of one (1) National City Police Department (“NCPD”) Traffic Truck, three (3) NCPD Interceptors; one (1) Public Works Streets and Wastewater Division Brush Hog, and one (1) Public Works Parks Mini Trencher with Trailer; and

**WHEREAS**, due to delays and price increases in the automotive industry, additional funding is required to complete the build-out of the NCDPD vehicles, which includes accessories and interior and exterior warning and emergency lighting; and

**WHEREAS**, the Public Works Streets and Wastewater Division Brush Hog and Trailer portion of the Parks Mini Trencher were approved for purchase by City Council through the Fiscal Year 2020 annual budget but were not purchased due to availability issues; and

**WHEREAS**, City staff requests City Council authorize the Fiscal Year 2022 budget adjustment to establish appropriations for \$60,000 for Capital Improvement Program (“CIP”) Fleet Vehicle Equipment and Accessories for the Public Works Streets and Wastewater Division, Public Works Parks Division, and the National City Police Department from automotive equipment accounts as follows:

<b>Description of Vehicle/Equipment</b>	<b>Funds Needed</b>
1 - NCPD Traffic Truck Build-Out	\$26,000
1 - PW Streets and Wastewater Brush Hog	\$4,000
1 - PW Parks Mini Trencher Trailer	\$4,000
2 - NCPD Patrol Interceptor Build-Out	\$16,000
1 - NCPD K-9 Interceptor Build-Out	\$10,000
<b>Total</b>	<b>\$60,000</b>

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1:** Authorize the Fiscal Year 2022 budget adjustment to establish appropriations for \$60,000 for Capital Improvement Program (“CIP”) Fleet Vehicle Equipment and Accessories for the Public Works Streets and Wastewater Division, Public Works Parks Division, and the National City Police Department.

**Section 2:** The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolution.

**PASSED and ADOPTED this 19<sup>th</sup> day of October, 2021.**

\_\_\_\_\_  
Alejandra Sotelo Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney

The following page(s) contain the backup material for Agenda Item: [Resolution of the City Council of the City of National City authorizing the installation of 50 feet of parallel “15-minute” parking and 25 feet of parallel “Loading or Unloading” parking on the north side of E. 8th Street, in front of the future “Market on 8th” at 41 E. 8th Street to increase parking turnover for customers \(TSC No. 2020-13\). \(Engineering/Public Works\)](#)

Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.**

**ITEM TITLE:**

Resolution of the City Council of the City of National City authorizing the installation of 50 feet of parallel "15-minute" parking and 25 feet of parallel "Loading or Unloading" parking on the north side of E. 8<sup>th</sup> Street, in front of the future "Market on 8<sup>th</sup>" at 41 E. 8<sup>th</sup> Street to increase parking turnover for customers (TSC No. 2020-13).

**PREPARED BY:** Carla Hutchinson, Assistant Engineer - Civil *C.H.* **DEPARTMENT:** Engineering/Public Works

**PHONE:** 619-336-4388

**APPROVED BY:** 

**EXPLANATION:**

See attached.

**FINANCIAL STATEMENT:**

**ACCOUNT NO.**

| N/A |

**APPROVED:** \_\_\_\_\_ **Finance**

**APPROVED:** \_\_\_\_\_ **MIS**

**ENVIRONMENTAL REVIEW:**

N/A

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Adopt Resolution authorizing installation of parallel "15-minute" parking and parallel "Loading or Unloading" parking in front of 41 E. 8<sup>th</sup> Street.

**BOARD / COMMISSION RECOMMENDATION:**

At their meeting on October 14, 2020, the Traffic Safety Committee approved staff's recommendation to install parallel "15-minute" parking and parallel "Loading or Unloading" parking in front of 41 E. 8<sup>th</sup> Street.

**ATTACHMENTS:**

1. Explanation w/ Exhibit
2. Staff Report to the Traffic Safety Committee on October 14, 2020 (TSC No. 2020-13)
3. Resolution



## EXPLANATION

The owner of “Market on 8<sup>th</sup>”, located at 41 E. 8<sup>th</sup> Street, has requested time restricted parking on the north side of E. 8<sup>th</sup> Street, west of “A” Avenue, in front of “Market on 8<sup>th</sup>” in order to increase parking turnover for customers. The property owner stated that the installation of “15-minute” and “Loading or Unloading” spaces will increase parking turnover for her customers and allow for more efficient parking enforcement.

Staff visited the site and verified that “Market on 8<sup>th</sup>” does not have off-street parking. There are approximately 75 feet of “2-hour” restricted parallel parking, equal to three (3) parking spaces, in front of the building located in front of 41 E. 8<sup>th</sup> Street, on the north side of E. 8<sup>th</sup> Street.

Staff spoke with the property owner and confirmed the “Market on 8<sup>th</sup>” will be a food hall concept, featuring 10 food stalls, a coffee shop, a tap room, and 2 retail vendors all with a communal dining area. The proposed parking restrictions on E. 8<sup>th</sup> Street will allow for the following: two (2) “15-minute” parking spaces for to-go order pick-up services (Door Dash, Uber Eats, etc.), and one (1) “Loading or Unloading” parking space for ride share pick-up or drop off services.

It shall be noted that per National City Municipal Code Sections 11.32.190 and 11.32.200– “Loading or Unloading” parking zones allow for loading / unloading of passengers for up to 3 minutes, and loading / unloading of materials for up to 20 minutes.

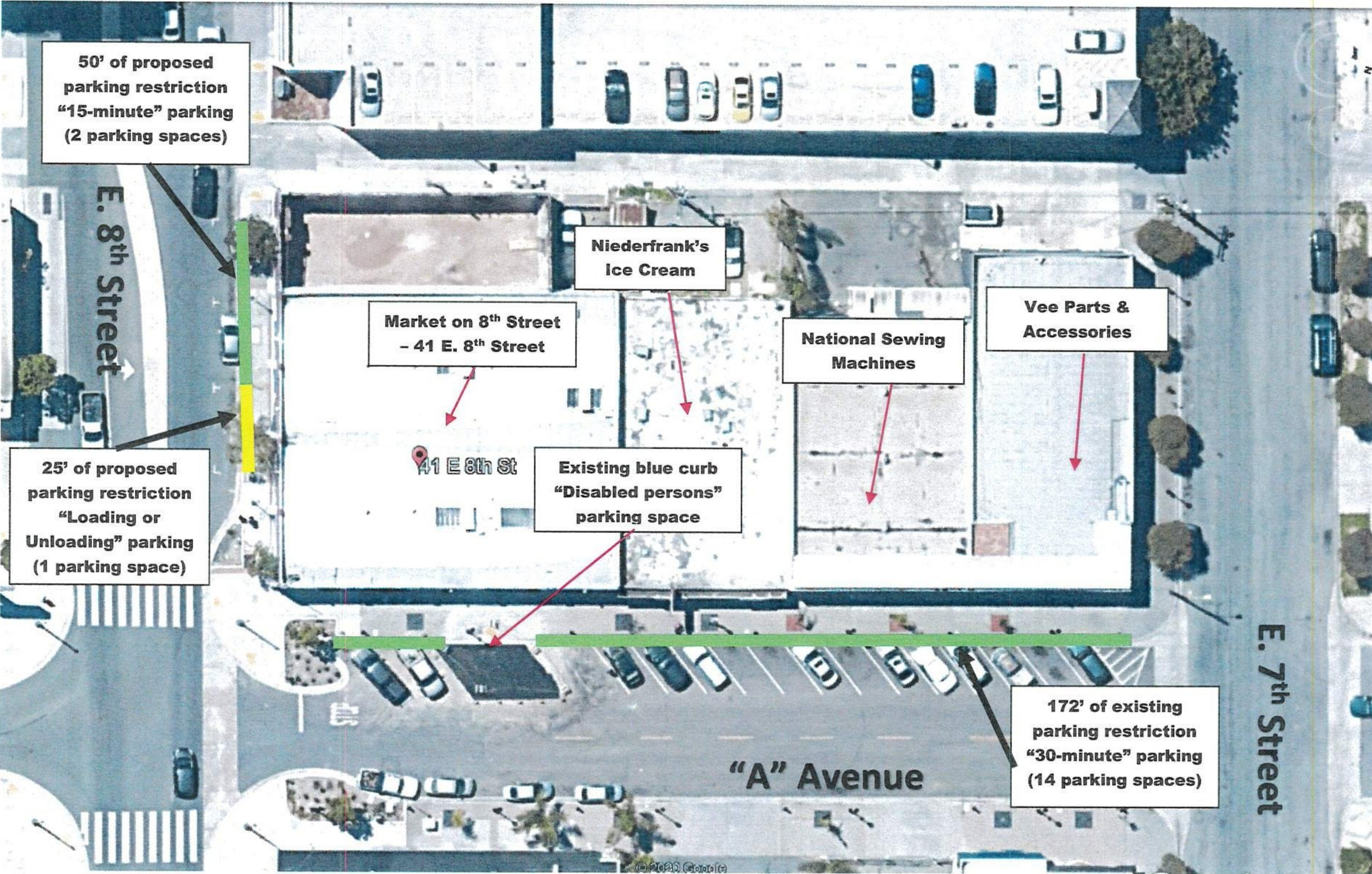
This item was presented to the Traffic Safety Committee on October 14, 2020. Staff sent notices to area residents inviting them to Zoom-in or call-in to the Traffic Safety Committee Meeting and/or contact staff with any questions.

Staff presented the results of the site evaluation and after discussion, the Traffic Safety Committee voted to approve staff’s recommendation to install parallel “15-minute” parking and parallel “Loading or Unloading” parking in front of E. 8<sup>th</sup> Street.

If approved by City Council, all work will be performed by City Public Works



# Location Map with Recommended Enhancements (TSC Item: 2020-13)





**NATIONAL CITY TRAFFIC SAFETY COMMITTEE  
AGENDA REPORT FOR OCTOBER 14, 2020**

**ITEM NO. 2020-13**

**ITEM TITLE:** REQUEST TO INSTALL 50 FEET OF PARALLEL "15-MINUTE PARKING" AND 25 FEET OF PARALLEL "LOADING OR UNLOADING" PARKING ON THE NORTH SIDE OF E. 8<sup>TH</sup> STREET, IN FRONT OF THE FUTURE "MARKET ON 8<sup>TH</sup>" AT 41 E. 8<sup>TH</sup> STREET TO INCREASE PARKING TURNOVER FOR CUSTOMERS

**PREPARED BY:** Carla Hutchinson, Assistant Engineer - Civil Engineering & Public Works Department

**DISCUSSION:**

Mr. Joel Tubao, owner of "Market on 8<sup>th</sup>", located at 41 E. 8<sup>th</sup> Street, has requested time restricted parking on the north side of E. 8<sup>th</sup> Street, west of "A" Avenue, in front of "Market on 8<sup>th</sup>" in order to increase parking turnover for customers. Mr. Tubao stated that the installation of "15-minute" and "Loading or Unloading" spaces will increase parking turnover for her customers and allow for more efficient parking enforcement.

Staff visited the site and verified that "Market on 8<sup>th</sup>" does not have off-street parking. There are approximately 75 feet of "2-hour" restricted parallel parking, equal to three (3) parking spaces, in front of the building located in front of 41 E. 8<sup>th</sup> Street, on the north side of E. 8<sup>th</sup> Street.

Staff spoke with Mr. Tubao and confirmed the "Market on 8<sup>th</sup>" will be a food hall concept, featuring 10 food stalls, a coffee shop, a tap room, and 2 retail vendors all with a communal dining area. The proposed parking restrictions on E. 8<sup>th</sup> Street will allow for the following: two (2) "15-minute" parking spaces for to-go order pick-up services (Door Dash, Uber Eats, etc.), and one (1) "Loading or Unloading" parking space for ride share pick-up or drop off services.

It shall be noted that per National City Municipal Code Section 11.32.190 – "Loading or Unloading" parking zones allow for loading / unloading of passengers for up to 3 minutes, and loading / unloading of materials for up to 20 minutes.

**STAFF RECOMMENDATION:**

Staff recommends the installation of 50 feet of parallel "15-minute parking" (equal to 2 parking spaces) and 25 feet of parallel "Loading or Unloading" parking located on the north side of E. 8<sup>th</sup> Street, west of "A" Avenue, in front of "Market on 8<sup>th</sup>", to increase parking turnover for customers.

**EXHIBITS:**



- 
1. Correspondence
  2. Public Notice
  3. Location Map
  4. Photos

2020-13



## Carla Hutchinson

---

**From:** nick@,  
**Sent:** Tuesday, March 10, 2020 9:50 AM  
**To:** Stephen Manganiello  
**Subject:** Requesting change to parking spots on 8th St

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Stephen,

We had spoke yesterday about requesting changes to the 3 parking spots on the north side of 8th St in front or Market on 8th.

Market on 8th is a food hall concept that we are bringing into National City. We will be featuring 10 food stalls, a coffee shop, a tap room, and 2 retail vendors all with a communal dining area. Our goal is to bring the community together in 1 market and for locals to be able to experience a variety of cuisines, local art, and shopping in 1 destination.

That being said, we would like to make changes to the 3 parking spots on 8th St. We would like to request the furthest East parking space to be our ride share pick up/drop off and the other 2 stalls further West to be 15 min parking to allow for door dash, Uber eats, to go orders, etc.

Please let me know if we can accommodate this request as it will help our business tremendously due to our limited parking.

Nick Fischella





October 7, 2020

Resident/Property Owner

Subject: TRAFFIC SAFETY COMMITTEE (TSC) ITEM NO. 2020-13

**REQUEST TO INSTALL 50 FEET OF PARALLEL "15-MINUTE PARKING" AND 25 FEET OF PARALLEL "LOADING OR UNLOADING" PARKING ON THE NORTH SIDE OF E. 8<sup>TH</sup> STREET, IN FRONT OF THE FUTURE "MARKET ON 8<sup>TH</sup> STREET" AT 41 E. 8<sup>TH</sup> STREET TO INCREASE PARKING TURNOVER FOR CUSTOMERS.**

Dear Sir/Madame:

The City of National City would like to invite you to our next public Traffic Safety Committee Conference Call scheduled for **Wednesday, October 14, 2020, at 1:00 P.M.** via Zoom. Please use the following information to call-in to the meeting during the scheduled time:

*Join Zoom Meeting from computer*

<https://zoom.us/j/97513738674?pwd=NTVUYkx1N2VGVURRMzJlVTFRRi9rdz09>

*Join Zoom Meeting by phone*

+1 669-900-9128

Meeting ID: 975 1373 8674

Password: 079585

If you have any questions, comments, and/or concerns, please contact the Engineering Department at 619-336-4380 and reference Traffic Safety Committee Item Number 2020-13.

Sincerely,

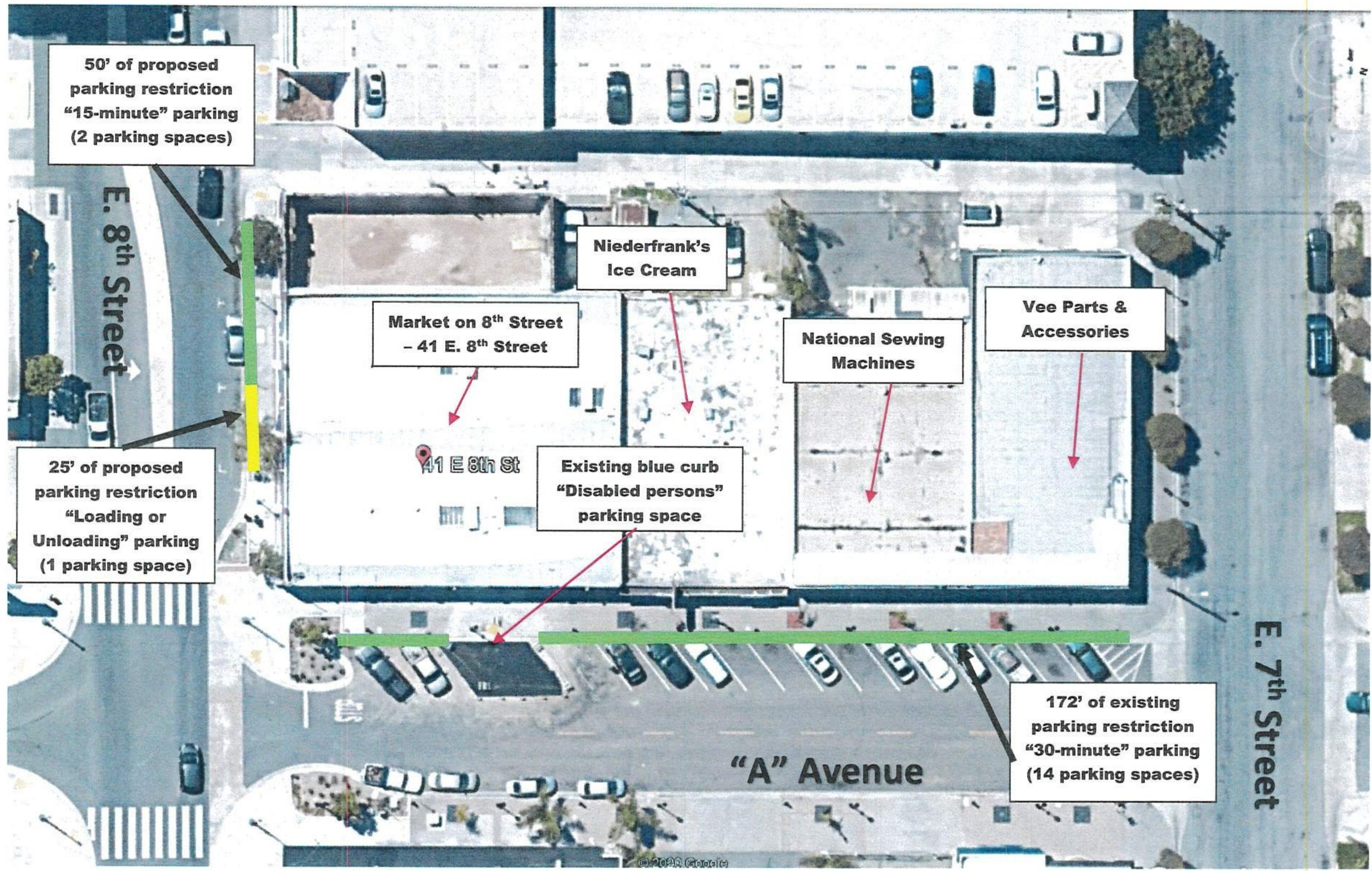
Roberto Yano, P.E.  
City Engineer/Director of Public Works

RY:ch

Enclosure: Location Map  
2020-13



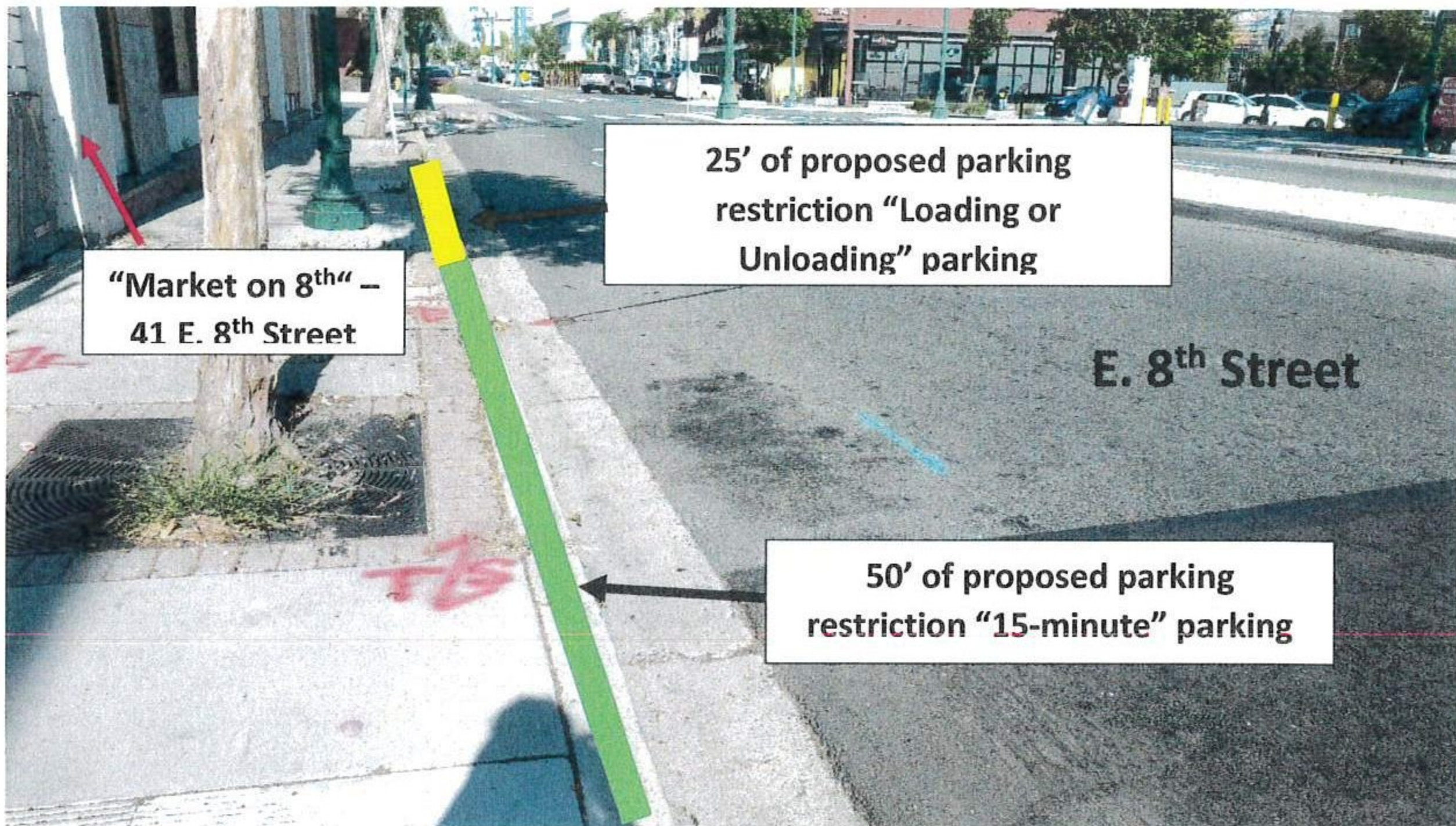
# Location Map with Recommended Enhancements (TSC Item: 2020-13)







Location of proposed parking restriction "15-minute" & "Loading or Unloading" parking on E. 8th Street (looking west)



Location of proposed parking restriction "15-minute" & "Loading or Unloading" parking on E. 8th Street (looking east)



**RESOLUTION NO. 2021 –**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, AUTHORIZING THE INSTALLATION OF 50 FEET OF PARALLEL “15-MINUTE” PARKING AND 25 FEET OF PARALLEL “LOADING OR UNLOADING” PARKING ON THE NORTH SIDE OF E. 8<sup>TH</sup> STREET, IN FRONT OF THE FUTURE “MARKET ON 8<sup>TH</sup>” AT 41 E. 8<sup>TH</sup> STREET TO INCREASE PARKING TURNOVER FOR CUSTOMERS (TSC NO. 2020-13)**

**WHEREAS**, owner of “Market on 8<sup>th</sup>”, located at 41 East 8<sup>th</sup> Street, has requested time-restricted parking on the north side of East 8<sup>th</sup> Street, west of “A” Avenue, in front of “Market on 8<sup>th</sup>” to increase parking turnover for customers; and

**WHEREAS**, City of National City (“City”) staff visited the site and verified that “Market on 8<sup>th</sup>” does not have off-street parking; and

**WHEREAS**, City staff confirmed that there are approximately Seventy-five (75) feet of “2-hour” restricted parallel parking, equal to three (3) parking spaces, in front of the building located in front of 41 East 8<sup>th</sup> Street, on the north side of East 8<sup>th</sup> Street; and

**WHEREAS**, City staff spoke with the property owner and confirmed the “Market on 8<sup>th</sup>” will be a food hall concept, featuring ten (10) food stalls, a coffee shop, a taproom, and two (2) retail vendors, all with a communal dining area; and

**WHEREAS**, the proposed parking restrictions on East 8<sup>th</sup> Street will allow for the following: two (2) “15-minute” parking spaces for to-go order pick-up, and one (1) “Loading or Unloading” parking space for rideshare pick-up or drop off service; and

**WHEREAS**, per National City Municipal Code Sections 11.32.190 and 11.32.200– “Loading or Unloading” parking zones allow for loading/unloading of passengers for up to three (3) minutes, and loading/unloading of materials for up to twenty (20) minutes; and

**WHEREAS**, on October 14, 2020, the City’s Traffic Safety Committee voted to approve staff’s recommendation to install parallel “15-minute” parking and parallel “Loading or Unloading” parking in front of East 8<sup>th</sup> Street; and

**WHEREAS**, City staff requests City Council authorize installing fifty (50) feet of parallel “15-minute” parking and twenty-five (25) feet of parallel “Loading or Unloading” parking on the north side of East 8<sup>th</sup> Street, in front of the future “Market on 8<sup>th</sup>” at 41 East 8<sup>th</sup> Street to increase parking turnover for customers.

///

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1:** Authorizes installing fifty (50) feet of parallel “15-minute” parking and twenty (25) feet of parallel “Loading or Unloading” parking on the north side of East 8<sup>th</sup> Street, in front of the future “Market on 8<sup>th</sup>” at 41 East 8<sup>th</sup> Street to increase parking turnover for customers.

**Section 2:** The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolutions.

**PASSED and ADOPTED this 19th day of October, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney



The following page(s) contain the backup material for Agenda Item: [Temporary Use Permit – Milk & Honey Outdoor Event hosted by Outpouring Outreach Ministry at 1920 Sweetwater Road on December 4, 2021 from 9 a.m. to 4:30 p.m. with no waiver of fees. \(Community Development\)](#)

Please scroll down to view the backup material.

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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.** |

**ITEM TITLE:**

Temporary Use Permit – Milk & Honey Outdoor Event hosted by Outpouring Outreach Ministry at 1920 Sweetwater Road on December 4, 2021 from 9 a.m. to 4:30 p.m. with no waiver of fees.

**PREPARED BY:** | Dionisia Trejo |

**DEPARTMENT:** Community Development Department

**PHONE:** |(619) 336-4255|

**APPROVED BY:** \_\_\_\_\_  


**EXPLANATION:**

This is a request from Outpouring Outreach Ministry to conduct the Milk & Honey Outdoor Event at 1920 Sweetwater Road on December 4, 2021 from 9 a.m. to 4:30 p.m. Set up for the event will commence at 6 a.m. on the day of the event. This event will include live Christian music, vendors, food trucks and eating areas with tables and chairs.

Note: This is the first time this organization has requested a Temporary Use Permit.

**FINANCIAL STATEMENT:**

**APPROVED:** \_\_\_\_\_ **Finance**

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_ **MIS**

|City fee of \$272.00 for processing the TUP through various City departments and \$191.00 for the Fire Inspection.

Total Fees \$463.00 |

**ENVIRONMENTAL REVIEW:**

|N/A|

**ORDINANCE:** INTRODUCTION: |  |

FINAL ADOPTION: |  |

**STAFF RECOMMENDATION:**

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

**BOARD / COMMISSION RECOMMENDATION:**

|N/A|

**ATTACHMENTS:**

|Application for a Temporary Use Permit with recommended conditions of approval. |





City of National City ■ Neighborhood Services Department  
1243 National City Boulevard ■ National City, CA 91950  
(619) 336-4364 ■ fax (619) 336-4217  
www.nationalcityca.gov

## Special Event Application

### Type of Event

- Fair/Festival     Parade/March     Walk or Run     Concert/Performance  
 TUP     Sporting Event     Other (specify) \_\_\_\_\_

### Event Name & Location

Event Title Milk & Honey Outdoor Event (Christian Faith Based Event)  
Event Location (list all sites being requested) Heart Revolution Church 1920 Sweetwater Rd, National Cit

### Event Times

Set-Up Starts  
Date 12/4/21 Time 6:00am Day of Week Saturday

Event Starts  
Date 12/4/21 Time 9:00am Day of Week Saturday

Event Ends  
Date 12/4/21 Time 4:30pm Day of Week Saturday

Breakdown Ends  
Date 12/4/21 Time 4:30pm Day of Week Saturday

### Applicant Information

Applicant (Your name) Alexxa Lowery Sponsoring Organization Outpouring Outreach Minis  
Event Coordinator (if different from applicant) Alicia Lowery  
Mailing Address 2817 Jesmond Dene Heights Road, Escondido CA 92026  
Day Phone 760-224-8287 After Hours Phone same Cell 760-224-8287 Fax 760-432-0300  
Public Information Phone 760-936-7003 E-mail outprh17@gmail.com

Applicant agrees to investigate, defend, indemnify and hold harmless the City, its officers, employees and agents from and against any and all loss, damage, liability, claims, demands, detriments, costs, charges, expense (including attorney's fees) and causes of action of any character which the City, its officers, employees and agents may incur, sustain or be subjected to on account of loss or damage to property or the loss of use thereof and for bodily injury to or death of any persons (including but not limited to the employees, subcontractors, agents and invitees of each party hereto) arising out of or in any way connected to the occupancy, enjoyment and use of any City premises under this agreement to the extent permitted by law.

Applicant understands this TUP/special event may implicate fees for City services, which will have to be paid in the City's Finance Department 48 hours prior to the event set-up. The undersigned also understands and accepts the City's refund policy for application processing and facility use and that fees and charges are adjusted annually and are subject to change.

Signature of Applicant: *Alexxa Lowery* Date 7/20/21



## Special Event Application (continued)

Please complete the following sections with as much detail as possible since fees and requirements are based on the information you provide us.

### Fees/Proceeds/Reporting

Is your organization a "Tax Exempt, nonprofit" organization? Yes  No

Are admission, entry, vendor or participant fees required? Yes  No

If YES, please explain the purpose and provide amount (s):

Nonprofit 501C3 is still pending. Free admission to the public.

vendors will pay a small fee.

\$ Estimated Gross Receipts including ticket, product and sponsorship sales from this event.

\$ 7,000 Estimated Expenses for this event.

\$ 10,000 What is the projected amount of revenue that the Nonprofit Organization will receive as a result of this event?

### Description of Event

First time event  Returning Event  include site map with application

Note that this description may be published in our City Public Special Events Calendar:

Every September we plan on having Milk & Honey Outdoor Market at Heart Revolution Church.

This event will showcase all christian based vendors, t-shirts, artwork, music, books, etc.

We will have food trucks and worship music along with local groups showcasing their music.

### Estimated Attendance

Anticipated # of Participants: 200 Anticipated # of Spectators: 300



**Traffic Control, Security, First Aid and Accessibility**

Requesting to close street(s) to vehicular traffic? Yes  No

List any streets requiring closure as a result of the event (provide map): \_\_\_\_\_  
\_\_\_\_\_

Date and time of street closure: \_\_\_\_\_ Date and time of street reopening: \_\_\_\_\_

Other (explain) \_\_\_\_\_

Requesting to post "no parking" notices? Yes  No

Requested "No Parking" on city streets and/or parking lots (list streets/parking lots) (provide map):  
\_\_\_\_\_

Other (explain) \_\_\_\_\_

**Security and Crowd Control**

Depending on the number of participants, your event may require Police services.

Please describe your procedures for both Crowd Control and Internal Security: We will provide church  
security, church Deacons. Along with ex-police officers who attend church.  
\_\_\_\_\_  
\_\_\_\_\_

Have you hired Professional Security to handle security arrangements for this event?

Yes  No  If YES, name and address of Security Organization \_\_\_\_\_  
\_\_\_\_\_

Security Director (Name): \_\_\_\_\_ Phone: \_\_\_\_\_

**If using the services of a professional security firm and the event will occur on City property, please provide a copy of its insurance certificate, evidencing liability with limits of at least \$1 Million dollars per occurrence/\$2 Million dollars aggregate, as well as and additional insured endorsement naming the City of National City, its officers, employees, and agents as additional insureds. Evidence of insurance must be provided by the vendor or its insurer to the Neighborhood Services Department at the time of submission.**

Is this a night event? Yes  No  If YES, please state how the event and surrounding area will be illuminated to ensure safety of the participants and spectators: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**First Aid**

Depending on the number of participants, your event may require specific First Aid services. First aid station to be staffed by event staff? Yes  No  First aid/CPR certified? Yes  No

First aid station to be staffed by professional company. ▶ Company \_\_\_\_\_

If using the services of a professional medical organization/company and the event will occur on City property, please provide a copy of its insurance certificate, evidencing liability with limits of at least \$1 Million dollars per occurrence/\$2 Million dollars aggregate, as well as and additional insured endorsement naming the City of National City, its officers, employees, and agents as additional insureds. Evidence of insurance must be provided by the vendor or its insurer to the Neighborhood Services Department at the time of submission.

**Accessibility**

Please describe your Accessibility Plan for access at your event by individuals with disabilities:

This event will be held on Church parking lot, no stairs. This will be easy access to wheelchairs

along with handicap parking. We will have port of potties for guest with disabilities.

**Elements of your Event**

Setting up a stage? Yes  No

Requesting City's PA system

Requesting City Stage; if yes, which size?  Dimensions (13x28)  Dimensions (20x28)

Applicant providing own stage ▶ \_\_\_\_\_(Dimensions)

**Setting up canopies or tents?**

120 \_\_\_\_\_ # of canopies size 10x10 \_\_\_\_\_

\_\_\_\_\_ # of tents size \_\_\_\_\_

No canopies/tents being set up



**Setting up tables and chairs?**

Furnished by Applicant or Contractor

10 \_\_\_\_\_ # of tables       No tables being set up

100 \_\_\_\_\_ # of chairs       No chairs being set up

(For City Use Only) Sponsored Events – Does not apply to co-sponsored events

\_\_\_\_\_ # of tables       No tables being set up

\_\_\_\_\_ # of chairs       No chairs being set up

Contractor Name \_\_\_\_\_

Contractor Contact Information \_\_\_\_\_  
Address City/State Phone Number

**Setting up other equipment?**

Sporting Equipment (explain) \_\_\_\_\_

Other (explain) \_\_\_\_\_

Not setting up any equipment listed above at event

Having amplified sound and/or music? Yes  No

PA System for announcements       CD player or DJ music

Live Music    ▶  Small 4-5 piece live band    ▶  Large 6+ piece live band

Other (explain) Church worship team and DJ \_\_\_\_\_

If using live music or a DJ. ▶ Contractor Name \_\_\_\_\_

▶ \_\_\_\_\_  
Address City/State Phone Number



Using lighting equipment at your event? Yes  No

Bringing in own lighting equipment

Using professional lighting company ▶ Company Name \_\_\_\_\_

\_\_\_\_\_  
Address City/State Phone Number

Using electrical power? Yes  No

Using Kimball Park Bowl  
Lighting (from \_\_\_\_\_ to \_\_\_\_\_)

Using on-site electricity  For sound and/or lighting

For food and/or refrigeration

Bringing in generator(s)  For sound and/or lighting

For food and/or refrigeration

### Vendor Information

**PLEASE NOTE: You may be required to apply for a temporary health permit if food or beverages are sold or given away during your special event. Also see 'Permits and Compliance' on page 8 in the Special Event Guide. For additional information on obtaining a temporary health permit, please contact the County of San Diego Environmental Health at (619) 338-2363.**

Having food and non-alcoholic beverages at your event? Yes  No

Vendors preparing food on-site ▶ #<sup>5</sup> \_\_\_\_\_ ▶ Business License # \_\_\_\_\_

If yes, please describe how food will be served and/or prepared: \_\_\_\_\_

*Food Trucks only @ this time.*

If you intend to cook food in the event area please specify the method:

GAS  ELECTRIC  CHARCOAL  OTHER (Specify): \_\_\_\_\_

Vendors bringing pre-packaged food ▶ # \_\_\_\_\_ ▶ Business License # \_\_\_\_\_

Vendors bringing bottled, non-alcoholic beverages (i.e., bottled water, can soda, etc.) ▶ # \_\_\_\_\_

Vendors selling food # \_\_\_\_\_ ▶ Business License #(s) \_\_\_\_\_

Vendors selling merchandise # \_\_\_\_\_ ▶ Business License #(s) \_\_\_\_\_

Food/beverages to be handled by organization; no outside vendors

Vendors selling services # \_\_\_\_\_ ▶ Business License #(s) \_\_\_\_\_

▶ Explain services \_\_\_\_\_

Vendors passing out information only (no business license needed) #<sup>2</sup> \_\_\_\_\_

▶ Explain type(s) of information Church Ministry Services

No selling or informational vendors at event



Having children activities? Yes  No

**PLEASE NOTE:** In the event inflatable jumps are provided at the event, The City of National City requires commercial liability insurance with limits of at least \$1 Million dollars per occurrence/\$2 Million dollars aggregate. In addition, the City of National City must be named as an Additional Insured pursuant to a separate endorsement, which shall be provided by the vendor or its insurer to the City's Risk Manager, along with the Certificate of Insurance, for approval prior to the event. The application should be filed out at least one week prior to the event. For questions or to obtain a copy of the "Facility Use Application", please contact the Engineering/Public Works Department at (619) 336-4580.

Inflatable bouncer house # \_\_\_\_\_  Rock climbing wall Height \_\_\_\_\_

Inflatable bouncer slide # \_\_\_\_\_  Arts & crafts (i.e., craft making, face painting, etc.)

Carnival Rides \_\_\_\_\_  Other \_\_\_\_\_

Having fireworks or aerial display? Yes  No

Vendor name and license # \_\_\_\_\_

Dimensions \_\_\_\_\_ Duration \_\_\_\_\_

Number of shells \_\_\_\_\_ Max. size \_\_\_\_\_

**PLEASE NOTE:** In the event fireworks or another aerial display is planned for your event, The City of National City requires commercial liability insurance with limits of at least \$2 Million dollars per occurrence/ \$4 Million dollars aggregate. In addition, the City of National City must be named as an Additional Insured pursuant to a separate endorsement, which shall be provided by the vendor or its insurer to the City's Risk Manager, along with the Certificate of Insurance, for approval prior to the event. Depending on the size and/or nature of the fireworks display, the City reserves the right to request higher liability limits. The vendor must also obtain a fireworks permit from the National City Fire Department and the cost is \$545.00

Arranging for media coverage? Yes  No

Yes, but media will not require special set-up

Yes, media will require special set-up. Describe \_\_\_\_\_



**Event Signage**

PLEASE NOTE: For City sponsored or co-sponsored events, banners publicizing the event may be placed on the existing poles on the 1800 block and 3100 block of National City Boulevard. The banners must be made to the City's specifications. Please refer to the City's Special Event Guidebook and Fee Schedule for additional information.

Are you planning to have signage at your event? Yes  No

Yes, we will post signage # 5 Dimensions Yard signs to 8x2 flags

Yes, having inflatable signage # \_\_\_\_\_ ▶ (complete Inflatable Signage Request form)

Yes, we will have banners # 4

What will signs/banners say? Milk & Honey Outdoor Market

How will signs/banners be anchored or mounted? On tents with proper secured attachments

Location of banners/signage Entrance, on church walls and on fence.

**Waste Management**

PLEASE NOTE: One toilet for every 250 people is required, unless the applicant can show that there are sufficient facilities in the immediate area available to the public during the event.

Are you planning to provide portable restrooms at the event? Yes  No

If yes, please identify the following:

▶ Total number of portable toilets: 2

▶ Total number of ADA accessible portable toilets: 1

Contracting with portable toilet vendor. ▶ Diamond Environmental Svc.

▶ Load-in Day & Time 7am 12/4/21 ▶ Load-out Day & Time 4:30pm 12/4/21

Portable toilets to be serviced. ▶ Time \_\_\_\_\_

**Set-up, Breakdown, Clean-up**

Setting up the day before the event?

Yes, will set up the day before the event. ▶ # of set-up day(s) \_\_\_\_\_

No, set-up will occur on the event day

Requesting vehicle access onto the turf?

Yes, requesting access onto turf for set-up and breakdown (complete attached Vehicle Access Request form)

No, vehicles will load/unload from nearby street or parking lot.



**NPDES-Litter Fence**

City to install litter fence

Applicant to install litter fence

N/A

**Breaking down set-up the day after the event?**

Yes, breakdown will be the day after the event. ▶ # of breakdown day(s) \_\_\_\_\_

No, breakdown will occur on the event day.

**How are you handling clean-up?**

Using City crews

Using volunteer clean-up crew during and after event.

Using professional cleaning company during and after event.

**Miscellaneous**

Please list anything important about your event not already asked on this application:

Vendor information is only an estimate. Vendors will have to register and supply information.

---

Please note if I can not cover my cost event will be canceled and vendors will be reimbursed.

---

**Please make a copy of this application for your records.  
We do not provide copies.**





# Special Events

## Pre-Event Storm Water Compliance Checklist

### I. Special Event Information

Name of Special Event: <u>Milk &amp; Honey <sup>Market</sup> outdoor event</u>	
Event Address: <u>1920 Sweetwater Rd,</u>	Expected # of Attendees: <u>300</u>
Event Host/Coordinator: <u>Alicia Lowery National City CA</u>	Phone Number: <u>760.224.8289</u>

### II. Storm Water Best Management Practices (BMPs) Review

	YES	NO	N/A
Will enough trash cans provided for the event? Provide number of trash bins: <u>10</u>	X		
Will enough recycling bins provided for the event? Provide number of recycle bins: <u>10</u>	X		
Will all portable toilets have secondary containment trays? (exceptions for ADA compliant portable toilets)	X		
Do all storm drains have screens to temporarily protect trash and debris from entering?			X
Are spill cleanup kits readily available at designated spots?	X		

\* A Post-Event Storm Water Compliance Checklist will be completed by City Staff.



# City of National City

## PUBLIC PROPERTY USE HOLD HARMLESS AND INDEMNIFICATION AGREEMENT

Persons requesting use of City property, facilities or personnel are required 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 and to sign the Hold Harmless Agreement. Certificate of insurance must be attached to this permit. The insurance company issuing the insurance policy must have a A.M. Best's Guide Rating of A:VII and that the insurance company is a California admitted company; if not, then the insurance policy to the issuance of the permit for the event. The Certificate Holder must reflect:

City of National City  
Risk Management Department  
1243 National City Boulevard  
National City, CA 91950

Organization: Outpouring Outreach Ministry  
Person in Charge of Activity: Alicia Lowery & Alexia Lowery  
Address: 2817 Jesmond Dene Hts RD. Escondido, CA 92026  
Telephone: 760-224-8287 Date(s) of Use: December 4, 2021

### HOLD HARMLESS AGREEMENT

Saturday

As a condition of the issuance of a temporary use permit to conduct its activities on public or private property, the undersigned hereby agree(s) to defend, indemnify and hold harmless the City of National City and the Parking Authority and 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 attorney's fees and the costs of litigation, arising out of or related to the use of public property or the activity taken under the permit by the permittee or its agents, employees or contractors.

Signature of Applicant: Alexia Lowery

Official Title: Minister/owner Date: 7/20/21

For Office Use Only

Certificate of Insurance Approved \_\_\_\_\_ Date \_\_\_\_\_



We will TAKE ALL COVID-19 Precautions & provide Washings, Sanitizer in All Public Areas.

Google Maps 1920 Sweetwater Rd



FENCES XXXX

Food Trucks Vendors

Vendors spaced 5ft apart due to Covid-19  
10x10

Check-in  
First Aid  
Station

MUSIC BY  
tables & chairs  
SET-UP

Map data ©2021, Map data ©2021 Google 20 ft



**CITY OF NATIONAL CITY  
NEIGHBORHOOD SERVICES DEPARTMENT  
APPLICATION FOR A TEMPORARY USE PERMIT  
CONDITIONS OF APPROVAL**

**SPONSORING ORGANIZATION: Outpouring Outreach Ministry**  
**EVENT: Milk & Honey Outdoor Event**  
**DATE OF EVENT: December 4, 2021**

APPROVALS:

COMMUNITY SERVICES	YES [ x ]	NO [ ]	SEE CONDITIONS [ ]
RISK MANAGER	YES [ x ]	NO [ ]	SEE CONDITIONS [ ]
PUBLIC WORKS	YES [ x ]	NO [ ]	SEE CONDITIONS [ ]
FINANCE	YES [ x ]	NO [ ]	SEE CONDITIONS [ x ]
FIRE	YES [ x ]	NO [ ]	SEE CONDITIONS [ x ]
POLICE	YES [ x ]	NO [ ]	SEE CONDITIONS [ ]
ENGINEERING	YES [ x ]	NO [ ]	SEE CONDITIONS [ ]
COMMUNITY DEVELOPMENT	YES [ x ]	NO [ ]	SEE CONDITIONS [ x ]

---

**CONDITIONS OF APPROVAL:**

**PUBLIC WORKS (619)366-4580**

No involvement

**POLICE DEPARTMENT**

The police department will generate an extra patrol bulletin for our patrol staff. Nothing further from PD.

**ENGINEERING**

No comments received

**COMMUNITY SERVICES**

No involvement

**FINANCE**

No comments received



## **COMMUNITY DEVELOPMENT**

### **Planning**

1. Speakers shall face away from residential properties
2. Activities shall comply with Table III of NCMC Title 12 (Noise)

### **Building**

No comments received

### **Neighborhood Services**

***Neighborhood Notifications*** – Events are required to notify residents and/or businesses of the surrounding impacted areas by the event. The notice shall include the name of the event, name and phone number of the company/organization producing the event, the dates and times of the event (including set-up and breakdown) and a detailed description of how the residents and/or businesses may be affected, such as by street closures, “No Parking” signs being posted, music at the event, etc.

*Display of banners* -- Banners are allowed on site for event but must be removed immediately thereafter event completion. If you wish to place banners in any location other than on-site, you must get approval from the property/business owner where you intend to display the banner.

### **RISK MANAGER (619) 336-4370**

Risk Management has reviewed the above-captioned application for the issuance of a Temporary Use Permit. As much as the event will be held solely on private property, there will be no additional insurance requirements necessary for the issuance of the permit.

It should be noted that the applicant properly executed the Hold Harmless and Indemnification Agreement when the Special Event Application was submitted.



## **FIRE (619) 336-4550**

### **Inspection Required**

**A \$191.00 fee will be charged for an After Hour Inspection.**

**Addition fees may charged based on any changes.**

---

Stipulations required by the Fire Department for this event are as follows:

- 1) Access to the area to be maintained at all times, entrances and emergency roadways. **No Blocking Off.**
- 2) Fire Department access into and through booth areas are to be maintained at all times. Fire apparatus access roads shall have an unobstructed width of not less than 20 feet and an unobstructed vertical clearance of not less than 14 feet.
- 3) Fire Hydrants, Fire Department Connections (FDC) Fire Protection Devices, etc. shall not be blocked or obstructed.
- 4) Participants on foot are to move immediately to the sidewalk upon approach of emergency vehicle(s).
- 5) Vehicles in roadway are to move immediately to the right upon approach of emergency vehicle(s).
- 6) Provide a 2A:10BC fire extinguisher at stage area. Extinguisher to be mounted in a visible location between 3½'to 5' from the floor to the top of the extinguisher. Maximum travel distance from an extinguisher shall not be more than 75 feet travel distance.
- 7) Internal combustion power sources that may be used for inflatables, light towers, etc. shall be of adequate capacity to permit uninterrupted operation during normal operating hours. Refueling shall be conducted only when the ride is not in use.
- 8) Internal combustion power sources shall be isolated from contact with the public by either physical guards, fencing or an enclosure. Internal combustion power shall be at least **20** feet away stage area.
- 9) Any electrical power used is to be properly grounded and approved. Extension cords shall be used as "Temporary Wiring" only.
- 10) A fire safety inspection is to be conducted by the Fire Department prior to operations of the event to include all food trucks, cooking areas, vendor booths, etc.



- 11) If tents or canopies are used, the following information shall apply:
- Tents having an area from 0-200 square feet shall be \$300.00
  - Tents having an area more than 201 square feet shall be \$600.00
  - Canopies having an area from 0-400 square feet shall be no charge.
  - Canopies from 401-500 square feet shall be \$353.00.
  - Canopies from 501-600 square feet shall be \$394.00.
  - Canopies from 601 square feet or greater shall be \$515.00.
  - Multiple tents and or canopies placed together equaling or greater than the above stated information shall be charged accordingly.
  - Tents shall be flame-retardant treated with an approved State Fire Marshal seal attached. A permit from the Fire Department must be obtained. Fees can only be waived by the City Council.
- A ten feet separation distance must be maintained between tents and canopies. A permit from the Fire Department must be obtained. **Cooking shall not be permitted under tents or canopies unless the tents or canopies meet State Fire Marshal approval for cooking. See Fire Marshal for required explanation.**
- 12) Concession stands utilized for cooking shall have a minimum of 10 feet of clearance on two sides and shall not be located within 10 feet of tents or canopies.
- 13) All cooking booths or areas to have one 2A:10BC fire extinguisher. **If grease or oil is used in cooking a 40:BC or class "K" fire extinguisher will be required.** See Fire Marshal for required explanation. All fire extinguishers to have a current State Fire Marshal Tag attached.
- 14) First Aid will be provided by the Church.
- 15) Required inspections taking place, after hours, holidays, and weekends will be assessed a minimum of one hundred (\$191.00) dollars.
- 16) **Food Trucks require a NCFD permit and inspection prior to the event. They must contact NCFD prior to the event and make arrangements for the inspection or they may not be allowed to participate.**
- 17) 10'x10' and be clustered but must be separated to meet code if not flame retardant. Contact the National City Fire Dept. at 619-336-4550 if you need more info.

Fire Department fees can only be waived by City Council.



The following page(s) contain the backup material for Agenda Item: [Warrant Register #10 for the period of 9/01/21 through 9/07/21 in the amount of \\$3,816,368.09. \(Finance\)](#)  
Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.:**

**ITEM TITLE:**

Warrant Register #10 for the period of 9/01/21 through 9/07/21 in the amount of \$3,816,368.09.  
(Finance)

**PREPARED BY:** Karla Apalategui, Senior Accounting Assistant

**DEPARTMENT:** Finance

**PHONE:** 619-336-4572

**APPROVED BY:** 

**EXPLANATION:**

Per Government Section Code 37208, below are the payments issued for period 9/01/21 - 9/07/21. Consistent with Department of Finance's practice, listed below are all payments above \$50,000.

<u>Vendor</u>	<u>Check/Wire</u>	<u>Amount</u>	<u>Explanation</u>
City of San Diego	949611	1,513,863.00	Sewer Transportation – Treatment Fees FY 2022

**FINANCIAL STATEMENT:**

**APPROVED:**  **FINANCE**

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_ **MIS**

Warrant total \$ 3,816,368.09 .

**ENVIRONMENTAL REVIEW:**

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

**ORDINANCE:** INTRODUCTION  FINAL ADOPTION

**STAFF RECOMMENDATION:**

Ratify Warrants Totaling \$3,816,368.09

**BOARD / COMMISSION RECOMMENDATION:**

**ATTACHMENTS:**

Warrant Register # 10





**WARRANT REGISTER # 10**  
**9/7/2021**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
ANDERSON	RETIREE HEALTH BENEFITS - SEPT 2021	354487	9/7/21	110.00
BEARD	RETIREE HEALTH BENEFITS - SEPT 2021	354488	9/7/21	70.00
BECK	RETIREE HEALTH BENEFITS - SEPT 2021	354489	9/7/21	140.00
BISHOP	RETIREE HEALTH BENEFITS - SEPT 2021	354490	9/7/21	110.00
BOEGLER	RETIREE HEALTH BENEFITS - SEPT 2021	354491	9/7/21	260.00
BULL	RETIREE HEALTH BENEFITS - SEPT 2021	354492	9/7/21	580.00
CAMEON	RETIREE HEALTH BENEFITS - SEPT 2021	354493	9/7/21	400.00
CARRILLO	RETIREE HEALTH BENEFITS - SEPT 2021	354494	9/7/21	290.00
COLE	RETIREE HEALTH BENEFITS - SEPT 2021	354495	9/7/21	165.00
COLLINSON	RETIREE HEALTH BENEFITS - SEPT 2021	354496	9/7/21	420.00
CONDON	RETIREE HEALTH BENEFITS - SEPT 2021	354497	9/7/21	280.00
CORDERO	RETIREE HEALTH BENEFITS - SEPT 2021	354498	9/7/21	520.00
DALLA	RETIREE HEALTH BENEFITS - SEPT 2021	354499	9/7/21	900.00
DANESHFAR	RETIREE HEALTH BENEFITS - SEPT 2021	354500	9/7/21	250.00
DEESE	RETIREE HEALTH BENEFITS - SEPT 2021	354501	9/7/21	660.00
DESROCHERS	RETIREE HEALTH BENEFITS - SEPT 2021	354502	9/7/21	110.00
DIAZ	RETIREE HEALTH BENEFITS - SEPT 2021	354503	9/7/21	680.00
DILLARD	RETIREE HEALTH BENEFITS - SEPT 2021	354504	9/7/21	480.00
DREDGE	RETIREE HEALTH BENEFITS - SEPT 2021	354505	9/7/21	250.00
DUONG	RETIREE HEALTH BENEFITS - SEPT 2021	354506	9/7/21	280.00
EISER III	RETIREE HEALTH BENEFITS - SEPT 2021	354507	9/7/21	250.00
ESPIRITU	RETIREE HEALTH BENEFITS - SEPT 2021	354508	9/7/21	620.00
ETZLER	RETIREE HEALTH BENEFITS - SEPT 2021	354509	9/7/21	460.00
FABINSKI	RETIREE HEALTH BENEFITS - SEPT 2021	354510	9/7/21	220.00
FERNANDEZ	RETIREE HEALTH BENEFITS - SEPT 2021	354511	9/7/21	270.00
FIFIELD	RETIREE HEALTH BENEFITS - SEPT 2021	354512	9/7/21	540.00
GAUT	RETIREE HEALTH BENEFITS - SEPT 2021	354513	9/7/21	700.00
GELSKEY	RETIREE HEALTH BENEFITS - SEPT 2021	354514	9/7/21	115.00
GIBBS JR	RETIREE HEALTH BENEFITS - SEPT 2021	354515	9/7/21	120.00
GONZALES	RETIREE HEALTH BENEFITS - SEPT 2021	354516	9/7/21	480.00
HANSON	RETIREE HEALTH BENEFITS - SEPT 2021	354517	9/7/21	135.00
HARLAN	RETIREE HEALTH BENEFITS - SEPT 2021	354518	9/7/21	500.00
HAUG	RETIREE HEALTH BENEFITS - SEPT 2021	354519	9/7/21	120.00
HERNANDEZ	RETIREE HEALTH BENEFITS - SEPT 2021	354520	9/7/21	500.00
HERNANDEZ	RETIREE HEALTH BENEFITS - SEPT 2021	354521	9/7/21	600.00
HERNANDEZ	RETIREE HEALTH BENEFITS - SEPT 2021	354522	9/7/21	400.00
HODGES	RETIREE HEALTH BENEFITS - SEPT 2021	354523	9/7/21	200.00
IBARRA	RETIREE HEALTH BENEFITS - SEPT 2021	354524	9/7/21	780.00
JONES	RETIREE HEALTH BENEFITS - SEPT 2021	354525	9/7/21	60.00
JONES	RETIREE HEALTH BENEFITS - SEPT 2021	354526	9/7/21	480.00
JUNIEL	RETIREE HEALTH BENEFITS - SEPT 2021	354527	9/7/21	50.00
KIMBLE	RETIREE HEALTH BENEFITS - SEPT 2021	354528	9/7/21	300.00
KLOS	RETIREE HEALTH BENEFITS - SEPT 2021	354529	9/7/21	480.00
LAFRENIERE	RETIREE HEALTH BENEFITS - SEPT 2021	354530	9/7/21	660.00
LEACH	RETIREE HEALTH BENEFITS - SEPT 2021	354531	9/7/21	600.00
LIMFUECO	RETIREE HEALTH BENEFITS - SEPT 2021	354532	9/7/21	160.00
MATIENZO	RETIREE HEALTH BENEFITS - SEPT 2021	354533	9/7/21	100.00
MCCABE	RETIREE HEALTH BENEFITS - SEPT 2021	354534	9/7/21	280.00









**WARRANT REGISTER # 10  
9/7/2021**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
HOME DEPOT CREDIT SERVICES	GENERAL SUPPLIES NEEDED FOR PARKS	354582	9/7/21	397.66
INLAND KENWORTH INC	MOTOR-BLOWER DBL SHAFT 1SPD 12	354583	9/7/21	137.26
LASER SAVER INC	INK FOR EL TOYON REC CENTER	354584	9/7/21	748.97
LEFORT'S SMALL ENGINE REPAIR	BLADE OREGON 96-801	354585	9/7/21	828.68
NATIONAL CITY AUTO TRIM	R&M CITY VEHICLES AS NEEDED FY 2022	354586	9/7/21	208.13
PADRE JANITORIAL SUPPLIES	FOR CONSUMABLES AS NEEDED FOR NUTRITION	354587	9/7/21	373.97
PARTS AUTHORITY METRO LLC	MOP 75943 AUTO SUPPLIES - PW	354588	9/7/21	5.43
PENSKE FORD	R&M CITY VEHICLES FY 2022	354589	9/7/21	375.00
POWERSTRIDE BATTERY CO INC	AUTO BATTERIES TO REPLENISH STOCK	354590	9/7/21	111.93
PRO BUILD COMPANY	MLWKE M18 REDLITH 5AH BTRY 2PK, MFG/FIRE	354591	9/7/21	4,628.60
PROCHEM SPECIALTY PRODUCTS INC	5GAL PALL CAR GLO PINK CAR WASH SOAP	354592	9/7/21	154.14
PROFESSIONAL SEARCH GROUP LLC	TEMP SVCS/ FINANCE-AP/ CBAUTISTA	354593	9/7/21	6,387.58
PRUDENTIAL OVERALL SUPPLY	NUTRITION CENTER LAUNDRY & CLEANING SERVICES	354594	9/7/21	957.18
SAN DIEGO GAS & ELECTRIC	SAN DIEGO GAS & ELECTRIC / NUTRITION	354595	9/7/21	1,876.02
SAN DIEGO GAS & ELECTRIC	SAN DIEGO GAS & ELECTRIC / FACILITIES	354596	9/7/21	337.61
SEAPORT MEAT COMPANY	FOOD / NUTRITION CENTER	354597	9/7/21	1,753.85
SHARP REES STEALY MED GROUP	PRE-EMPLOYMENT PHYSICALS	354598	9/7/21	998.00
SITEONE LANDSCAPE SUPPLY LLC	MOP 69277 LANDSCAPE SUPPLIES - PW	354599	9/7/21	298.96
SMART & FINAL	CDBG TEEN SNACKS FOR CENTER	354600	9/7/21	270.40
SMART SOURCE OF CALIFORNIA LLC	BLDG FORMS - SMART SOURCE - MOP 63845	354601	9/7/21	881.41
SOLANA CENTER FOR	SB 1383 COMPLIANCE SUPPORT SVCS	354602	9/7/21	17,725.00
SBCS CORPORATION	CARES ACT CDBG-CV AGREEMENT REIMBURSEMENT	354603	9/7/21	1,613.00
SOUTH COAST EMERGENCY	HOSE ASSY, COMPRESS DISCHARGE	354604	9/7/21	433.01
SOUTHWEST SIGNAL SERVICE	INTERSERCTION MAINTENANCE	354605	9/7/21	13,788.83
STAPLES BUSINESS ADVANTAGE	MOP 45704 OFFICE SUPPLIES - PW	354606	9/7/21	640.16
SYSCO SAN DIEGO INC	FOR FOOD AS NEEDED FOR NUTRITION CENTER	354607	9/7/21	1,960.16
THE STAR NEWS	PUBLIC NOTICE - STAR NEWS	354608	9/7/21	269.06
TUBAO	T&A REFUND FOR 41 E 8TH STREET	354609	9/7/21	413.44
U S BANK	US BANK CREDIT CARD SERVICES	354610	9/7/21	1,596.42
US BANK	TDA CONSULTING ONLINE TRAINING	354611	9/7/21	309.99
VALLEY INDUSTRIAL SPECIALTIES	MOP 46453 BUILDING SUPPLIES - PW	354612	9/7/21	787.53
WETMORES	AGM31 BATTERY 1150	354613	9/7/21	1,082.89
WOODRUFF, SPRADLIN & SMART APC	GEN MGR MONTHLY INV JULY 2021	354614	9/7/21	2,750.00

**A/P Total 102,387.88**

**WIRED PAYMENTS**

CITY OF SAN DIEGO	SEWER TRANSPORTATION – TREATMENT FEES FY 2022	949611	9/1/21	1,513,863.00
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**SECTION 8 HAPS**

Start Date	End Date	Amount
9/1/2021	9/7/2021	<b>1,007,304.00</b>

**PAYROLL**

Pay period	Start Date	End Date	Check Date	Amount
17	8/10/2021	8/23/2021	9/1/2021	<b>1,192,813.21</b>

**GRAND TOTAL**

**\$ 3,816,368.09**



The following page(s) contain the backup material for Agenda Item: [Warrant Register #11 for the period of 9/08/21 through 9/14/21 in the amount of \\$462,311.81. \(Finance\)](#)  
Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.:**

**ITEM TITLE:**

Warrant Register #11 for the period of 9/08/21 through 9/14/21 in the amount of \$462,311.81. (Finance)

**PREPARED BY:** Karla Apalategui, Senior Accounting Assistant

**DEPARTMENT:** Finance

**PHONE:** 619-336-4572

**APPROVED BY:** 

**EXPLANATION:**

Per Government Section Code 37208, below are the payments issued for period 9/08/21 - 9/14/21. Consistent with Department of Finance's practice, listed below are all payments above \$50,000.

<u>Vendor</u>	<u>Check/Wire</u>	<u>Amount</u>	<u>Explanation</u>
Health Net	354623	82,902.96	Grp#R1192A – Sept 2021 Health Net Ins
Kaiser Foundation	354627	191,461.48	Grp#104220-0002 / Aug 2021 Kaiser Ins

**FINANCIAL STATEMENT:**

**APPROVED:**  **FINANCE**

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_ **MIS**

Warrant total \$462,311.81 .

**ENVIRONMENTAL REVIEW:**

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

**ORDINANCE:** INTRODUCTION  FINAL ADOPTION

**STAFF RECOMMENDATION:**

Ratify Warrants Totaling \$462,311.81

**BOARD / COMMISSION RECOMMENDATION:**

**ATTACHMENTS:**

Warrant Register # 11





**WARRANT REGISTER # 11  
9/14/2021**

<u>PAYEE</u>	<u>DESCRIPTION</u>	<u>CHK NO</u>	<u>DATE</u>	<u>AMOUNT</u>
C A P F	SEPTEMBER 2021 - FIRE LTD	354615	9/14/21	1,150.50
CALIFORNIA LAW ENFORCEMENT	SEPTEMBER 2021 - PD LTD	354616	9/14/21	2,107.00
DELTA DENTAL	GRP#05-0908600000/SEPTEMBER 2021 DENTAL	354617	9/14/21	15,096.30
DELTA DENTAL	GRP#05-0908601002/SEPTEMBER 2021 COBRA	354618	9/14/21	134.71
DELTA DENTAL INSURANCE CO	GRP#05-7029600000 - SEPTEMBER 2021 PMI	354619	9/14/21	2,509.98
DELTA DENTAL INSURANCE CO	GRP#05-7029600002 - SEPTEMBER 2021 COBRA	354620	9/14/21	100.32
HEALTH NET	GRP#N7176F - SEPTEMBER 2021 HEALTH NET INS	354621	9/14/21	1,598.46
HEALTH NET	GRP#R1192R - SEPTEMBER 2021 HEALTH NET INS	354622	9/14/21	832.36
HEALTH NET INC	GRP#R1192A - SEPTEMBER 2021 HEALTH NET INS	354623	9/14/21	82,902.96
HEALTH NET INC	GRP#57135A - SEPTEMBER 2021 HEALTH NET INS	354624	9/14/21	5,008.61
HEALTH NET INC	GRP#LB439A - SEPTEMBER 2021 HEALTH NET INS	354625	9/14/21	2,469.88
HEALTH NET INC	GRP#LB439F - SEPTEMBER 2021 HEALTH NET INS	354626	9/14/21	714.18
KAISER FOUNDATION HEALTH PLANS	GRP#104220-0002 / AUGUST 2021 KAISER INS	354627	9/14/21	191,461.48
KAISER FOUNDATION HEALTH PLANS	GRP#104220-01,06,07 - AUGUST 2021	354628	9/14/21	18,310.34
KAISER FOUNDATION HEALTH PLANS	GRP#104220-0005 / AUGUST 2021 KAISER HD	354629	9/14/21	10,875.64
KAISER FOUNDATION HEALTH PLANS	GRP#104220-03, 09 / AUGUST 2021 KAISER	354630	9/14/21	6,433.84
KAISER FOUNDATION HEALTH PLANS	GRP#104220-7002 / AUGUST 2021 KAISER RET	354631	9/14/21	2,489.36
RELIANCE STANDARD	GRP#VAI826233 - JULY 2021 / VCI801146	354632	9/14/21	8,152.38
RELIANCE STANDARD	GRP#VAI826233 / AUGUST 2021 / VCI801146	354633	9/14/21	3,916.58
SASI	REF#119193 / INSURANCE	354634	9/14/21	42.60
2-1-1 SAN DIEGO	CITIES UNRESTRICTED CONTRIBUTION	354635	9/14/21	11,716.40
A/G COLLISION CENTER	CITATION REFUNDS - AUGUST 2021	354636	9/14/21	130.00
ALDEMCO	FOOD / NUTRITION CENTER	354637	9/14/21	2,351.43
ALL FRESH PRODUCTS	FOOD / NUTRITION CENTER	354638	9/14/21	731.34
BAUER COMPRESSORS	96-347-1SSMSAQC STATION ADAPTER/FIRE	354639	9/14/21	161.38
BOCKS AWARDS INCORPORATED	MEDAL OF VALOR & COURAGE AND COURAGE	354640	9/14/21	959.62
CALIFA GROUP	CALIFA INVOICE Q4 FY21	354641	9/14/21	9,999.22
CALIFORNIA ASSOCIATION OF CODE	CACEO WEBINAR - NSD	354642	9/14/21	37.50
CELLEBRITE INC	FY 22 RENEWAL	354643	9/14/21	4,676.25
CRAWFORD	REIMB / INSURANCE OVERPAYMENT	354644	9/14/21	158.76
CROSSEN-FOWLER	REIMB / INSURANCE OVERPAYMENT	354645	9/14/21	158.76
CRUZ	TIUTION REIMBURSEMENT	354646	9/14/21	1,947.00
DEAN GAZZO ROISTACHER LLP	LIABILITY CLAIM COST	354647	9/14/21	7,349.45
DEAN GAZZO ROISTACHER LLP	LIABILITY CLAIM COST	354648	9/14/21	1,600.00
DEAN GAZZO ROISTACHER LLP	LIABILITY CLAIM COST	354649	9/14/21	817.00
DEAN GAZZO ROISTACHER LLP	LIABILITY CLAIM COST	354650	9/14/21	200.00
DELL MARKETING L P	DELL P2419H MONITORS	354651	9/14/21	5,091.41
ENTERPRISE FLEET MANAGEMENT	ENTERPRISE FLEET LEASE - ENG/PW	354652	9/14/21	15,595.10
FEDEX	POSTAGE / FIRE, BOGLE	354653	9/14/21	34.06
GARRETT	CITATION REFUNDS - AUGUST 2021	354654	9/14/21	30.00
GOVERNMENT FINANCE	GFOA BUDGET AWARD APPLICATION FY2022	354655	9/14/21	575.00
JONES	REIMB / INSURANCE OVERPAYMENT	354656	9/14/21	70.00
L C ACTION	PEPPERBALL SUPPLIES	354657	9/14/21	2,116.83
LASER SAVER INC	MOP 04840 PD TONER	354658	9/14/21	527.16
MAYO SALAS	CITATION REFUNDS - AUGUST 2021	354659	9/14/21	10.00
MOSTOFIAN	LIABILITY CLAIM COST	354660	9/14/21	965.00
NAPA AUTO PARTS	MOP 45735. SUPPLIES FOR PARKS	354661	9/14/21	204.58
NATIONAL CREDIT REPORTING	MARCH-2021 FEE FOR CRIMINAL REPORT	354662	9/14/21	581.35





**WARRANT REGISTER # 11**

**9/14/2021**

OFFICE SOLUTIONS BUSINESS	MOP #83778 / FIRE, OFFICE SUPPLIES	354663	9/14/21	8.67
OPTUM	MONTHLY WAIVER SVC FEES FOR APRIL - JUNE	354664	9/14/21	107.25
P V HOLDING CORP	CITATION REFUNDS - AUGUST 2021	354665	9/14/21	70.00
PRO BUILD COMPANY	MOP 20462 PD SUPPLIES	354666	9/14/21	64.49
PRUDENTIAL OVERALL SUPPLY	BLACK BIB APRON GROCER STYLE	354667	9/14/21	284.60
REGISTRAR OF VOTERS	PETITION SIGNATURE VERIFICATION	354668	9/14/21	4,709.00
RMG COMMUNICATIONS	RMG COMMUNICATIONS	354669	9/14/21	742.50
ROMERO ALVAREZ	CERTIFICATION PROGRAM - REIMBURSEMENT	354670	9/14/21	372.00
SAFARILAND, LLC	PE SUPPLIES / PD	354671	9/14/21	1,870.97
SAN DIEGO PET SUPPLY	MOP 02975 PD K9 SUPPLIES	354672	9/14/21	1,741.22
SMART SOURCE OF CALIFORNIA LLC	NOTICE OF CORRECTION	354673	9/14/21	883.49
STAPLES BUSINESS ADVANTAGE	MOP 20468 PD SUPPLIES	354674	9/14/21	1,350.17
SYSCO SAN DIEGO INC	FOOD / NUTRITION CENTER	354675	9/14/21	2,094.71
TARGET	GUN BUY BACK PROGRAM / PD	354676	9/14/21	3,000.00
TERRY	REFUND-FIRE SAFETY RE-INSPECTION PERMIT	354677	9/14/21	275.00
U S BANK	MOP 19657 CC PD	354678	9/14/21	8,389.36
WILLY'S ELECTRONIC SUPPLY	MOP 00351 PD SUPPLIES	354679	9/14/21	68.95
WSP USA INC	WSP USA NTP FOR THE NATIONAL CITY	354680	9/14/21	8,740.61
WSP USA INC	FOCUSED GENERAL PLAN UPDATE	354681	9/14/21	2,277.98
YBARRA	REIMB / INSURANCE OVERPAYMENT	354682	9/14/21	158.76

**A/P Total 462,311.81**

**GRAND TOTAL**

**\$ 462,311.81**



The following page(s) contain the backup material for Agenda Item: [Public Hearing and Introduction of an Ordinance of the City Council of the City of National City amending Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of Sections 18.30.380 and 18.30.390 of Title 18 \(Zoning\) of the National City Municipal Code related to Accessory Dwelling Units and Junior Accessory Dwelling Units. \(Applicant City-Initiated\) \(Case File 2021-18 A\) \(Planning\)](#)

Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.**

**ITEM TITLE:**

Public Hearing and Introduction of an Ordinance of the City Council of the City of National City amending Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of Sections 18.30.380 and 18.30.390 of Title 18 (Zoning) of the National City Municipal Code related to Accessory Dwelling Units and Junior Accessory Dwelling Units. (Applicant City-Initiated) (Case File 2021-18 A)

**PREPARED BY:** David Welch DW

**PHONE:** 619-336-4224

**DEPARTMENT:** Community Development

**APPROVED BY:** \_\_\_\_\_  
Director of Community Development

**EXPLANATION:**

Accessory Dwelling Units (ADUs) are becoming more popular as a way to provide affordable rental opportunities in a time of rapidly increasing housing costs. Construction of ADUs also provide for a range of housing types and the opportunity for property owners to add income.

While the City's Municipal Code does allow for second units, the Code is currently out of compliance with recent changes in state law related to ADUs. Staff has developed a new Ordinance to regulate the construction of ADUs and JADU's (Junior Accessory Dwelling Units) and to provide consistency with state requirements. Both the Housing Advisory Committee and the Planning Commission provided comments on the proposed amendments and recommended approval of the changes as contained in Attachment No. 3 herein. The City Council held a public hearing on the proposed ordinance on September 7, 2021, and continued it to a later date.

The attached background report describes the project in detail.

**FINANCIAL STATEMENT:**

**ACCOUNT NO.**

**APPROVED:** \_\_\_\_\_ **Finance**

**APPROVED:** \_\_\_\_\_ **MIS**

**ENVIRONMENTAL REVIEW:**

This action does not constitute a project under California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(2).

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Staff concurs with the Planning Commission's recommendation and recommends that the amendments and additions to Title 18 be introduced.

**BOARD / COMMISSION RECOMMENDATION:**

The Planning Commission recommended approval of the Land Use Code amendments.  
Ayes: Dela Paz, Roman, Sendt, Valenzuela, Yamane Absent: Natividad, Sanchez

**ATTACHMENTS:**

- |                          |   |
|--------------------------|---|
| 1. Background report     | 5. Planning Commission Resolution 2021-07 |
| 2. Findings              | 6. Example ADU guidelines                 |
| 3. Proposed Code changes | 7. PowerPoint presentation                |
| 4. Public Hearing Notice | 8. Ordinance                              |



## **BACKGROUND REPORT**

### **Staff Recommendation**

Staff recommends that the City Council recommend approval of the amendments to sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of sections 18.30.380 and 18.30.390 of the Land Use Code (LUC). The Planning Commission held a public hearing on the proposed amendments and recommended approval of the changes as contained in the attached proposed Code changes.

### **Overview**

California's housing production is not keeping pace with demand. In the last decade, less than half of the homes needed to keep up with the population growth were built. This lack of housing that meets the community's needs is impacting affordability and causing average housing costs, particularly for renters in California, to rise significantly. As affordable housing becomes less accessible, people drive longer distances between housing they can afford and their workplace or pack themselves into smaller shared spaces, both of which reduce quality of life and produce negative environmental impacts. Beyond traditional construction, widening the range of housing types can increase the housing supply and help more low-income Californians thrive.

An ADU (Accessory Dwelling Unit) is a complete independent living facility for one or more persons and has a few variations:

- **Detached**: The unit is separated from the primary structure.
- **Attached**: The unit is attached to the primary structure.
- **Converted Existing Space**: Space (e.g., master bedroom, attached garage, storage area, or similar use, or an accessory structure) on the lot of the primary residence that is converted into an independent living unit.
- **Junior Accessory Dwelling Unit (JADU)**: A specific type of conversion of existing space that is contained entirely within an existing or proposed single-family residence.

In addition to expanding housing options for National City Residents, a robust ADU Ordinance will help the City to meet its RHNA (Regional Housing Needs Assessment) allocation (5,437). The Ordinance will also be consistent with the goals and policies of the City's Housing Element, which is currently being updated, including creating additional consistency with state ADU regulations.



Section 18.21.050 of the LUC regulates second units, which are also referred to as Accessory Dwelling Units (ADUs). This section of the LUC is null and void after recent updates to the State of California Government Code (GOV) relating to ADUs and Junior Accessory Dwelling Units (JADUs) became effective on January 1, 2021. ADUs and JADUs in the City of National City are regulated by the requirements in GOV Sections 65852.2 and 65852.22 unless the City adopts an ordinance that complies with each section. Sections 18.30.380 and 18.30.390, as well as related changes within Title 18, are proposed for the regulation of ADUs and JADUs. These ordinance changes are intended to clarify the regulations that permit ADUs and JADUs as well as promote the compatibility of these housing types within existing neighborhoods.

It should also be noted that Planning Division staff is concurrently working on a draft ordinance related to Mobile Tiny Homes per direction of the City Council. While not part of the current effort related to ADUs and JADUs, the Council may still provide comments if appropriate.

#### Housing Advisory Committee

On July 19, 2021, an update on the draft code amendments and additions related to ADUs and JADUs was presented to the Housing Advisory Committee. Staff received several comments related to the proposed language and made some modifications. The following comments were received and addressed:

- *A one-story requirement for ADUs would be overly restrictive for smaller lots. An example is a 3,000 square foot lot only having enough area to construct a 300 square foot ADU.*
  - Staff added language to allow two-story ADUs for lots smaller than 5,000 square feet. In addition, proposed language was added to Table 18.21.040 of the LUC to address conflicts with ADU square footage and the standards for accessory structures.
- *Is there any enforcement of rental duration to keep ADUs from becoming short-term rentals?*
  - Staff added language requiring recorded restrictions for all ADUs. The restrictions must state that the ADU may not be rented for a period of less than 31 days.
- *The City should review the minimizing setbacks (overly restrictive) including the 20 foot front setback for ADUs.*
  - Staff revised the required front setback to a 15 foot minimum instead of 20 feet. This is consistent with the current front setbacks for medium density residential zones.



- *Can the landscaping requirement allow for a tree in the back or elsewhere?*
  - Staff revised the location requirement to allow for a tree in the abutting parkway and the required 15 foot front yard setback for ADUs. This provides more flexibility in mixed-use zones, which do not have a front setback area.

Planning Commission held a public hearing on August 16, 2021 and recommended approval to the City Council of the amendments.

### City Council

On September 7, 2021, a public hearing was held for the introduction of the proposed code amendments and additions to Title 18 (Zoning) of the National City Municipal Code. At this hearing the City Council continued the hearing to a later date and requested the following additional information from staff:

1. Recommendations for promoting the affordability of ADUs and JADUs created under the new ordinance
2. Information on fees related to the construction of ADUs and JADUs and the use of fee waivers by other jurisdictions
3. An explanation on how ADUs can be used to meet the City's RHNA allocation
4. Clarification on which sections of the proposed code amendments and additions are changes from the regulations mandated by state law
5. Information on the conversion of garages to ADUs and JADUs

### Responses

1. The proposed code amendments and additions will promote the construction of ADUs and JADUs in National City, but there are no specific policies for affordability that are proposed to be codified at this time. Other cities, such as the City of Vista, have created programs and code sections in addition to an ADU ordinance. Vista amended their municipal code to promote the affordability of ADUs by offering a fee waiver of property owners that agreed to rent the unit to a lower income household not exceeding 80 percent of San Diego County median income or a family member or caregiver providing care to an occupant of the primary unit. Fee waivers in return for income restrictions or reduced fees to lower the cost of constructing an ADU or JADU can be utilized to ensure that some units will be available for lower income households.
2. According to data by the Building Industry Association of San Diego County, the total cost of permitting fees for a single-family dwelling in the City of National City is \$15,040. This is similar to fees in the jurisdictions of El Cajon, Imperial Beach, and



Lemon Grove, which range from \$13,563 to \$15,211. These fees are significantly lower than most other jurisdictions in San Diego County such as Chula Vista at \$57,167, La Mesa at \$27,441, and the City of San Diego at \$160,499. In addition to the previously mentioned program at the City of Vista, the County of San Diego has waived permit fees for ADUs in unincorporated areas of the County. The City of San Diego has waived specific fees including Development Impact Fees and Regional Transportation Congestions Improvement Program Fees, which can total more than \$100,000 for a single-family home. A relatively affordable fee structure currently exists in National City for ADUs in comparison to surrounding jurisdictions. Fees also contribute to funding the staff that reviews new permits for ADUs and the timeliness of the process. The overall affordability of ADUs with regard to restrictions on income or partial or full fee waivers for ADUs to reduce construction costs can be studied as part of the upcoming Housing Strategic Plan effort.

3. ADUs are considered to be a more affordable type of housing. However, to count toward the City's RHNA allocation the affordability needs to be demonstrated in one of two ways. First, an ADU may be counted if it is deed restricted to low or moderate income levels. Requirements or incentives would be needed to encourage property owners to be willing to have an income-restricted unit. Second, a survey of comparable units can be used to show what income level an ADU would be affordable to. This type of rent survey could determine if ADUs rented out in National City are affordable to very-low, low, moderate, or above-moderate income households.
4. State ADU law, GOV Section 65852.2, provides for the adoption of an ordinance regulating ADUs by a local jurisdiction. Subsection (a) requires that the ordinance is comprised of several elements such as restrictions on the sale of the ADU separate from the main residence or that the lot the ADU is proposed for as an existing or proposed residence. This section also permits the ordinance to impose certain standards on ADUs. Further information is provided in the following section.
5. There are several options for the creation of an ADU or JADU on a property, but the conversion of a garage is one of the easiest. ADUs, specifically, are allowed to be created without replacement of the existing parking. The California Department of Housing and Community Development has published guidelines for these types of ADUs and JADUs for property owners to understand the rules.



### Proposed Changes and State Mandates

With the most recent updates to the State of California Government Code relating to ADUs and JADUs, the City has limitations on how it can regulate these types of uses. Within the state law, cities are able to impose standards on ADUs that include, but are not limited to, parking, height, setbacks, landscaping, architectural review, maximum unit size, and standard intended to prevent adverse impacts to historical resources. Cities are also allowed to establish requirements for ADUs that are less restrictive than what is required by the state. This section will address areas where the City has proposed changes that deviate from the current regulation of ADUs and JADUs under state law. Changes to Title 18 that are not highlighted in this section are either mandated by the state to be included in an ADU ordinance or are intended to clean up existing code sections for compatibility.

The overall changes that are proposed include deleting Section 18.21.050 of the LUC, which is preempted by GOV Sections 65852.2 and 65852.22, deleting other sections of Title 18 with references to second units, new ordinances under Sections 18.30.380 related to ADUs and 18.30.390 related to JADUs, and other changes to Title 18 that are related to these new sections. These ordinance changes are intended to clarify the regulations that permit ADUs and JADUs as well as promote the compatibility of these housing types within existing neighborhoods.

The following are the proposed changes that deviate from the regulations mandated by state law as well as some clarifications on what regulations are permitted.

- The maximum size of a detached ADU on a single-family property has been reduced from 1,200 to 1,000 square feet. Cities may not impose a maximum size that is smaller than 1,000 square feet for an ADU with two or more bedrooms.
- The maximum size of a detached ADU may be increased to 1,200 square feet if the ADU is constructed behind the front setback of the primary dwelling unit and parking is provided for both units.
- The maximum size of a detached multi-family residential ADU has been reduced from 1,200 to 1,000 square feet.
- No parking requirement for ADUs is proposed other than for the bonus square footage described above. State law would only allow the city to require parking on a small number of lots in the city due to the existence of transit lines in most areas.
- ADUs constructed over garages or on a lot smaller than 5,000 square feet are permitted to have a maximum height of twenty-five feet instead of the height of the primary structure. No other changes to height regulations for ADUs are proposed.



- A minimum front setback of fifteen feet and minimum side and rear setbacks of four feet for all ADUs is required. ADUs are permitted in Mixed-Use zones, which currently have no setbacks in the City's code unless they abut a residential zone. The side and rear setbacks are mandated by the state.
- A landscape requirement of one tree in the required 15 foot setback for ADUs or abutting parkway is added. There are no landscape requirements mandated by the state.
- ADUs are required to conform to the adopted single-family infill standards in Section 18.42.070.C of the LUC. Building design standards are not mandated by the state. Subjective requirements are not allowed.
- An ADU constructed within the footprint of an existing home will not have a maximum size. This clarifies staff's interpretation of state law.
- Both ADUs and JADUs shall have restrictions, recorded with the County, that the units may not be sold separately or rented for periods of less than 31 days. This clarifies that all ADUs require a recorded restriction.
- JADUs are permitted on lots with an existing single-family dwelling and zoned to allow for residential use. This change will clarify that JADUs are permitted in Mixed-Use zones.
- Replacement parking can be required when a JADU is created within an existing attached garage. This is an optional parking requirement permitted by the state.

A strikethrough/underline version of the changes are attached to this staff report.

### Findings

There are two findings required for approval of a Code Amendment, one related to General Plan consistency and one related to compliance with the California Environmental Quality Act (CEQA).

### General Plan Conformance

The requested amendments to this section are consistent with the General Plan. The adopted 2013-2021 Housing Element provides both for enhanced quality of existing residential neighborhoods and a range of new housing types. Two goals apply in this case:

**Goal H-1:** Maintain and enhance the quality of existing residential neighborhoods.

**Goal H-4:** Provide a sufficient number of housing units and range of housing types to meet the current and projected needs of all economic segments of the community.



In addition, the draft Housing Element for the 2021-2029 cycle is required by GOV Section 65852.2 to promote the development of ADUs to meet housing needs. Draft Policy 1.4 is to “promote the development of accessory dwelling units (ADUs) throughout National City to meet residential housing needs.”

### CEQA Compliance

This amendment is not considered to be a project under CEQA as any permits issued in relation to ADUs and JADUs would be ministerial and thus not subject to CEQA.

### Summary and next steps

The proposed amendments are required both to rectify existing inconsistencies between the Municipal Code and state law, and to bring the City’s Land Use Code into compliance with state law in general. Both the Housing Advisory Committee and the Planning Commission recommended approval to the City Council of the changes to the City’s Municipal Code related to ADUs and JADUs. Staff is also recommending approval of the changes. Once the Ordinance has been adopted, staff will be producing guidelines on the ADU process, including handouts and online information with which to guide homeowners and developers. An example of the general style of these guidelines has been attached for your reference (Attachment 6).

### **OPTIONS**

1. Introduce the Ordinance approving the amendments to Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of Sections 18.30.380 and 18.30.390 of the Land Use Code based on the attached findings or findings to be determined by the City Council; or
2. Continue the item to a specific date for additional information.
3. File the report (deny the amendments)



## RECOMMENDED FINDINGS FOR APPROVAL

1. That the proposed amendments to Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of Sections 18.30.380 and 18.30.390 are consistent with the General Plan, as Goal H-1 encourages the maintenance and enhancement of the quality of existing residential neighborhoods and Goal H-4 encourages the provision of a sufficient number of housing units and range of housing types to meet the current and projected needs of all economic segments of the community.
2. That the proposed amendments have been reviewed and been found to comply with the California Environmental Quality Act (CEQA); the amendments are not considered to be a project under CEQA. Any permits issued in relation to Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs) would be ministerial and thus not subject to CEQA.



Deletions shown as ~~Strikethrough~~

Additions shown as Underline

**Table 18.20.020 – Allowed Uses Residential Zones.**

<b>Zone Classification Symbol</b>	<b>Zone Classification</b>	<b>General Plan Land Use Designation</b>
Residential		
RS-1 <sub>1</sub>	Large Lot Residential	Low Medium Density Residential
RS-2 <sub>1</sub>	Small Lot Residential	Low Medium Density Residential
RS-3 <sub>1</sub>	Medium-Low Density Multi-Unit Residential	Medium Density Residential
RS-4 <sub>1</sub>	Residential Single-Family	Specific Plan (Westside)
RM-1 <sub>1</sub>	Medium Density Multi-Unit Residential	Medium Density Residential
RM-2 <sub>1</sub>	High Density Multi-Unit Residential	High Density Residential
RM-3 <sub>1</sub>	Very High Density Multi-Unit Residential	High Density Residential
Commercial		
CA	Commercial Automotive	Commercial Automotive
CL	Limited Commercial	Specific Plan (Westside)
CS	Service Commercial	Service Commercial
Mixed-Use		
MCR-1 <sub>1</sub>	Mixed Commercial-Residential	Specific Plan (Westside)



<b>Zone Classification Symbol</b>	<b>Zone Classification</b>	<b>General Plan Land Use Designation</b>
MCR-2 <sub>1</sub>	Mixed Commercial-Residential (Smart Growth Area)	Specific Plan (Westside)
MXC-1 <sub>1</sub>	Minor Mixed Use Corridor	Minor Mixed Use
MXC-2 <sub>1</sub>	Major Mixed Use Corridor	Major Mixed Use
MXD-1 <sub>1</sub>	Minor Mixed Use District	Minor Mixed Use
MXD-2 <sub>1</sub>	Major Mixed Use District	Major Mixed Use
<b>Industrial</b>		
IL	Light Industrial	Industrial
IM	Medium Industrial	Industrial
IH	Heavy Industrial	Industrial
<b>Institutional</b>		
I	Institutional	Institutional
<b>Open Space</b>		
OS	Open Space	Open Space
OSR	Open Space Reserve	
<b>Military</b>		
M	Military	Military
<b>San Diego Unified Port District</b>		
UPD	Port Master Plan	San Diego Unified Port District
<b>Specific Plan</b>		



Zone Classification Symbol	Zone Classification	General Plan Land Use Designation
SP <sub>1</sub>	Specific Plan	Specific Plan

ADUs and JADUs permitted subject to Sections 18.30.380 and 18.30.390

**Table 18.21.040 – Development Standards Residential Zones**

Development	Requirement By Zoning District						
	RS-1	RS-2	RS-3	RS-4	RM-1	RM-2	RM-3
Minimum setbacks, Primary structure							
Front	20'	20'	15'	10'/ 15(a)	15'	10'	10'
Side—Interior	5'	5'	5'	3/0(b)	5'	5'	5'
Side—Exterior	10'	10'	5'	10'(a)	5'	5'	10'
Rear	25'	25'	10'	15'	5'	5'	5'
Minimum setbacks, Accessory structure							
Front	20'	20'	15'	10/ 15'(c)	15'	10'	10'
Side—Interior	5'	5'	5'	3'	5'	5'	5'
Side—Corner	5'	5'	5'	10'	5'	5'	5'



Development	Requirement By Zoning District						
	RS-1	RS-2	RS-3	RS-4	RM-1	RM-2	RM-3
Rear	5'	5'	5'	3'	5'	5'	5'
Detached building separation	5'	5'	5'	6'	5'	5'	5'
Number of detached buildings	3 per full 5,000 ft <sup>2</sup> of lot area	3 per full 5,000 ft <sup>2</sup> of lot area	3 per full 5,000 ft <sup>2</sup> of lot area	3			
Minimum lot area	10,000 SF	5,000 SF	5,000 SF	2,500 SF	5,000 SF	5,000 SF	5,000 SF
Minimum street frontage (Standard)	60'	50'	50'	25'	50'	50'	50'
Minimum street frontage (lots on the bulb of a cul-de-sac)	36'	36'	36'	15'	36'	36'	36'
Maximum density	One du per lot	One du per lot	One du per 2,900 SF of lot area	One du for each 2,500 SF of lot area	One du per 1,900 SF of lot area	One du per 900 SF of lot area	One du per 580 SF of lot area
Minimum usable open space	N/A	N/A	N/A	N/A	See <a href="#">Section 18.41.040</a>		



Development	Requirement By Zoning District						
	RS-1	RS-2	RS-3	RS-4	RM-1	RM-2	RM-3
Maximum lot coverage	75%	75%	75%	N/A	75%	75%	75%
Maximum height, primary structure	35'	35'	35'	35'	45'	65'	95'
Maximum stories, primary structure	2	2	3	3	4	6	9
Maximum height, accessory structure	35'	35'	35'	35'	45'	65'	95'
	Shall not exceed the number of stories or height of the primary structure.				Shall not exceed the allowed maximum height of accessory structures in adjacent zone within 100-feet of the adjacent zone.		
Maximum area (total), accessory structures— Excluding up to 400 SF of covered parking and area dedicated to an ADU	10% of lot size (d)	10% of lot size (d)	10% of lot size (d)	None	None	None	None

Notes:

(a) Stoops and porches may extend into the front yard up to the front property line or in the case of a corner parcel, to the side property line. Garages shall maintain a fifteen-foot front yard setback.

(b) A zero foot minimum side yard, for one side yard on the parcel, is permitted provided that there is a six-foot separation to the adjacent residential structure and that there is a minimum three-foot side yard setback on the opposite side.

(c) Except for stoops and porches, accessory structures shall not be located in the front yard setback. Porches or stoops should be at least six feet deep.

(d) No single accessory structure shall have a footprint greater than that of half of the primary structure excluding area dedicated to an ADU.



### ~~18.21.050 - Second units.~~

~~A. Purpose. The purpose of this section is to provide regulations for the establishment of accessory dwelling units in the residential zones. Accessory dwelling units help advance the city's growth and planning policies by:~~

- ~~1. Accommodating new housing units while preserving the character of existing neighborhoods;~~
- ~~2. Allowing efficient use of the city's existing housing stock and infrastructure;~~
- ~~3. Providing housing options and choices that respond to varying income levels, changing household sizes and lifestyle needs; and,~~
- ~~4. Providing a means for residents—particularly seniors, single parents, younger singles and younger couples, and empty nesters—to remain in their homes and neighborhoods, and obtain and preserve income, security, companionship, and assistance.~~

~~B. Development Standards:~~

- ~~1. Shall be permitted on properties with only one single-family residence on the lot or constructed in conjunction with a single-family residence~~
- ~~2. Shall not be allowed where the city manager or his/her designee determines that roadways, public utilities or services are inadequate;~~
- ~~3. Shall not be allowed on lots that exceed the allowed number of dwelling units;~~
- ~~4. The development standards for accessory structures shall apply to second units, except that the setback requirements for primary structures shall apply and the floor area shall not exceed the maximum area allowed for accessory structures, but in no case shall exceed one thousand two hundred square feet.~~

~~C. Architectural Compatibility. A second dwelling unit shall incorporate the same or substantially similar architectural features with respect to roof pitch, compatible building materials, colors, and design details of the primary dwelling unit.~~

~~D. Parking. One off-street parking space, in addition to that which is required by this code for the primary residence shall be provided. Parking spaces include garages, carports, or uncovered parking.~~

### 18.30.380 - Accessory Dwelling Units.

A. Purpose. The purpose of this section is to provide for the construction of Accessory Dwelling Units (ADUs) in areas zoned to allow residential uses pursuant to Government



Code Section 65852.2. ADUs help advance the goals and policies of the City's Housing Element by:

1. Providing an affordable type of home to construct without the cost of acquiring new land, dedicated parking, and costly infrastructure;
  2. Accommodating new housing units while preserving the character of existing neighborhoods;
  3. Allowing efficient use of the city's existing housing stock and infrastructure;
  4. Providing housing options and choices that respond to varying income levels, changing household sizes and lifestyle needs; and,
  5. Providing a means for residents—particularly seniors, single parents, young singles, and younger couples—to remain in their homes and neighborhoods, and obtain and preserve income, security, companionship, and assistance.
- B. Consistency with state law. This section is intended to be consistent with Government Code Section 65852.2. If inconsistency is found with this section and state law, state law shall prevail.
- C. Definitions. For the purposes of this section Accessory Dwelling Unit (ADU) is defined in Section 18.50.010.
- D. ADUs permitted.
1. One ADU is permitted on a lot if all the following are met:
    - a. The lot includes a proposed or existing dwelling.
    - b. The lot is in a zone that allows for a residential use as indicated in Table 18.20.020.
    - c. The proposed ADU is located where the city manager or his/her designee has not determined that public utilities or services are inadequate or the ADU will adversely impact traffic flow or public safety.
    - d. The ADU meets the standards of subsection F.
  2. Two detached ADUs are permitted on a lot with a multi-family residential use if all the following are met:
    - a. The lot includes an existing multi-family residential dwelling.
    - b. Each ADU does not exceed a total floor area of 1,000 square feet and 16 feet in height.
  3. Multiple ADUs are permitted within the portions of existing multi-family residential structures that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, if each unit complies with state building standards for dwellings.



- a. At least one ADU is permitted within an existing multi-family residential structures and up to 25 percent of the existing number of multi-family dwelling units is allowed.
- E. Review. The approval of an ADU is subject to a ministerial decision process outlined in Section 18.12.030. For the purposes of this subsection, a staff person designated by the city manager shall review and act on a building permit application for an ADU within 60 days after a complete application is received. An ADU proposed with a permit application for a new primary dwelling shall not be approved until the primary dwelling receives approval. An applicant may request a variance subject to Section 18.12.120 in conjunction with an application for an ADU.
- F. ADU Development Standards.
  1. Density. ADUs are consistent with the allowable density for the lot upon which the ADU is located and the ADU is a residential use that is consistent with existing General Plan and zoning designations for the lot.
  2. Location. An ADU may be either attached to, or located within, the proposed or existing primary dwelling, including attached garages, storage areas, or an accessory structure or detached from the proposed or existing primary dwelling and located on the same lot as the proposed or existing dwelling. An ADU may be attached to, located within, or detached from an existing or proposed primary dwelling unit, including garages and habitable or non-habitable accessory structures.
  3. Parking. No additional parking is required for an ADU. If an ADU is constructed within existing garage or covered parking, then no replacement parking spaces may be required.
  4. Height. The maximum height of an ADU is as follows:
    - a. On a property with a single-family residential primary dwelling, the height of the ADU, attached or detached, shall not exceed the height of the primary dwelling or 16 feet, whichever is greater. For an ADU constructed above a garage or on a lot smaller than 5,000 square feet, the height shall not exceed 25 feet.
    - b. On a property with a multi-family residential structure, the height of a detached ADU shall not exceed 16 feet.
  5. Setbacks.
    - a. For all ADUs, the front setback shall be a minimum of 15 feet.
    - b. For all ADUs, the exterior and interior side yard setback shall be a minimum of four feet and the rear yard setback shall be a minimum of four feet.



c. No setback shall be required for an existing living area or permitted accessory structure or a structure constructed in the same location and to the same dimensions as an existing structure that is converted to an accessory dwelling unit or to a portion of an accessory dwelling unit, and a setback of no more than four feet from the side and rear lot lines shall be required for an accessory dwelling unit that is not converted from an existing structure or a new structure constructed in the same location and to the same dimensions as an existing structure.

6. Landscaping.

a. One 24-inch box tree shall be planted within the required 15 foot front yard setback for ADUs or in the abutting parkway. Existing trees that are at least 15 feet high and 15 feet in width may be used to satisfy this requirement.

7. Building Design Standards. ADUs shall conform to adopted single-family infill standards in Section 18.42.070.C.

8. Size of unit.

a. The minimum size of an ADU is a total floor area of 150 square feet.

b. The total floor area of an ADU attached to a primary dwelling unit shall not exceed 50% of the total floor area of the existing primary dwelling or 1,000 square feet, whichever is greater, save and except (d) and (e) below.

c. The total floor area of a detached ADU shall not exceed 1,000 square feet save and except (d) and (e) below.

d. A detached ADU may have a total floor area up to 1,200 square feet if all the following requirements are met:

1. The front setback of the ADU exceeds the front setback of the existing or proposed primary dwelling unit.

2. No existing parking spaces are removed or the existing spaces are replaced with covered parking.

3. One additional parking space is provided for the ADU.

e. An ADU constructed within the footprint of an existing dwelling or a detached structure shall not be subject to a maximum square footage of total floor area.

f. As provided in state law, an attached or detached ADU with a maximum size of 850 square feet or 1,000 square feet with more than one bedroom shall be permitted in any circumstance subject to a maximum height of 16 feet, four foot side and rear setbacks, and compliance with all building codes.



9. A minimum lot size shall not be required for an ADU under this ordinance.
10. No passageway shall be required for an ADU under this ordinance.
11. ADUs are only required to provide fire sprinklers if they are required for the primary residence.

G. Limitations and other requirements

1. An ADU shall not be sold or otherwise conveyed separate from the primary residence.
2. An ADU may serve as a rental unit or be occupied by family members, guests, or in-home health care providers and others at no cost.
3. Neither the ADU nor the primary dwelling unit shall be rented for a term of less than 31 days. ADUs on multi-family properties shall be subject to this provision, except the restriction shall not apply to existing multi-family units.
4. Owner occupancy of the primary unit or ADU is not required.
5. Trash and recycling. Receptacles are required and shall conform to the requirements of Section 7.10.040 of the Code of Ordinances.
6. Prohibited units. No structure of a temporary nature shall be used as a residence or ADU, neither temporarily nor permanently. Refer to Section 18.20.030.A.
7. Fees. An ADU with less than 750 square feet is exempt from any impact fees imposed by the city. For ADUs 750 square feet or more, impact fees shall be charged proportionately in relation to the square footage of the primary dwelling unit.
8. Before a building permit may be issued for an ADU, the record owner shall enter into an agreement with the City in a form that is approved by the City Attorney. The agreement shall include the following provisions: the ADU may not be sold or conveyed separately from the primary dwelling unit; the agreement may be enforced against future purchasers; and the ADU may not be rented for a period of less than 31 days. The City shall submit the agreement to the County Recorder for recordation. The agreement shall run with the land for life of the ADU.

- H. Nonconforming zoning conditions. The correction of existing nonconforming uses, structures, or parcels pursuant to Chapter 18.11 shall not be required as a condition of approval for an ADU.

**18.30.390 - Junior Accessory Dwelling Units.**

- A. Purpose. The purpose of this section is to provide for the construction of Junior Accessory Dwelling Units (JADUs) in areas zoned to allow residential uses pursuant to Government



Code Section 65852.22. JADUs help advance the goals and policies of the City's Housing Element by:

1. Providing an affordable type of home to construct without the cost of acquiring new land, dedicated parking, and costly infrastructure;
  2. Accommodating new housing units while preserving the character of existing neighborhoods;
  3. Allowing efficient use of the city's existing housing stock and infrastructure;
  4. Providing housing options and choices that respond to varying income levels, changing household sizes and lifestyle needs; and,
  5. Providing a means for residents—particularly seniors, single parents, young singles, and younger couples—to remain in their homes and neighborhoods, and obtain and preserve income, security, companionship, and assistance.
- B. Consistency with state law. This section is intended to be consistent with Government Code Section 65852.22. If inconsistency is found with this section and state law, state law shall prevail.
- C. Definitions. For the purposes of this section junior accessory dwelling unit (JADU) is defined in Section 18.50.010.
- D. JADUs permitted.
1. One JADU is permitted on a lot if the following are met:
    - a. The lot includes a proposed or existing single-family dwelling.
    - b. The lot is in a zone that allows for a residential use as indicated in Table 18.20.020.
    - c. The JADU meets the standards of subsection F.
    - d. There is no existing ADU or JADU on the lot or there is an existing detached ADU that does not exceed a total floor area of 800 square feet and does not exceed a height of 16 feet.
    - e. The proposed JADU is located where the city manager or his/her designee has not determined that public utilities or services are inadequate or the JADU will adversely impact traffic flow or public safety.
- E. Review. The approval of a JADU is subject to a ministerial decision process outlined in Section 18.12.030. For the purposes of this subsection, a staff person designated by the city manager shall review and act on a building permit application for a JADU within 60 days after a complete application is received. A JADU proposed with a permit application for a new primary dwelling shall not be approved until the primary dwelling receives approval.
- F. Development standards.



1. A JADU may have a total floor area of not less than 150 square feet and not more than 500 square feet, and is permitted within an existing or proposed single-family residential dwelling unit. A JADU constructed within an existing structure may construct an additional 150 square feet for ingress and egress only.
2. A JADU shall have a separate exterior entry from the primary dwelling unit and shall provide a kitchen or an efficiency kitchen.
3. Parking. Replacement parking spaces are required when a JADU is created within an existing attached garage. Covered spaces are not required.

G. Limitations and other requirements.

1. The owner must occupy the single-family residence in which the JADU will be permitted. The owner may reside in either the remaining portion of the structure or the newly created JADU. Owner-occupancy shall not be required if the owner is another governmental agency, land trust, or housing organization.
2. Before a building permit may be issued for a JADU, the record owner shall enter into an agreement with the City in a form that is approved by the City Attorney. The agreement shall include the following provisions: the JADU may not be sold or conveyed separately from the primary dwelling unit; the agreement may be enforced against future purchasers; the JADU shall not be rented for a period of less than 31 days; and the record owner shall reside on the premises. The City shall submit the agreement to the County Recorder for recordation. The agreement shall run with the land for life of the JADU.

**Table 18.45.050 – Schedule of Off-Street Parking Requirements by Land Use (partial)**

Uses and Structures	Minimum Parking Spaces Required (Unless Otherwise Specified)
Residential Uses	
Dwelling, single detached (RS-1 zone)	2 covered spaces, plus one additional uncovered space per bedroom greater than four bedrooms or one additional uncovered space for dwellings greater than 2,500 SF, whichever is greater.



Uses and Structures	Minimum Parking Spaces Required (Unless Otherwise Specified)
Dwelling, single detached (all other RS and RM zones, except within the Westside Specific Plan area)	One covered space and one uncovered space, plus one additional uncovered space per bedroom greater than four bedrooms or one additional uncovered space for dwellings greater than 2,500 SF, whichever is greater.
Dwelling, single attached	1.5 spaces per dwelling unit in a garage or carport
Dwelling, multiple	1.3 spaces per 1-bedroom dwelling unit plus 1.5 spaces per 2-bedroom or more unit, and conveniently located guest parking of ½ space per unit for 20 units or less, plus ¼ space for each unit over 20. Half of the required guest parking spaces may include parking spaces on dedicated public streets along the sides of the streets that are adjacent to the site.
Fraternity, sorority house, or dormitory	1.5 spaces for each sleeping room
Mobile home parks	2 spaces per unit
Rectory	1 garage space per bedroom
Rooming or boarding house	1 space per guest room
<del>Second dwelling unit</del>	<del>1 space in addition to primary residence parking requirements</del>

## Chapter 18.50 – GLOSSARY

~~Second unit. "Second unit" is a small, self-contained residential unit built on the same lot as an existing primary residence or built in conjunction with a primary residence. It provides complete independent living facilities for one or more persons. Second units are also referred to as "accessory dwelling units," "in-law apartments," "granny flats," "ancillary apartments" or~~



~~"carriage houses." Second units may be attached to or detached from the primary residence. Refer to Section 18.21.050 for second unit regulations.~~

Accessory Dwelling Unit (ADU): "Accessory Dwelling Unit" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. An ADU also includes an efficiency unit and a manufactured home, as defined in Section 18007 of the Health and Safety Code. Refer to Section 18.030.380 for ADU regulations.

Junior Accessory Dwelling Unit (JADU): "Junior Accessory Dwelling Unit" means a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A JADU may include separate sanitation facilities, or may share sanitation facilities with the existing structure. Refer to Section 18.030.390 for JADU regulations.



## NOTICE OF PUBLIC HEARING

**NOTICE IS HEREBY GIVEN** that the City Council of the City of National City will hold a Public Hearing after the hour of 6:00 p.m., **Tuesday, October 19, 2021**, via **LIVE WEBCAST** from the City Council Chambers, Civic Center, 1243 National City Blvd., National City, CA., to consider:

**INTRODUCTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY AMENDING SECTIONS 18.20.020 (ZONE CLASSIFICATIONS), 18.21.040 (DEVELOPMENT STANDARDS RESIDENTIAL ZONES), 18.21.050 (SECOND UNITS), 18.45 (OFF-STREET PARKING AND LOADING), AND 18.50 (GLOSSARY), AND ADDITION OF SECTIONS 18.30.380 AND 18.30.390 OF TITLE 18 (ZONING) OF THE NATIONAL CITY MUNICIPAL CODE RELATED TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS.**

Due to the precautions taken to combat the spread of coronavirus (COVID-19), the City Council Chambers, are closed to the public. Anyone interested in this Public Hearing may view the City Council Meeting on the City's webpage at <https://www.nationalcityca.gov/webcast>

Interested parties may register to speak during the City Council zoom meeting, but must register by 4:00 p.m. the day of the meeting. The City Council will also accept written public comments regarding this matter via e-mail sent to [clerk@nationalcityca.gov](mailto:clerk@nationalcityca.gov). Written comments from the public (limited to a maximum of three minutes) must be submitted via e-mail by 4:00 p.m. on the day of the City Council Meeting. For information on registering to speak or on submitting written comments, please visit the City Clerk's webpage at <https://www.nationalcityca.gov/government/city-clerk/public-comments>.

If you challenge the nature of the proposed action in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing described in this notice via e-mail, or through written correspondence delivered to the undersigned prior to the Public Hearing.

October 6, 2021

Shelley Chapel, Deputy City Clerk

Published in the Star News: Friday, October 8, 2021.

ATTACHMENT 4



RESOLUTION NO. 2021-07

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF NATIONAL CITY, CALIFORNIA, RECOMMENDING ADOPTION TO THE CITY COUNCIL OF A CODE AMENDMENT AMENDING SECTIONS 18.20.020 (ZONE CLASSIFICATIONS), 18.21.040 (DEVELOPMENT STANDARDS RESIDENTIAL ZONES), 18.21.050 (SECOND UNITS), 18.45 (OFF-STREET PARKING AND LOADING), AND 18.50 (GLOSSARY), AND ADDITION OF SECTIONS 18.30.380 AND 18.30.390 OF TITLE 18 (ZONING) OF THE NATIONAL CITY MUNICIPAL CODE.

APPLICANT: CITY-INITIATED.

CASE FILE NO. 2021-18 A

WHEREAS, pursuant to the terms and provisions of the Government Code of the State of California, proceedings were duly initiated for the amendment of the National City Municipal Code, per Title 18 (Zoning); and,

WHEREAS, the Planning Commission of the City of National City, California, considered said proposed amendment at a duly advertised public hearing held on August 16, 2021 at which time the Planning Commission considered evidence; and,

WHEREAS, at said public hearings the Planning Commission considered the staff report provided for Case File No. 2021-18 A, which is maintained by the City and incorporated herein by reference; along with any other evidence presented at said hearing; and,

WHEREAS, the Planning Commission recommends adoption to the City Council of the City of National City amendment to Sections 18.20.020 (Zone Classifications), 18.21.040 (Development Standards Residential Zones), 18.21.050 (Second units), 18.45 (Off-street Parking and Loading), and 18.50 (Glossary), and addition of sections 18.30.380 and 18.30.390 of Title 18 (Zoning) of the National City Municipal Code; and,

WHEREAS, this action is taken pursuant to all applicable procedures required by State law and City law; and,

WHEREAS, this action is taken in an effort to comply with applicable State and Federal law; and,

WHEREAS, the action hereby taken is found to be essential for the preservation of the public health, safety and general welfare.

ATTACHMENT 5



NOW, THEREFORE, BE IT RESOLVED by the City Planning Commission of the City of National City, California, that the evidence presented to the Planning Commission at the public hearing held on May 4, 2020, support the following findings:

1. That the proposed amendments to Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of Sections 18.30.380 and 18.30.390 are consistent with the General Plan, as Goal H-1 encourages the maintenance and enhancement of the quality of existing residential neighborhoods and Goal H-4 encourages the provision of a sufficient number of housing units and range of housing types to meet the current and projected needs of all economic segments of the community.
2. That the proposed amendments have been reviewed and been found to comply with the California Environmental Quality Act (CEQA); the amendments are not considered to be a project under CEQA. Any permits issued in relation to Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs) would be ministerial and thus not subject to CEQA.

BE IT FURTHER RESOLVED that copies of this Resolution be transmitted forthwith to the applicant and to the City Council.

CERTIFICATION:

This certifies that the Resolution was adopted by the Planning Commission at their meeting of August 16, 2021, by the following vote:

AYES: DelaPaz, Roman, Sendt, Valenzuela, Yamane

NAYS:

ABSENT: Natividad, Sanchez

ABSTAIN:

  
\_\_\_\_\_  
CHAIRPERSON



# Guidelines for Garage

## Conversion ADUs

### on Single Family Properties



Prepared by members of the Casita Coalition, 03/2021

## California State Law regarding Garage Conversion ADUs

CA Gov. Code Sections 65852 and 65852.22

	Existing Attached Garage	Existing Detached Garage
<b>Types</b>	ADU or JADU	ADU <ul style="list-style-type: none"> <li>• Conversion</li> <li>• Teardown &amp; Rebuild</li> </ul>
<b>Setbacks</b>	No setback requirements from the side and rear property lines if the footprint doesn't change. Any additions to the garage will need to meet setback requirements, which local jurisdictions cannot require to exceed 4' from the rear and side property lines.	No setback requirements from the side and rear property lines if the footprint doesn't change. Any additions to the garage will need to meet setback requirements, which local jurisdictions cannot require to exceed 4' from the rear and side property lines.
<b>Parking</b>	No replacement parking is required for an ADU. However, a local government may require replacement parking for a JADU garage conversion.	No replacement parking is required.
<b>Fire Safety</b>	Fire sprinklers are not required if the primary dwelling does not have sprinklers.	<p>Fire sprinklers are not required if the primary dwelling does not have sprinklers.</p> <p>Local government may require sprinklers if ADU does not meet local fire access requirements (i.e. less than 150-200 feet from curb).</p> <p>Building code may require a fire-rated wall if the ADU wall(s) is/are within a certain distance from:</p> <ul style="list-style-type: none"> <li>a) the main house and/or</li> <li>b) the side or rear property lines</li> </ul>



## California State Law regarding Garage Conversion ADUs *Continued...*

	Existing Attached Garage	Existing Detached Garage
<b>Footprint</b>	N/A	If the existing garage is demolished, an ADU with the same dimensions, including height, can be built on the footprint of the existing garage.
<b>Size</b>	<ul style="list-style-type: none"> <li>• JADU — 500 sq. ft.</li> <li>• ADU — same as the size of the garage being converted.</li> </ul>	<p>Same as the size of the accessory structure being converted.</p> <p>The size may be increased by 150 square feet to accommodate entering and exiting the ADU.</p>
<b>Access</b>	<ul style="list-style-type: none"> <li>• Must have an exterior entrance separate from the main house.</li> <li>• ADU may have—but is not required to have—a doorway between it and the main dwelling (subject to local rules).</li> </ul>	Must have an exterior entrance separate from the main house.
<b>Bathroom</b>	<ul style="list-style-type: none"> <li>• JADU - a bathroom is not required. The main dwelling may share a bathroom with the JADU.</li> <li>• ADU - a bathroom is required.</li> </ul>	A bathroom is required.
<b>Owner Occupancy</b>	<ul style="list-style-type: none"> <li>• JADU - the owner must occupy the main dwelling or the JADU.</li> <li>• ADU - Owner occupancy may not be required if the ADU is permitted before the end of 2024. After that point, some jurisdictions may require owner occupancy and others may not.</li> </ul>	Owner occupancy may not be required if the ADU is permitted before the end of 2024. After that point, some jurisdictions may require owner occupancy and others may not.



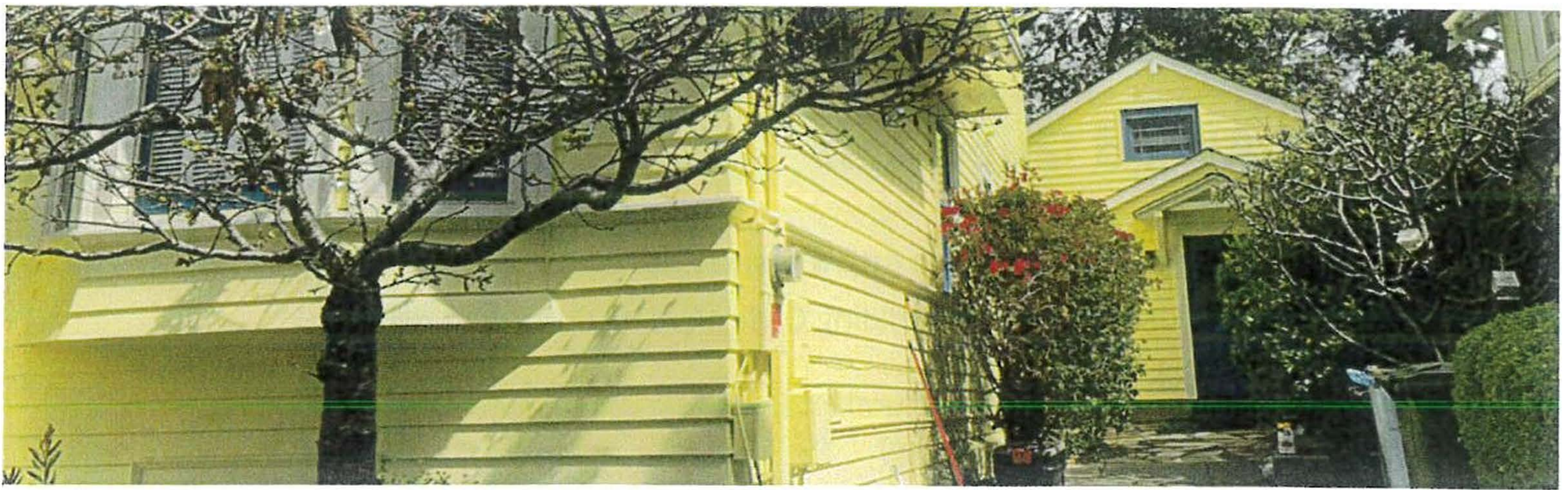


Photo © Paul De Vries/Pixtor

## Permitted and Unpermitted Accessory Structures

In addition to garages, a property may have other types of detached accessory structures - storage rooms, barns, guest houses, and recreation rooms. The process for converting them to an ADU depends on whether the structure is permitted or unpermitted:

### A PERMITTED ACCESSORY STRUCTURE

*was previously permitted to be built.*

These buildings had to meet certain zoning and building codes for their specified uses (e.g. recreation room, garage, storage) and pass inspection in order to obtain their original permit.

To convert a permitted accessory structure to an ADU, the owner/contractor must obtain local permits to change from the previous usage

(e.g. recreation room) to the new usage as an ADU. This permit will require plans to be drawn up, the local jurisdiction to approve them, the structure to be brought up to building code for the new use, and a local inspector to approve the building.

The rules in the column “Existing Detached Garage” in the above table apply to this type of structure.

### AN UNPERMITTED ACCESSORY STRUCTURE

*was built without permits.*

A building permit was never submitted to the local jurisdiction to confirm it would meet zoning and building requirements for its intended use (e.g. guest house), it was never inspected by the local building department to ensure it complied with local codes, and it was never issued a permit.

Local jurisdictions have the authority to direct a property owner to permit the structure or remove it entirely from the property. Getting a ADU permit for this type of structure will probably require plans to be drawn up, the local jurisdiction to approve them, the structure to be brought up to building code for the new use, and a local

inspector to approve the building. The local jurisdiction will often treat this as a “new build” rather than a “conversion of existing space,” because it does not have permit records for the structure.

When converting an unpermitted accessory structure to an ADU, the local jurisdiction determines whether the project must comply with state and local standards for a new ADU rather than the standards allowed for a conversion. More information can be found in the upcoming document “Creating an ADU from an Unpermitted Accessory Structure.”



# Frequently Asked Questions

## 1 What is required to convert a garage into a residential dwelling unit?

The garage needs to comply with the Building Code and Fire Code, including:

- Walls and foundation with structural integrity
- Utilities (electricity, water, sewage)
- HVAC - A common solution is to use a ductless heat pump (mini-split system) that is separate from the existing HVAC system of the main residence.
- Insulation

An individual project's compliance with the local energy and building code will determine whether the garage door must be replaced.

## 2 What are common issues when converting a garage?

### Complying with the Building Code

Additions or alterations to existing structures, and changes from non-residential to residential use must comply with Building Code requirements for new construction.

*Common upgrades or required changes may include:*

- Altering the existing roof structure.
- Performing structural upgrades when replacing a garage door and/or adding window and door openings.
- Creating a moisture barrier between the slab and the flooring.
- Underpinning the foundation and/or upgrading the existing slab.
- Ensuring adequate insulation and meeting CA Title 24 energy code.

### Determining whether the existing garage has structural integrity

A structural engineer may be required to examine the garage. If the foundation and walls of the structure need to be replaced or repaired, the cost of the project will increase significantly. In some cases, it may make sense to tear down the structure and rebuild a new one with the same dimensions on the same footprint.

### Meeting fire safety requirements

- Between the garage and the property line.
- Between the garage and a nearby dwelling.

### Creating a sound barrier between the main house and the ADU if they share a wall

### Determining a solution for the relocation of the water heater, washer/dryer, and storage in an attached garage

*Possible solutions include:*

- Creating a small utility room.
- Using a tankless water heater; some models can be installed outdoors.
- Using a stacked washer/dryer or all-in-one unit.
- Building a backyard shed for additional storage.



## Frequently Asked Questions *Continued...*

**Meeting the increased electricity requirements.** Load calculations need to be performed to determine if the existing electrical service is sufficient. Frequently, a new main electrical service with greater capacity is required. In addition, it is common to add a subpanel for the ADU.

**Meeting increased requirements for other utilities.** The property's main water, sewer and gas lines might need to be upgraded to a larger diameter line to accommodate the additional demand and meet current building code requirements. Water and Sewer Districts may not require a separate service connection (consistent with CA Govt Code section 65852.2(f)(4)). Electric and Gas corporations may require a separate service for garages.

### ● How much do garage conversions cost in comparison to other ADU types?

If the garage is in sound condition, a garage conversion ADU typically costs less than a new detached or extension ADUs. However, the cost of a garage conversion varies greatly depending on following factors:

- Size of the ADU.
- Cost of construction in the geographic location.
- Upgrading the garage to meet the current building code.
- Structural improvements to the garage.
- Cost to upgrade utilities (water, electricity, sewer line) in the garage.
- Cost of compliance with the local Fire Access Requirement (distance from the face of the curb to the back of a freestanding ADU).
- Type of ceiling (vaulted or flat).

While the answer widely depends on a home's location, geographic topography, and existing conditions, the starting price will probably be upwards of \$100,000 for a garage conversion. Local jurisdictions have begun developing their own ADU calculators. We suggest using these (if prepared by nearby jurisdictions) to help estimate the costs. Examples can be found here for [Napa Sonoma ADU Center](#) and the [County of San Mateo](#).

### ● How do I choose a reputable ADU contractor?

There are ways to vet teams to design and build an ADU, including understanding their costs, determining their track record, and sensing whether you feel you can trust them. If they have built ADUs in your area, you may want to request from them 1-2 referrals so you can speak with past clients and or see the homes they have built in their neighborhood.





Photo credit: Dan McCann/Maxable

## Best Practices

The City of Los Angeles Department of Building Department has a useful document titled, “Accessory Dwelling Unit Conversion of Existing Detached Structure.” The document provides building guidelines when converting a detached structure into an ADU.

- [ladbs.org/docs/accessory-dwelling-unit-conversion-of-existing-detached-structure.pdf](https://ladbs.org/docs/accessory-dwelling-unit-conversion-of-existing-detached-structure.pdf)

## Additional Resources

- Guide from Maxable: <https://maxablespace.com/how-to-convert-your-garage-to-an-adu/>
- HCD ADU Handbook: <https://www.hcd.ca.gov/policy-research/docs/adu-december-2020-handbook.pdf>

### Contributors:



Reviewed by Greg Nickless, Housing and Community Development, for consistency with State ADU law, Govt. Code Section 65852.2.





## **Public Hearing**

Code Amendments of NCMC Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and Addition of Sections 18.30.380 and 18.30.390 Related to Accessory Dwelling Units and Junior Accessory Dwelling Units

### **Overview:**

- Housing production not keeping pace with demand
- Lack of housing is impacting affordability and causing average housing costs to rise significantly
- Widening the range of housing types can increase the housing supply and help more low-income residents thrive
- In addition to expanded housing options, a robust ADU Ordinance will help the City to meet its RHNA allocation (5,437)
- The Ordinance also consistent with goals and policies of the Housing Element, and with state ADU regulations



### **Overview (cont.):**

#### **What is an ADU?**

- An ADU is a complete independent living facility for one or more persons and has a few variations:
  - Detached: Separated from the primary structure
  - Attached: Unit is attached to the primary structure
  - Converted Existing Space: Space (e.g., attached garage, storage area, or accessory structure) on the lot of the primary residence that is converted into an independent living unit

#### **What is a JADU?**

- A JADU (Junior Accessory Dwelling Unit) is a specific type of conversion of existing space that is contained entirely within an existing or proposed single-family residence

### **Overview (Cont.):**

- Current regulations related to Accessory Dwelling Units (ADUs) in Section 18.21.050 of the Land Use Code (LUC) are voided by State law
  - Most recent updates to sections related to ADUs and Junior Accessory Dwelling Units (JADUs) took effect January 1, 2021
- Approval of ADUs and JADUs in National City are currently regulated by State law unless the City adopts an ordinance in compliance to the most recent changes
- State law also mandates that cities should encourage ADUs
- Staff also working on a draft ordinance related to Mobile Tiny Homes



### **City Council:**

- On September 7, 2021, a public hearing was held and City Council continued the hearing to a later date. Additional information was request from staff including:
  1. Recommendations for promoting the affordability of ADUs and JADUs created under the new ordinance
  2. Information on fees related to the construction of ADUs and JADUs and the use of fee waivers by other jurisdictions
  3. An explanation on how ADUs can be used to meet the City's RHNA allocation
  4. Clarification on which sections of the proposed code amendments and additions are changes from the regulations mandated by state law
  5. Information on the conversion of garages to ADUs and JADUs

### **Affordability:**

- AB 345 provides for the transfer of an ADU when sold to a low-income family. This bill will take effect on January 1, 2022.
- CALFHA ADU Grant Program will provide a grant of up to \$25,000 to reimburse pre-development costs for the construction of an ADU
- Housing Strategic Plan was adopted in August 2021 and proposes the development of an ADU Affordability Program using PLHA Funds
- The City of Vista has a program that offers fee waivers for property owners that agree to a restriction on their unit that would make it affordable to households at 80 percent of the San Diego County median income.



### **Fees:**

- According to data by the Building Industry Association of San Diego County, the total cost of permitting fees for a single-family dwelling in National City is \$15,040
- Fees are similar to El Cajon, Imperial Beach, and Lemon Grove, which range from \$13,563 to \$15,211. These fees are significantly lower than other surrounding jurisdictions. Chula Vista fees, for example, total \$57,167.
- The County of San Diego has waived fees for ADU permits in incorporated areas.
- The City of San Diego waives impact and transportation fees, which can be as high as \$100,000.

### **Fees(Cont.):**

- A relatively affordable fee structure currently exists in National City
- Fees contribute to funding staff that reviews permits and the timeliness of the process
- Full and partial fee waivers have been adopted by other jurisdictions



### **RHNA Allocation:**

- ADUs are considered to be an affordable type of housing
- To be counted towards the City's RHNA allocation there must be:
  - A restriction on the property for low or moderate income households
  - A survey of comparable units that can demonstrate the income level an ADU would be affordable to. The rent survey would determine which income level the units could count towards.

### **State Mandates:**

- Several elements must be included in an ordinance adopted by a local jurisdiction regulating ADUs.
- For example, the ordinance must state that the ADU cannot be sold separately from the primary dwelling
- The ordinance may also impose certain standards on ADUs



### **Garage Conversions:**

- There are several options for creating an ADU or JADU on a property.
- Garage conversions are one of the simplest ways to create a new unit
- For an ADU, no replacement parking is required
- The California Department of Housing and Community Development has published guidelines for garage conversions at <https://www.hcd.ca.gov/policy-research/accessorydwellingunits/docs/Guidelines%20for%20Garage%20Conversion%20ADUs%20-%20v6hb%20ADA.pdf>

### **Proposed Changes:**

- Within the state law, cities are able to impose standards on ADUs that include, but are not limited to, parking, height, setbacks, landscaping, architectural review, maximum unit size, and standard intended to prevent adverse impacts to historical resources.
- Cities are also allowed to establish requirements for ADUs that are less restrictive than what is required by the state.
- Changes to Title 18 that are not highlighted in this section are either mandated by the state or intended to clean up existing code sections for compatibility



### **Proposed Changes:**

- Remove Section 18.21.050 of the LUC related to “Second Units”
- Adopt new ordinances under Section 18.30.380 for ADUs and Section 18.30.390 for JADUs
- Clean up related sections such as land uses, off-street parking, and definitions for consistency with new sections
- Intention is to clarify the regulations that permit ADUs and JADUs in the City as well as promote compatibility of these housing types within existing neighborhoods.

### **Proposed Changes (cont.):**

- The maximum size of a detached ADU on a single-family property has been reduced from 1,200 to 1,000 square feet. Cities may not impose a maximum size that is smaller than 1,000 square feet for an ADU with two or more bedrooms.
- The maximum size of a detached ADU may be increased to 1,200 square feet if the ADU is constructed behind the front setback of the primary dwelling unit and parking is provided for both units.
- The maximum size of a detached multi-family residential ADU has been reduced from 1,200 to 1,000 square feet.



**Proposed Changes (cont.):**

- No parking requirement for ADUs is proposed other than for the bonus square footage described above. State law would only allow the city to require parking on a small number of lots in the city due to the existence of transit lines in most areas.
- ADUs constructed over garages or on a lot smaller than 5,000 square feet are permitted to have a maximum height of twenty-five feet instead of the height of the primary structure. No other changes to height regulations for ADUs are proposed.

**Proposed Changes (cont.):**

- A minimum front setback of fifteen feet and minimum side and rear setbacks of four feet for all ADUs is required. ADUs are permitted in Mixed-Use zones, which currently have no setbacks in the City's code unless they abut a residential zone. The side and rear setbacks are mandated by the state.
- A landscape requirement of one tree in the required 15 foot setback for ADUs or abutting parkway is added. There are no landscape requirements mandated by the state.



**Proposed Changes (cont.):**

- ADUs are required to conform to the adopted single-family infill standards in Section 18.42.070.C of the LUC. Building design standards are not mandated by the state. Subjective requirements are not allowed.
- An ADU constructed within the footprint of an existing home will not have a maximum size. This clarifies staff's interpretation of state law.
- Both ADUs and JADUs shall have restrictions, recorded with the County, that the units may not be sold separately or rented for periods of less than 31 days. This clarifies that all ADUs require a recorded restriction.

**Proposed Changes (cont.):**

- JADUs are permitted on lots with an existing single-family dwelling and zoned to allow for residential use. This change will clarify that JADUs are permitted in Mixed-Use zones.
- Replacement parking can be required when a JADU is created within an existing attached garage. This is an optional parking requirement permitted by the state.



## **Findings:**

### **General Plan Conformance**

- Consistent with current Housing Element
  - Goal H-1: Maintain and enhance the quality of existing residential neighborhoods
  - Goal H-4: Provide a sufficient number of housing units and range of housing types to meet the current and projected needs of all economic segments of the community.
- Consistent with draft Housing Element for next cycle
  - Policy 1.4: Promote the development of accessory dwelling units (ADUs) throughout National City to meet residential housing needs.

### **CEQA Compliance**

- Amendments not considered a project under CEQA

## **Public Comment:**

- Comments were received from a property owner asking that 2-story ADUs be permitted in cases of an existing single-story home
  - The existing and proposed language generally requires ADUs to match design of primary dwelling (e.g. number of stories, roof pitch, etc.)
- Proposed Ordinance allows 2-story ADUs on lots with single-story primary residence for lots < 5,000 ft<sup>2</sup>
  - Property owner still wishes to construct 2-story's, regardless of lot size



### **Summary / Next Steps:**

- Adoption of Ordinance
  
- Staff will prepare an ADU policy handbook to guide property owners on the ADU/JADU process:
  - Building permits
  - Fire Department requirements
  - Utility questions (gas/electric, water, sewer)
  
- Publish information on City website

### **Options:**

- Introduce the Ordinance approving the amendments to Sections 18.20.020, 18.21.040, 18.21.050, 18.45, and 18.50, and addition of Sections 18.30.380 and 18.30.390 of the Land Use Code based on the attached findings or findings to be determined by the City Council; or
  
- Continue the item to a specific date.
  
- File the report (Deny amendments)



**ORDINANCE NO. 2021 –**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, AMENDING SECTIONS 18.20.020 (ZONE CLASSIFICATIONS), 18.21.040 (DEVELOPMENT STANDARDS RESIDENTIAL ZONES), 18.21.050 (SECOND UNITS), 18.45 (OFF-STREET PARKING AND LOADING), AND 18.50 (GLOSSARY), AND ADDITION OF SECTIONS 18.30.380 AND 18.30.390 OF TITLE 18 (ZONING) OF THE NATIONAL CITY MUNICIPAL CODE RELATED TO ACCESSORY DWELLING UNITS AND JUNIOR ACCESSORY DWELLING UNITS**

**WHEREAS**, pursuant to the terms and provisions of the California Government Code, proceedings were duly initiated for the amendment of the National City Municipal Code (NCMC); and

**WHEREAS**, on August 16, 2021, a noticed public hearing was held by the Planning Commission, and all persons interested were given the opportunity to appear and be heard before the National City Planning Commission; and

**WHEREAS**, the Planning Commission regularly and duly certified its report to the City Council of National City and has recommended approval of amending NCMC Title 18: and

**WHEREAS**, pursuant to a published 10-day notice of the adoption of said ordinance, a public hearing was held by the City Council on October 19, 2021, and at said public hearing, all persons interested were given the opportunity to appear and be heard before the City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1.** All protests, if any, against said amendment to the Municipal Code and each of them be and hereby are denied and overruled.

**Section 2.** Table 18.20.020 (Allowed Uses Residential Zones) is hereby amended to read as follows:

<b>Zone Classification Symbol</b>	<b>Zone Classification</b>	<b>General Plan Land Use Designation</b>
Residential		



<b>Zone Classification Symbol</b>	<b>Zone Classification</b>	<b>General Plan Land Use Designation</b>
RS-1 <sub>1</sub>	Large Lot Residential	Low Medium Density Residential
RS-2 <sub>1</sub>	Small Lot Residential	Low Medium Density Residential
RS-3 <sub>1</sub>	Medium-Low Density Multi-Unit Residential	Medium Density Residential
RS-4 <sub>1</sub>	Residential Single-Family	Specific Plan (Westside)
RM-1 <sub>1</sub>	Medium Density Multi-Unit Residential	Medium Density Residential
RM-2 <sub>1</sub>	High Density Multi-Unit Residential	High Density Residential
RM-3 <sub>1</sub>	Very High Density Multi-Unit Residential	High Density Residential
<b>Commercial</b>		
CA	Commercial Automotive	Commercial Automotive
CL	Limited Commercial	Specific Plan (Westside)
CS	Service Commercial	Service Commercial
<b>Mixed-Use</b>		
MCR-1 <sub>1</sub>	Mixed Commercial-Residential	Specific Plan (Westside)
MCR-2 <sub>1</sub>	Mixed Commercial-Residential (Smart Growth Area)	Specific Plan (Westside)
MXC-1 <sub>1</sub>	Minor Mixed Use Corridor	Minor Mixed Use
MXC-2 <sub>1</sub>	Major Mixed Use Corridor	Major Mixed Use



<b>Zone Classification Symbol</b>	<b>Zone Classification</b>	<b>General Plan Land Use Designation</b>
MXD-1 <sub>1</sub>	Minor Mixed Use District	Minor Mixed Use
MXD-2 <sub>1</sub>	Major Mixed Use District	Major Mixed Use
Industrial		
IL	Light Industrial	Industrial
IM	Medium Industrial	Industrial
IH	Heavy Industrial	Industrial
Institutional		
I	Institutional	Institutional
Open Space		
OS	Open Space	Open Space
OSR	Open Space Reserve	
Military		
M	Military	Military
San Diego Unified Port District		
UPD	Port Master Plan	San Diego Unified Port District
Specific Plan		
SP <sub>1</sub>	Specific Plan	Specific Plan

<sub>1</sub>ADUs and JADUs permitted subject to Sections 18.30.380 and 18.30.390

**Section 3.** Table 18.21.040 (Development Standards Residential Zones) is hereby amended to read as follows:

Zoning 3 of 20  
Ordinance  
NCMC Sections 18.20.020, 18.21.040, 18.21.050  
18.45, 18.50, 18.30.380, 18.30.390

Ordinance No. 2021 - \_\_\_\_\_  
(Date)



Development	Requirement By Zoning District						
	RS-1	RS-2	RS-3	RS-4	RM-1	RM-2	RM-3
Minimum setbacks, Primary structure							
Front	20'	20'	15'	10/ 15(a)	15'	10'	10'
Side—Interior	5'	5'	5'	3/0(b)	5'	5'	5'
Side—Exterior	10'	10'	5'	10'(a)	5'	5'	10'
Rear	25'	25'	10'	15'	5'	5'	5'
Minimum setbacks, Accessory structure							
Front	20'	20'	15'	10/ 15'(c)	15'	10'	10'
Side—Interior	5'	5'	5'	3'	5'	5'	5'
Side—Corner	5'	5'	5'	10'	5'	5'	5'
Rear	5'	5'	5'	3'	5'	5'	5'
Detached building separation	5'	5'	5'	6'	5'	5'	5'
Number of detached buildings	3 per full 5,000 ft <sup>2</sup> of lot area	3 per full 5,000 ft <sup>2</sup> of lot area	3 per full 5,000 ft <sup>2</sup> of lot area	3			
Minimum lot area	10,000 SF	5,000 SF	5,000 SF	2,500 SF	5,000 SF	5,000 SF	5,000 SF



Development	Requirement By Zoning District						
	RS-1	RS-2	RS-3	RS-4	RM-1	RM-2	RM-3
Minimum street frontage (Standard)	60'	50'	50'	25'	50'	50'	50'
Minimum street frontage (lots on the bulb of a cul-de-sac)	36'	36'	36'	15'	36'	36'	36'
Maximum density	One du per lot	One du per lot	One du per 2,900 SF of lot area	One du for each 2,500 SF of lot area	One du per 1,900 SF of lot area	One du per 900 SF of lot area	One du per 580 SF of lot area
Minimum usable open space	N/A	N/A	N/A	N/A	See <u>Section 18.41.040</u>		
Maximum lot coverage	75%	75%	75%	N/A	75%	75%	75%
Maximum height, primary structure	35'	35'	35'	35'	45'	65'	95'
Maximum stories, primary structure	2	2	3	3	4	6	9
Maximum height, accessory structure	35'	35'	35'	35'	45'	65'	95'
	Shall not exceed the number of stories or height of the primary structure.						
Maximum area (total), accessory structures— Excluding up to 400 SF	10% of lot	10% of lot	10% of lot	None	None	None	None



Development	Requirement By Zoning District						
	RS-1	RS-2	RS-3	RS-4	RM-1	RM-2	RM-3
of covered parking and area dedicated to an ADU	size (d)	size (d)	size (d)				

Notes:

(a) Stoops and porches may extend into the front yard up to the front property line or in the case of a corner parcel, to the side property line. Garages shall maintain a fifteen-foot front yard setback.

(b) A zero foot minimum side yard, for one side yard on the parcel, is permitted provided that there is a six-foot separation to the adjacent residential structure and that there is a minimum three-foot side yard setback on the opposite side.

(c) Except for stoops and porches, accessory structures shall not be located in the front yard setback. Porches or stoops should be at least six feet deep.

(d) No single accessory structure shall have a footprint greater than that of half of the primary structure excluding area dedicated to an ADU.

**Section 4.** Section 18.21.050 (Second units) is hereby repealed.

**Section 5.** Section 18.30.380 is hereby added to read as follows:

**18.30.380 - Accessory Dwelling Units.**

A. Purpose. The purpose of this section is to provide for the construction of Accessory Dwelling Units (ADUs) in areas zoned to allow residential uses pursuant to Government Code Section 65852.2. ADUs help advance the goals and policies of the City’s Housing Element by:

1. Providing an affordable type of home to construct without the cost of acquiring new land, dedicated parking, and costly infrastructure;



2. Accommodating new housing units while preserving the character of existing neighborhoods;
  3. Allowing efficient use of the city's existing housing stock and infrastructure;
  4. Providing housing options and choices that respond to varying income levels, changing household sizes and lifestyle needs; and,
  5. Providing a means for residents—particularly seniors, single parents, young singles, and younger couples—to remain in their homes and neighborhoods, and obtain and preserve income, security, companionship, and assistance.
- B. Consistency with state law. This section is intended to be consistent with Government Code Section 65852.2. If inconsistency is found with this section and state law, state law shall prevail.
- C. Definitions. For the purposes of this section Accessory Dwelling Unit (ADU) is defined in Section 18.50.010.
- D. ADUs permitted.
1. One ADU is permitted on a lot if all the following are met:
    - a. The lot includes a proposed or existing dwelling.
    - b. The lot is in a zone that allows for a residential use as indicated in Table 18.20.020.
    - c. The proposed ADU is located where the city manager or his/her designee has not determined that public utilities or services are inadequate or the ADU will adversely impact traffic flow or public safety.
    - d. The ADU meets the standards of subsection F.
  2. Two detached ADUs are permitted on a lot with a multi-family residential use if all the following are met:
    - a. The lot includes an existing multi-family residential dwelling.
    - b. Each ADU does not exceed a total floor area of 1,000 square feet and 16 feet in height.



3. Multiple ADUs are permitted within the portions of existing multi-family residential structures that are not used as livable space, including, but not limited to, storage rooms, boiler rooms, passageways, attics, basements, or garages, if each unit complies with state building standards for dwellings.

a. At least one ADU is permitted within an existing multi-family residential structures and up to 25 percent of the existing number of multi-family dwelling units is allowed.

E. Review. The approval of an ADU is subject to a ministerial decision process outlined in Section 18.12.030. For the purposes of this subsection, a staff person designated by the city manager shall review and act on a building permit application for an ADU within 60 days after a complete application is received. An ADU proposed with a permit application for a new primary dwelling shall not be approved until the primary dwelling receives approval. An applicant may request a variance subject to Section 18.12.120 in conjunction with an application for an ADU.

F. ADU Development Standards.

1. Density. ADUs are consistent with the allowable density for the lot upon which the ADU is located and the ADU is a residential use that is consistent with existing General Plan and zoning designations for the lot.

2. Location. An ADU may be either attached to, or located within, the proposed or existing primary dwelling, including attached garages, storage areas, or an accessory structure or detached from the proposed or existing primary dwelling and located on the same lot as the proposed or existing dwelling. An ADU may be attached to, located within, or detached from an existing or proposed primary dwelling unit, including garages and habitable or non-habitable accessory structures.

3. Parking. No additional parking is required for an ADU. If an ADU is constructed within existing garage or covered parking, then no replacement parking spaces may be required.



4. Height. The maximum height of an ADU is as follows:
  - a. On a property with a single-family residential primary dwelling, the height of the ADU, attached or detached, shall not exceed the height of the primary dwelling or 16 feet, whichever is greater. For an ADU constructed above a garage or on a lot smaller than 5,000 square feet, the height shall not exceed 25 feet.
  - b. On a property with a multi-family residential structure, the height of a detached ADU shall not exceed 16 feet.
5. Setbacks.
  - a. For all ADUs, the front setback shall be a minimum of 15 feet.
  - b. For all ADUs, the exterior and interior side yard setback shall be a minimum of four feet and the rear yard setback shall be a minimum of four feet.
  - c. No setback shall be required for an existing living area or permitted accessory structure or a structure constructed in the same location and to the same dimensions as an existing structure that is converted to an accessory dwelling unit or to a portion of an accessory dwelling unit, and a setback of no more than four feet from the side and rear lot lines shall be required for an accessory dwelling unit that is not converted from an existing structure or a new structure constructed in the same location and to the same dimensions as an existing structure.
6. Landscaping.
  - a. One 24-inch box tree shall be planted within the required 15 foot front yard setback for ADUs or in the abutting parkway. Existing trees that are at least 15 feet high and 15 feet in width may be used to satisfy this requirement.
7. Building Design Standards. ADUs shall conform to adopted single-family infill standards in Section 18.42.070.C.
8. Size of unit.



- a. The minimum size of an ADU is a total floor area of 150 square feet.
- b. The total floor area of an ADU attached to a primary dwelling unit shall not exceed 50% of the total floor area of the existing primary dwelling or 1,000 square feet, whichever is greater, save and except (d) and (e) below.
- c. The total floor area of a detached ADU shall not exceed 1,000 square feet save and except (d) and (e) below.
- d. A detached ADU may have a total floor area up to 1,200 square feet if all the following requirements are met:
  - 1. The front setback of the ADU exceeds the front setback of the existing or proposed primary dwelling unit.
  - 2. No existing parking spaces are removed or the existing spaces are replaced with covered parking.
  - 3. One additional parking space is provided for the ADU.
- e. An ADU constructed within the footprint of an existing dwelling or a detached structure shall not be subject to a maximum square footage of total floor area.
- f. As provided in state law, an attached or detached ADU with a maximum size of 850 square feet or 1,000 square feet with more than one bedroom shall be permitted in any circumstance subject to a maximum height of 16 feet, four foot side and rear setbacks, and compliance with all building codes.

9. A minimum lot size shall not be required for an ADU under this ordinance.

10. No passageway shall be required for an ADU under this ordinance.

11. ADUs are only required to provide fire sprinklers if they are required for the primary residence.

G. Limitations and other requirements

- 1. An ADU shall not be sold or otherwise conveyed separate from the primary residence.



2. An ADU may serve as a rental unit or be occupied by family members, guests, or in-home health care providers and others at no cost.
  3. Neither the ADU nor the primary dwelling unit shall be rented for a term of less than 31 days. ADUs on multi-family properties shall be subject to this provision, except the restriction shall not apply to existing multi-family units.
  4. Owner occupancy of the primary unit or ADU is not required.
  5. Trash and recycling. Receptacles are required and shall conform to the requirements of Section 7.10.040 of the Code of Ordinances.
  6. Prohibited units. No structure of a temporary nature shall be used as a residence or ADU, neither temporarily nor permanently. Refer to Section 18.20.030.A.
  7. Fees. An ADU with less than 750 square feet is exempt from any impact fees imposed by the city. For ADUs 750 square feet or more, impact fees shall be charged proportionately in relation to the square footage of the primary dwelling unit.
  8. Before a building permit may be issued for an ADU, the record owner shall enter into an agreement with the City in a form that is approved by the City Attorney. The agreement shall include the following provisions: the ADU may not be sold or conveyed separately from the primary dwelling unit; the agreement may be enforced against future purchasers; and the ADU may not be rented for a period of less than 31 days. The City shall submit the agreement to the County Recorder for recordation. The agreement shall run with the land for life of the ADU.
- H. Nonconforming zoning conditions. The correction of existing nonconforming uses, structures, or parcels pursuant to Chapter 18.11 shall not be required as a condition of approval for an ADU.

Section 6. Section 18.30.390 is hereby added to read as follows:

**18.30.390 - Junior Accessory Dwelling Units.**

Zoning 11 of 20  
 Ordinance  
 NCMC Sections 18.20.020, 18.21.040, 18.21.050  
 18.45, 18.50, 18.30.380, 18.30.390

Ordinance No. 2021 - \_\_\_\_\_  
 (Date)



A. Purpose. The purpose of this section is to provide for the construction of Junior Accessory Dwelling Units (JADUs) in areas zoned to allow residential uses pursuant to Government Code Section 65852.22. JADUs help advance the goals and policies of the City’s Housing Element by:

1. Providing an affordable type of home to construct without the cost of acquiring new land, dedicated parking, and costly infrastructure;
2. Accommodating new housing units while preserving the character of existing neighborhoods;
3. Allowing efficient use of the city's existing housing stock and infrastructure;
4. Providing housing options and choices that respond to varying income levels, changing household sizes and lifestyle needs; and,
5. Providing a means for residents—particularly seniors, single parents, young singles, and younger couples—to remain in their homes and neighborhoods, and obtain and preserve income, security, companionship, and assistance.

B. Consistency with state law. This section is intended to be consistent with Government Code Section 65852.22. If inconsistency is found with this section and state law, state law shall prevail.

C. Definitions. For the purposes of this section junior accessory dwelling unit (JADU) is defined in Section 18.50.010.

D. JADUs permitted.

1. One JADU is permitted on a lot if the following are met:

- a. The lot includes a proposed or existing single-family dwelling.
- b. The lot is in a zone that allows for a residential use as indicated in Table 18.20.020.
- c. The JADU meets the standards of subsection F.
- d. There is no existing ADU or JADU on the lot or there is an existing detached ADU that does not exceed a total floor area of 800 square feet and does not exceed a height of 16 feet.



e. The proposed JADU is located where the city manager or his/her designee has not determined that public utilities or services are inadequate or the JADU will adversely impact traffic flow or public safety.

E. Review. The approval of a JADU is subject to a ministerial decision process outlined in Section 18.12.030. For the purposes of this subsection, a staff person designated by the city manager shall review and act on a building permit application for a JADU within 60 days after a complete application is received. A JADU proposed with a permit application for a new primary dwelling shall not be approved until the primary dwelling receives approval.

F. Development standards.

1. A JADU may have a total floor area of not less than 150 square feet and not more than 500 square feet, and is permitted within an existing or proposed single-family residential dwelling unit. A JADU constructed within an existing structure may construct an additional 150 square feet for ingress and egress only.
2. A JADU shall have a separate exterior entry from the primary dwelling unit and shall provide a kitchen or an efficiency kitchen.
3. Parking. Replacement parking spaces are required when a JADU is created within an existing attached garage. Covered spaces are not required.

G. Limitations and other requirements.

1. The owner must occupy the single-family residence in which the JADU will be permitted. The owner may reside in either the remaining portion of the structure or the newly created JADU. Owner-occupancy shall not be required if the owner is another governmental agency, land trust, or housing organization.
2. Before a building permit may be issued for a JADU, the record owner shall enter into an agreement with the City in a form that is approved by the City Attorney. The agreement shall include the following provisions: the JADU



may not be sold or conveyed separately from the primary dwelling unit; the agreement may be enforced against future purchasers: the JADU shall not be rented for a period of less than 31 days; and the record owner shall reside on the premises. The City shall submit the agreement to the County Recorder for recordation. The agreement shall run with the land for life of the JADU.

**Section 7.** Table 18.45.040 (Schedule of Off-Street Parking Requirements by Land Use) is hereby amended to read as follows:

Uses and Structures	Minimum Parking Spaces Required (Unless Otherwise Specified)
Residential Uses	
Dwelling, single detached (RS-1 zone)	2 covered spaces, plus one additional uncovered space per bedroom greater than four bedrooms or one additional uncovered space for dwellings greater than 2,500 SF, whichever is greater.
Dwelling, single detached (all other RS and RM zones, except within the Westside Specific Plan area)	One covered space and one uncovered space, plus one additional uncovered space per bedroom greater than four bedrooms or one additional uncovered space for dwellings greater than 2,500 SF, whichever is greater.
Dwelling, single attached	1.5 spaces per dwelling unit in a garage or carport
Dwelling, multiple	1.3 spaces per 1-bedroom dwelling unit plus 1.5 spaces per 2-bedroom or more unit, and conveniently located guest parking of ½ space per unit for 20 units or less, plus ¼ space for each unit over 20. Half of the required guest parking spaces may include parking spaces on dedicated public streets along the sides of the streets that are adjacent to the site.
Fraternity, sorority house, or dormitory	1.5 spaces for each sleeping room
Mobile home parks	2 spaces per unit



<b>Uses and Structures</b>	<b>Minimum Parking Spaces Required (Unless Otherwise Specified)</b>
Rectory	1 garage space per bedroom
Rooming or boarding house	1 space per guest room
Second dwelling unit	1 space in addition to primary residence parking requirements
Senior housing	1 space per unit plus 1 guest space for each 10 units
RS-4 (Westside Specific Plan): Units greater than 1,200 square feet	2 spaces per unit
RS-4 (Westside Specific Plan): Units less than 1,200 square feet	1.7 spaces per unit
<b>Commercial and Office Uses</b>	
Banks and financial institutions	3 spaces per 1,000 square feet floor area
Offices, administrative, clerical, and professional	Number of required parking spaces varies depending on the amount of floor area as identified in the column to the left.
• First 5,000 square feet	• 1 space per 200 square feet floor area
• 5,000 to 10,000 square feet	• 1 space per 250 square feet floor area
• 10,000 to 30,000 square feet	• 1 space per 300 square feet floor area
• 30,000 to 100,000 square feet	• 1 space per 350 square feet floor area



<b>Uses and Structures</b>	<b>Minimum Parking Spaces Required (Unless Otherwise Specified)</b>
• Over 100,000 square feet	• 1 space per 400 square feet floor area
Offices, medical/dental office or outpatient clinic, veterinary hospitals and clinics	1 space per 300 square feet floor area
Lodging - Hotel, motel, bed and breakfast inn	1 for each guest bedroom, plus 1 for the manager's unit
Restaurant, bar, nightclub, pool hall, bowling alley, or similar establishment	10 spaces per 1,000 square feet floor area
Gasoline service station	1 space per 1,000 square feet of lot area; less the footprint of any convenience store area, plus 3.3 spaces per 1,000 square feet of convenience store area
Commercial recreation, indoor	2.5 spaces per 1,000 square feet floor area
Retail sales	1 for each 250 square feet of floor area
Personal services	1 space per 300 square feet of floor area
Shopping centers with multiple tenants	1 space per 200 square feet floor area
Vehicle repair or service, including car wash	1 space per 500 square feet floor area
Vehicle sales or rental (new and used)	1 space per 500 square feet floor area plus one per every 2,500 square feet outdoor display area
Theater/auditorium, stadium/sports arena	1 space per 5 seats
Mausoleum/crematory	25 spaces per 1,000 square feet of seating area



<b>Uses and Structures</b>	<b>Minimum Parking Spaces Required (Unless Otherwise Specified)</b>
CL zone (Westside Specific Plan): Office	2.9 spaces per 1,000 square feet floor area
CL zone (Westside Specific Plan): Retail	3.6 spaces per 1,000 square feet floor area
CL zone (Westside Specific Plan): Industrial	2 spaces per 1,000 square feet floor area
<b>Mixed-Uses in the MXD and MXC Zones</b>	
Nonresidential uses	Minimum: 2 spaces per 1,000 square feet floor area
Residential - studio, 1 bedroom, and 2 bedroom units	Minimum: 1 space per unit
Residential - 3 or more bedroom units	Minimum: 1.5 spaces per unit
<b>MCR Zones in the Westside Specific Plan</b>	
Residential units greater than 1200 square feet	1.5 spaces per unit
Residential units less than 1200 square feet	1 space per unit
Office uses	2.9 spaces per 1,000 square feet floor area
Retail uses	3.6 spaces per 1,000 square feet floor area
Industrial uses	2 spaces per 1,000 square feet floor area
<b>Industrial Uses</b>	
Industrial manufacturing and processing uses, waterfront related	1 space for each 1,000 square feet of floor area



<b>Uses and Structures</b>	<b>Minimum Parking Spaces Required (Unless Otherwise Specified)</b>
industry, wholesaling, warehousing, and distribution	
Industrial/building supplies and equipment, sales and rentals	1 space per 800 square feet floor area
Research and development	1 space per 400 square feet of floor area
Recycling facilities	2 spaces per 1,000 square feet floor area
Animal boarding/kennel	1 space per 500 square feet floor area
Trucking and transportation terminal	2 spaces per 1,000 square feet floor area plus 1 space for every 2 fleet vehicles
Institutional Uses	
Hospital or other inpatient medical institution	1 space per 3 beds, excluding bassinets
Civic, fraternal, community, and cultural facilities	1 space per every 200 square feet of floor space open to the public plus 1 space per each 300 square feet of administrative office area
Public/religious assembly, fraternal lodge or club, banquet hall/facilities, and similar establishments	1 space for every 35 square feet of seating area
Convention center	1 space per 50 square feet floor area
Child day care center, preschool, or nursery school	2 spaces per 1,000 square feet floor area



Uses and Structures	Minimum Parking Spaces Required (Unless Otherwise Specified)
Schools, elementary and middle	1.5 spaces per classroom plus area one space for each 300 square feet of office area
Schools, high	1 space per each 150 square feet of classroom area plus one space for each 300 square feet office area
Schools, trade, college/university, business, adult education	1 space per 40 square feet of classroom area plus 1 space per 300 square feet of office area
Open Space/Agriculture	
Neighborhood and community farms	Minimum 2 parking spaces, plus one additional space for every acre of garden site lot area over 2 acres. Each garden site that includes a farm stand shall provide 1 additional space for every 250 feet of floor area and outdoor display space.

**Section 8.** The following definitions in Chapter 18.50 (Glossary) are hereby amended to read as follows:

The definition of “Second unit” is hereby repealed.

Accessory Dwelling Unit (ADU): “Accessory Dwelling Unit” means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. An ADU also includes an efficiency unit and a manufactured home, as defined in Section 18007 of the Health and Safety Code. Refer to Section 18.030.380 for ADU regulations.



Junior Accessory Dwelling Unit (JADU): “Junior Accessory Dwelling Unit” means a unit that is no more than 500 square feet in size and contained entirely within a single-family residence. A JADU may include separate sanitation facilities, or may share sanitation facilities with the existing structure. Refer to Section 18.030.390 for JADU regulations.

**Section 9.** Severability. If any section, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this ordinance and adopted this Ordinance and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses, or phrases be declared invalid or unconstitutional.

**Section 10.** This Ordinance shall take effect and be in force thirty (30) days from the date of its passage, and before the expiration of fifteen (15) days after its passage, it or a summary of it, shall be published once, with the names of the members of the City Council voting for and against the same in the Star News, a newspaper of general circulation published in the County of San Diego, California.

**PASSED and ADOPTED this 2<sup>nd</sup> day of November, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney

Zoning 20 of 20  
Ordinance  
NCMC Sections 18.20.020, 18.21.040, 18.21.050  
18.45, 18.50, 18.30.380, 18.30.390

Ordinance No. 2021 - \_\_\_\_\_  
(Date)



The following page(s) contain the backup material for Agenda Item: [Public Hearing and the Introduction of an Ordinance of the City Council of the City of National City establishing Community Choice Aggregation \(CCA\) in the City of National City. \(Engineering/Public Works\)](#)

Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.**

**ITEM TITLE:**

Public Hearing and the Introduction of an Ordinance of the City Council of the City of National City establishing Community Choice Aggregation (CCA) in the City of National City.

**PREPARED BY:** Roberto Yano, Director of Public Works /  
City Engineer

**PHONE:** 619-336-4383

**DEPARTMENT:** Engineering/Public Works

**APPROVED BY:** \_\_\_\_\_  


**EXPLANATION:**

See attached.

**FINANCIAL STATEMENT:**

**ACCOUNT NO.**

N/A

**APPROVED:** \_\_\_\_\_ Finance

**APPROVED:** \_\_\_\_\_ MIS

**ENVIRONMENTAL REVIEW:**

This action is not subject to review under the California Environmental Quality Act (CEQA).

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Introduce Ordinance of the City Council of the City of National City establishing community choice aggregation.

**BOARD / COMMISSION RECOMMENDATION:**

N/A

**ATTACHMENTS:**

1. Explanation
2. Ordinance (First Reading)
3. Previous Staff Reports and Informational Items



## **Explanation:**

In 2019, staff presented a preliminary report on the feasibility of Community Choice Aggregation (CCA) models and associated pros and cons with each one. Council gave staff direction to continue to monitor the development of the County's CCA and return with an update.

On September 21, 2021 Council received a preliminary update to the City's Climate Action Plan (CAP). It outlined the strategies included to achieve the specific state required environmental targets of 40% below 1990 levels by 2030 and 80% below 1990 levels by 2050. Central to the updated CAP recommendations is joining a CCA. On that same night, Council gave direction to return to Council with a CCA ordinance and a Joint Powers Authority (JPA) Agreement with San Diego Community Power (SDCP).

Staff has been actively investigating the feasibility of commencing CCA service for electric customers within the City of National City with the objective of making greater renewable electric portfolio content available to customers, providing greater local involvement over the provision of electric commodity services, and promoting competitive commodity rates.

Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2; the "Act"), added statutes to the Public Utilities Code authorizing local governmental bodies to individually or jointly provide retail electric commodity service to an aggregation of customers within their jurisdictions, a service referred to as CCA. Pursuant to Sections 331.1(b) and 366.2 of the Act, two or more entities authorized to be a community choice aggregator may participate jointly in a CCA program through a Joint Powers Authority established pursuant to chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code; if each entity adopt the ordinance required by Public Utilities Section 366.2; and

City staff recommends the implementation of a CCA program at this time. Under Public Utilities Code section 366.2, customers have the right to opt out of the CCA program and continue to receive electric commodity service from the incumbent utility.

A JPA Agreement will be necessary to join SDCP. If Council adopts the proposed CCA ordinance, staff would be back on November 2, 2021 for the second reading of the ordinance and to seek authorization to execute the JPA agreement with SDCP. At that time, the Mayor would have to appoint a board member (City elected official) to represent the City on SDCP board. The representative would be seated as early as December 2021.

SDCP would then file an amendment to their CCA Implementation Plan with the State to include the City's power load. Per California Public Utilities Commission Resolution E-4907, a one-year period between submittal of the CCA Implementation Plan (on or before January 1st of a given year) and customer enrollment must occur. Thus, the earliest timeframe for SDCP to begin serving National City customers in 2023.

The proposed ordinance could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity in the form of energy projects.



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

**MEETING DATE:** September 21, 2021

**AGENDA ITEM NO. 22**

**ITEM TITLE:**

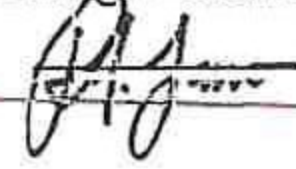
Resolution of the City Council of the City of National City, 1) acknowledging the Preliminary Update of Climate Action Plan and; 2) directing staff to return to City Council with a CCA ordinance and Joint Powers Agency agreement with San Diego Community Power.

**PREPARED BY:** Roberto Yano, Director of Public Works /  
City Engineer

**PHONE:** 619-336-4383

**DEPARTMENT:** Engineering/Public Works

**APPROVED BY:** \_\_\_\_\_



**EXPLANATION:**

See attached.

**FINANCIAL STATEMENT:**

**ACCOUNT NO.**

|N/A|

**APPROVED:** \_\_\_\_\_

Finance

**APPROVED:** \_\_\_\_\_

MIS

**ENVIRONMENTAL REVIEW:**

This action is not subject to review under the California Environmental Quality Act (CEQA).

**ORDINANCE:** INTRODUCTION:  FINAL ADOPTION:

**STAFF RECOMMENDATION:**

Adopt the Resolution 1) Accepting the Community Choice Aggregation (CCA) comparison and recommendation memo, and; 2) directing staff to return to Council with a CCA ordinance and Joint Powers Agency agreement with San Diego

**BOARD / COMMISSION RECOMMENDATION:**

N/A

**ATTACHMENTS:**

1. Explanation
2. Resolution



**Explanation:**

In 2019, staff presented a preliminary report on the feasibility of possible Community Choice Aggregation (CCA) models and associated pros and cons with each one. Council gave staff direction to continue to monitor the development of the County’s CCA and return with an update.

A preliminary update to the City’s Climate Action Plan (CAP), as a part of tonight’s presentation, will outline the strategies included to achieve the specific state required environmental targets. Central to the updated CAP recommendations is the joining a CCA. The preliminary schedule to complete the CAP is in the fall of 2022. An additional update will be presented to council before the end of the calendar year.

Under a CCA, residents and businesses then have the opportunity to choose who will purchase electricity on their behalf - either the CCA or the incumbent utility. Under a CCA, residents and businesses can also select the renewable content of their electricity. The pooling of purchasing power to buy or generate electricity gives customers the choice of where to purchase their power. Choice, competition, and local control are the bedrock of CCA. The incumbent utility remains a key partner in a CCA program as it continues to manage transmission, distribution, and billing services for CCA customers. Today, there are twenty-three CCAs operating throughout the State, serving more than eleven million customers, including two CCAs in San Diego County – Clean Energy Alliance (CEA) and San Diego Community Power (SDCP).

The SDCP is a Joint Power Agency (JPA) that was formed in September of 2019 and begun serving its first customers in March of this year. Once fully launched, SDCP will be serving approximately 770,000 customer accounts making it the one of the largest community choice program in California. SDCP' current participating agencies are City of San Diego, Chula Vista, La Mesa, Encinitas, and Imperial Beach. The County of San Diego recently also decided to join SDCP after many years of research and information gathering on their part, bringing the total accounts to be served by SDCP to approximately 950,000.

CEA consists of the cities of Carlsbad, Del Mar, and Solana Beach. CE serves about 60,000 customer accounts.

Staff has reviewed the SDCP and CEA JPA agreements to evaluate issues of concern including, but not limited to, governance structure, goals, priorities, local building efforts, and legislative and regulatory advocacy of member agencies.

The attached memo dated September 9, 2021 (Attachment 1) compares the two CCAs in the County. The table below is a summary of the comparison.

<b>Topic</b>	<b>CEA</b>	<b>SDCP</b>	<b>Comments</b>	<b>Conclusion</b>
<i>Costs to Join</i>	\$50,000 to cover costs for load data analysis.	\$30,000 to cover costs for load data analysis, to be fronted by SDCP	\$50,000 cost if City joins CEA; no cost if City joins SDCP	SDCP better
<i>Current Opt-Out Rate</i>	7%	2.34%	SDCP hasn't launched residential customers yet	SDCP currently better
<i>Economies of scale</i>	It is currently at the lower end of size for obtaining competitive pricing	SDCP will eventually be one of the largest CCAs in the State which potentially provides	SDCP is now one of the largest CCAs	SDCP currently better



		advantages in energy procurement		
<i>City staff requirements</i>	No staff support needed	No staff support needed	Same for both	Substantially Equal
<i>Customer rates</i>	2.2% savings vs SDG&E	1% savings vs SDG&E but includes 5% GHG Free	Savings roughly the same for both	Substantially Equal
<i>Same rates for new members?</i>	Yes, but PCIA will be different	Yes, but PCIA will be different	PCIA set in vintage year (when customers join)	Substantially Equal
<i>If joined, when would City customers start service</i>	Spring 2023	Spring 2023	Spring best time to launch new customers	Substantially Equal
<i>CCA reserve status in 2023</i>	Approximately \$8M, additional needs would be financed	Approximately \$70M, additional needs would be financed	Reserves commensurate with load size.	SDCP better
<i>Lobbying ability</i>	CALCCA member and has lobbying firm(s) under contract	CALCCA member, one fulltime Legislative and Reg. Affairs staff, and has lobbying firm(s) under contract	Larger CCAs possibly have more resources, including staff, to support lobbying efforts	SDCP better
<i>JPA Voting</i>	1 member = 1 vote	1 member = 1 vote unless special voting clause enacted	SDCP weighted vote allows override of normal vote if 3 members call for it with 2/3 vote required based on load profile; San Diego capped at 49%	Substantially Equal
<i>Future Programs</i>	Programs developed to align with members load profile	Programs approved by Board	With SDCP Programs are not based on load	SDCP better

In addition, staff found that both CCAs have similar provisions in the following areas of interest:

Areas of Interest	CEA	SDCP
Social equity	Inclusive and Sustainable Workforce Policy which applies to staff, supply chain, procurement and business practices. CEA's Bid Criteria Policy establishes environmental stewardship and social equity as criteria to be evaluated during the	"Pursue purposeful and focused investment in communities of concern, prioritization of local renewable power, workforce development, and policies and programs centered on economic, environmental, and social equity."



	bid process.	Additionally, SDCP has an Inclusive and Sustainable Workforce Policy that supports outreach to communities of concern for supply chain goods and services and requires workforce reporting for project developers working for SDCP
Environmental stewardship	Three energy options, one of which is for 100% renewable power. CEA members stated goal in their JPA is to reach 100% renewable by 2035	Two energy options, one of which is for 100% renewable power. SDCP members stated goal in their JPA is to reach 100% renewable by 2035
Cost Competitiveness	Currently, they have confirmed that their lowest renewables content rate, which includes 50% renewable, is at 2.2% below SDG&E.	Currently, they have confirmed that their lowest renewables content rate, which includes 50% renewable and 5% GHG free, is at 1% below SDG&E.
Prevailing Wage	CEAs Inclusive and Sustainable Workforce policy encourages payment of prevailing wages and a skilled and trained workforce for Owned Generation and FIT Projects and encourages prevailing wage.	The SDCP JPA states members seek to demonstrate economic benefits to the region with prevailing wage jobs, local workforce development, and support a stable, skilled and trained workforce through a variety of means including the use of neutrality agreements. Their Inclusive and Sustainable Workforce Policy requires contractors and subcontractors to pay prevailing wages on any SDCP Feed-in Tariff project.
Communities of Concern	The policy directs broad outreach efforts in diverse and disadvantaged communities, with an emphasis on seeking local contractors and businesses. While their policies note they are union neutral, their Bid Evaluation Criteria Policy provides preference to local renewable energy projects, creating new local jobs, and utilizing approved CA apprenticeship programs with fair compensation and proper assignment of work to crafts that traditionally perform the work	The policy is to "Promote suppliers and workforce diversity, including returning veterans and those from disadvantaged and under-represented communities of concern, to reflect the diversity of the region." SDCP's Inclusive and Sustainable Workforce policy supports the use of "State of California approved apprenticeship programs" and notes SDCP will encourage construction contractors working on FIT projects to utilize local businesses, local apprenticeship programs, fair compensation practices including the proper assignment of work to crafts that traditionally perform the work, and the use of a skilled and trained workforce.

**General Fund Liability**



CEA and SDCP both utilize a JPA governance structure that creates a governmental entity separate and distinct from its member agencies, allowing members to be shielded from JPA debts and liabilities. The Joint Powers Agreements for both CEA and SDCP further provide that: (1) debts, liabilities, and obligations of the Authority (SDCP) shall not be the debts, liabilities, and obligations of any of the Parties (members) unless a party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body; (2) members are not required to make any financial contributions or payments to the JPA, except as may be required in connection with addition of a new member or withdrawal of a member under the JPA; (3) the JPA must acquire insurance coverage as necessary to protect the interests of the members and indemnify the members from liabilities arising from the JPA's activities. Consistent with industry standards, both Joint Powers Agreements include provisions with respect to withdrawal or involuntary termination of members that make the withdrawing or terminated member responsible for liability and costs in connection with that member's participation and that member's withdrawal or termination.

### **Financial Analysis**

SDCP and CEA are start-up CCAs with a short tenure of commercial operations. As such, neither CCA has a long history of operational statistics or accumulated targeted cash reserves that the more mature CCAs enjoy. However, both CCAs have lines of credit in place to handle immediate cash flow requirements. SDCP has a \$35M line of credit (LOC) from River City Bank, and CEA has a \$6M LOC from JP Morgan (with authority to increase up to \$10M). SDCP also has a \$5M agreement from a private third party to provide collateral support to the River City Bank LOC.

### **Conclusion**

Staff believes both CCAs are viable options but recommends SDCP because it is a quickly maturing CCA, with 12 permanent staff already in place as opposed to CEA using consultants. The larger number of accounts that SDCP serves would spread fixed cost over a larger number therefore lowering costs to users. Additionally, SDCP is already securing new long-term local renewables and storage, and will have significant cash reserves in place when the City is projected to launch.

If the Council would like to join SDCP, per Utilities Code Section 366.2(c)(12), Council will need to adopt an ordinance electing to do so within its jurisdiction. This ordinance would automatically transfer all SDGE accounts in the City to the CCA but would allow any account to opt out with minimal effort.

Staff is requesting direction to return to Council with a CCA ordinance and Joint Powers Agency agreement with SDCP at the earliest possible council meeting.





The City of National City  
**MEMORANDUM**

DATE: September 9, 2021  
TO: Brad Raulston, City Manager  
FROM: Roberto Yano, Director of Public Works/City Engineer  
SUBJECT: Recommendation to join San Diego Community Power (SDCP)  
Community Choice Aggregation (CCA)

In 2019, staff presented a preliminary report on the feasibility of possible CCA models and associated pros and cons with each one. Council gave staff direction to continue to monitor the development of the County's CCA and return with an update. The City's Climate Action Plan (CAP) is being updated now and should be presented to council before the end of the calendar year. The CAP plan will outline the strategies to achieve the specific environmental targets required by the state. Central to the updated CAP recommendations is the joining a CCA. Under a CCA, residents and businesses then have the opportunity to choose who will purchase electricity on their behalf - either the CCA or the incumbent utility. Under a CCA, residents and businesses can also select the renewable content of their electricity. The pooling of purchasing power to buy or generate electricity gives customers the choice of where to purchase their power. Choice, competition and local control are the bedrock of CCA. The incumbent utility remains a key partner in a CCA program as it continues to manage transmission and billing services for CCA customers. Today, there are twenty-four CCAs operating throughout the State, serving more than eleven million customers, including two CCAs in San Diego County – Clean Energy Alliance (CEA) and San Diego Community Power (SDCP).

Authorization to join a CCA could benefit city residents with competitive utility rates and cost savings compared to the incumbent utility, San Diego Gas & Electric (SDGE), as well as provide local control and more renewable power.

Engineering & Public Works Department  
1243 National City Boulevard, National City, CA 91950-4301  
619/336-4380 Fax 619/336-4397 [www.nationalcityca.gov](http://www.nationalcityca.gov)



Since presenting staff has engaged in discussions with both CCAs and worked to evaluate the City's options for joining the one of them. The results of these efforts are summarized below:

## **MAKE-UP AND OPERATION**

### Clean Energy Alliance

- CEA consists of the cities of Carlsbad, Del Mar, and Solana Beach and includes about 60,000 customer accounts. CEA is governed via a Joint Powers Agreement (JPA) between the member agencies and is currently at full service as of June 2021. Staffing consists of an interim CEO, three other interim staff, and a series of consultants managing operations. CEA currently offers three energy options to its customers, one at 50% renewable, a 50% renewable and 75% carbon free option, and a 100% renewable option. Opt-out rates are at 7% at this time but not expected to fluctuate much further as the CCE is fully launched. CEA plans to consider a fulltime staffing plan in the fall of 2021.
- 

### San Diego Community Power

- SDCP consists of the cities of San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach. SDCP is also governed via a JPA and currently operates with an Interim CEO and 12 full time staff, along with a series of consultants. It is currently serving all municipal, commercial, and industrial accounts, making up about 54% of their total load profile. The remaining accounts which are all residential are expected to be brought on board by May of 2022. Once in full operation, SDCP expects to have 26 full-time staff, serve up to 770,000 accounts and be the 2nd largest CCA in the State. Current opt-out rates are at 2.34%. SDCP offers two energy options to its customers, one at 50% renewable and 5% GHG free and one at 100% renewable. Recently the County of San Diego, with more than 188,000 accounts, voted to join SDCP.

## **ANALYSIS**

### 1) Social equity and environmental stewardship

CEA's JPA document commits the CCA to addressing Climate Change by reducing GHG Emissions. It also sets a minimum of 50% renewable energy, increasing to 100% by 2035. Regarding social equity, CEA has an Inclusive and Sustainable Workforce Policy which applies to staff, supply chain, procurement, and business practices. Lastly, CEA's Bid Criteria Policy establishes

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environmental stewardship and social equity as criteria to be evaluated during the bioprocess.

SDCP's JPA states an intent to "Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than the Investor Owned Utility (IOU), and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals," and to "Pursue purposeful and focused investment in communities of concern, prioritization of local renewable power, workforce development, and policies and programs centered on economic, environmental, and social equity." Additionally, SDCP has an Inclusive and Sustainable Workforce Policy that supports outreach to communities of concern for supply chain goods and services and requires workforce reporting for project developers working for SDCP.

2) Provide cost competitiveness compared to the incumbent utility

CEA's JPA establishes that they will seek electric generation rates which are competitive with SDG&E, with a target to be 2% below SDG&E's base generation rate. Currently, they have confirmed that their lowest renewables content rate, which includes 50% renewable, is at 2.2% below SDG&E.

SDCP's JPA establishes that they will seek electric generation rates which are lower or competitive with SDG&E. Currently, they have confirmed that their lowest renewables content rate, which includes 50% renewable and 5% GHG free, is at 1% below SDG&E.

3) Achievement of renewable electricity

Currently, CEA offers customers three energy options, one of which provides 100% renewable power. CEA members stated goal in their JPA is to reach 100% renewable by 2035; however, City accounts can be switched to the 100% option in 2030, or at any time.

Currently, SDCP offers customers two energy options, one of which is for 100% renewable power. SDCP members stated goal in their JPA is to reach 100% renewable by 2035; however, City accounts can be switched to the 100% option in 2030, or at any time.

4) Prevailing Wage

CEAs Inclusive and Sustainable Workforce policy encourages payment of prevailing wages and a skilled and trained workforce for Owned Generation and FIT Projects and encourages prevailing wage.

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The SDCP JPA states members seek to demonstrate economic benefits to the region with prevailing wage jobs, local workforce development, and support a stable, skilled and trained workforce through a variety of means including the use of neutrality agreements. Their Inclusive and Sustainable Workforce Policy requires contractors and subcontractors to pay prevailing wages on any SDCP Feed-in Tariff project and “encourages the submission of information from respondents” to PPA RFQ/RFP’s regarding “planned efforts to” pay prevailing wages. It also notes that the same “encourage” language used with respect to PPA’s may be adopted with respect to Owned Generation and Energy Efficiency projects.

- 5) Encourage the development of an equitable jobs pipeline for individuals from communities of concern

CEA’s Inclusive and Sustainable Workforce Policy “...supports local jobs, sustainable and inclusive workforce opportunities, local economic sustainability, and diversity through contracting for power sources, procuring goods and services, and implementing hiring initiatives where appropriate, without limiting fair and open competition...” This policy directs broad outreach efforts in diverse and disadvantaged communities, with an emphasis on seeking local contractors and businesses. While their policies note they are union neutral, their Bid Evaluation Criteria Policy provides preference to local renewable energy projects, creating new local jobs, and utilizing approved CA apprenticeship programs with fair compensation and proper assignment of work to crafts that traditionally perform the work.

SDCP’s JPA states, “To the extent authorized by law, support a stable, skilled, and trained workforce through a variety of mechanisms, including neutrality agreements, that are designed to ensure quality workmanship at fair and competitive rates...” Also, “Promote suppliers and workforce diversity, including returning veterans and those from disadvantaged and under-represented communities of concern, to reflect the diversity of the region.” SDCP’s Inclusive and Sustainable Workforce policy supports the use of “State of California approved apprenticeship programs” and notes SDCP will encourage construction contractors working on FIT projects to utilize local businesses, local apprenticeship programs, fair compensation practices including the proper assignment of work to crafts that traditionally perform the work, and the use of a skilled and trained workforce.

- 6) General Fund Liability

CEA and SDCP both utilize a JPA governance structure that creates a governmental entity separate and distinct from its member agencies, allowing members to be shielded from JPA debts and liabilities. The Joint Powers

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Agreements for both CEA and SDCP further provide that: (1) debts, liabilities, and obligations of the Authority (SDCP) shall not be the debts, liabilities, and obligations of any of the Parties (members) unless a party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body; (2) members are not required to make any financial contributions or payments to the JPA, except as may be required in connection with addition of a new member or withdrawal of a member under the JPA; (3) the JPA must acquire insurance coverage as necessary to protect the interests of the members and indemnify the members from liabilities arising from the JPA's activities. Consistent with industry standards, both Joint Powers Agreements include provisions with respect to withdrawal or involuntary termination of members that make the withdrawing or terminated member responsible for liability and costs in connection with that member's participation and that member's withdrawal or termination.

#### 7) Financial Analysis

SDCP and CEA are start-up CCAs with a short tenure of commercial operations. As such, neither CCA has a long history of operational statistics or accumulated targeted cash reserves that the more mature CCAs enjoy. However, both CCAs have lines of credit in place to handle immediate cash flow requirements. SDCP has a \$35M line of credit (LOC) from River City Bank, and CEA has a \$6M LOC from JP Morgan (with authority to increase up to \$10M). SDCP also has a \$5M agreement from a private third party to provide collateral support to the River City Bank LOC.

#### 8) Other Issues

Topic	CEA	SDCP	Comments	Conclusion
<i>Costs to Join</i>	\$50,000 to cover costs for load data analysis. Repaid within 3	\$30,000 to cover costs for load data analysis, only if City doesn't join	\$80,000 cost if City joins CEA; no cost if City joins SDCP	SDCP better
<i>Current Opt-Out Rate</i>	7%	2.34%	SDCP hasn't launched residential	SDCP currently
<i>Economies of scale</i>	It is currently at the lower end of size for obtaining competitive pricing	SDCP will eventually be one of the largest CCAs in the State which potentially provides advantages in	SDCP is now the second largest CCA	SDCP currently better
<i>City staff requirements</i>	No staff support needed	No staff support needed	Same for both	Substantially Equal

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<i>Customer rates</i>	2.2% savings vs SDG&E	1% savings vs SDG&E but includes 5% GHG	Savings roughly the same for both.	Substantially Equal
<i>Same rates for new members?</i>	Yes, but PCIA will be different	Yes, but PCIA will be different	PCIA set in vintage year (when	Substantially Equal
<i>If joined, when would City customers start service</i>	Spring 2023	Spring 2023	Spring best time to launch new customers	Substantially Equal
<i>CCA reserve status</i>	Approximately \$8M, additional needs would be financed	Approximately \$70M, additional needs would be financed	Reserves commensurate with load size.	SDCP better

<i>Lobbying ability</i>	CALCCA member and has lobbying firm(s) under contract	CALCCA member, one fulltime Legislative and Reg. Affairs staff, and has lobbying firm(s)	Larger CCAs possibly have more resources, including staff, to support lobbying efforts	SDCP better
<i>JPA Voting</i>	1 member = 1 vote	1 member = 1 vote unless special voting clause enacted	SDCP weighted vote allows override of normal vote with 2/3 based on load profile; San Diego capped at	Substantially Equal
<i>Future Programs</i>	Programs developed to align with members load profile	Programs approved by JPA	With SDCP Programs are not based on load	SDCP better

Both CEA and SDGP appear to comply with the City's interest and appear to be well organized and in good financial standing. However, SDGP is a quickly maturing CCA, with 12 permanent staff already in place as opposed to CEA using consultants. The larger number of accounts that SDGP serves would spread fixed cost over a larger number therefore lowering costs to users. Additionally, SDGP is already securing new long-term local renewables and storage, and will have significant cash reserves in place when the City is projected to launch.

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**Clean Energy Alliance Joint Powers Agreement**

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Effective: November 4, 2019



## CLEAN ENERGY ALLIANCE JOINT POWERS AGREEMENT

This Joint Powers Agreement (the "Agreement"), effective as of Nov. 4, 2019, is made by the Founding Members of the Clean Energy Alliance and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in Exhibit B.

### RECITALS

1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their customers.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability and cost savings, and fostering consumer choice and local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to state, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the Clean Energy Alliance ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.
6. By establishing the Authority, the Parties seek to:
  - (a) Provide electricity service to residents and businesses located within the jurisdictional boundaries of the public agencies that are members of the Authority in a responsible, reliable, innovative, and efficient manner;



- (b) Provide electric generation rates to all ratepayers that are competitive with those offered by the Investor Owned Utility, San Diego Gas & Electric (SDG&E), for similar products with a target generation rate at least 2 percent below SDG&E's base product generation rate;
- (c) Offer a mix of energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by SDG&E for similar service and other options, including a 90 percent and a 100 percent renewable content options in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving—and sustaining—the Climate Action Plan goals of the Parties, at competitive rates;
- (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than SDG&E, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
- (e) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
- (f) Pursue the procurement of local generation of renewable power developed by or within member jurisdictions with an emphasis on local jobs, where appropriate, without limiting fair and open competition for projects or programs implemented by the Authority;
- (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts;
- (h) Support low-income households having access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (i) Use discretionary program revenues to support the Authority's long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the jurisdiction of the Authority; and
- (j) Create an administering Authority that seeks to maximize economic benefits and is financially sustainable, well-managed and responsive to regional and local priorities.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:



1. **DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

2. **FORMATION OF THE COMMUNITY CHOICE ENERGY AUTHORITY**

2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by at least three Founding Members after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination), subject to the rights of the Parties to withdraw from the Authority under Section 8.1.

2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency named the Clean Energy Alliance. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary to the accomplishment of its purpose.

2.3 **Purpose.** The purpose of this Agreement is to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a CCA Program.

2.4 **Addition of Parties.** After the initial formation of the Authority and prior to October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may become a member of the Authority if it has completed a positive CCE Feasibility Study, adopted a CCA ordinance pursuant to Public Utilities Code Section 366.2(c)(12), approved and executed this Agreement, and paid or agrees to pay its share of the Initial Costs pursuant to Section 7.3.2 of this Agreement. Notwithstanding the foregoing, such public agency may be denied membership in the Authority if the



Board determines within 60 days after the submittal of the CCE Feasibility Study that the addition of the public agency would create an undue risk or financial burden to the Authority or to the achievement of the CAP goals of the Parties.

On or after October 1, 2020, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 and located within the service territory of SDG&E may apply to and become a member of the Authority if all the following conditions are met:

- 2.4.1 Adoption of a resolution by a two-thirds vote of the entire Board authorizing membership in the Authority;
  - 2.4.2 Adoption by the proposed member of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the proposed member;
  - 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
  - 2.4.4 Satisfaction of any other conditions established by the Board.
- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

### 3. POWERS

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
  - 3.2.1 make and enter into contracts;
  - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;



- 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
- 3.2.4 acquire property for the public purposes of the Authority by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party without its affirmative vote under Section 4.12.2;
- 3.2.5 lease any property;
- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs;
- 3.2.11 submit documentation and notices, register, and comply with applicable orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 receive revenues from sale of electricity and other energy-related programs; and
- 3.2.15 Partner or otherwise work cooperatively with other CCA's on the acquisition of electric resources, joint programs, advocacy and other efforts in the interests of the Authority.



- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Solana Beach and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and obligations of the Authority with the approval of its Governing Body, in its sole discretion. A Party that has not agreed in writing, as duly authorized by its Governing Body, to assume an Authority debt, liability, or obligation shall not be responsible in any way for such debt, liability, or obligation, regardless of any action by the Board. Further, the debts, liabilities and obligations of the City of Solana Beach related to or arising from its existing CCA program, commonly known as the Solana Energy Alliance, shall not be the debts, liabilities or obligations of the Authority or any of the Parties except the City of Solana Beach unless the Board approves assuming specific contracts entered into by the City of Solana Beach. Any such contracts assumed by the Authority shall be obligations of the Authority only and not of any of the Parties. Notwithstanding Sections 4.12.1 and 9.8 of this Agreement, this Section 3.5 shall not be amended or its liability limitations otherwise modified by an amendment to another part of this Agreement unless such amendment is approved by the Governing Body of each Party.
- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings, structures or other projects (the "project") developed, constructed or installed or caused to be developed, constructed or installed by the Authority within the territory of the Authority (which consists of the territorial jurisdiction of the Parties) shall comply with the General Plan, zoning, land use regulations, building laws and any applicable local Coastal Plan of the local jurisdiction within which the project is located.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.



#### 4. GOVERNANCE

##### 4.1 **Board of Directors.**

4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of one Director for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement.

4.1.2 Each Director must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party that appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.

4.1.3 The Governing Body of each Party also shall appoint an alternate to serve in the absence of the primary Director. The alternate also shall be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.

4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require an amendment of this Agreement in accordance with Section 4.12.

##### 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:

4.2.1 The Governing Body of each Party shall appoint and designate in writing one regular Director, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.

4.2.2 A Director may be removed by the Board for cause in accordance with procedures adopted by the Board. Cause shall be defined for the purposes of this section as follows:

- a. Unexcused absences from three consecutive Board meetings.
- b. Unauthorized disclosure of confidential information or documents from a closed session or the unauthorized disclosure of information



or documents provided to the Director on a confidential basis and whose public disclosure may be harmful to the interests of the Authority.

- c. Violation of any ethics policies or code of conduct adopted by the Board.

Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director has been removed may appoint a replacement.

- 4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation or expense reimbursement of its Directors.
- 4.4 **Terms of Office.** Each Party shall determine the term of office for its regular and alternate Director.
- 4.5 **Purpose of Board.** The general purpose of the Board is to:
  - 4.5.1 Provide structure for administrative and fiscal oversight;
  - 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;
  - 4.5.3 Retain legal counsel;
  - 4.5.4 Identify and pursue funding sources;
  - 4.5.5 Set policy;
  - 4.5.6 Optimize the utilization of available resources; and
  - 4.5.7 Oversee all Committee activities.
- 4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
  - 4.6.1 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
  - 4.6.2 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;
  - 4.6.3 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
  - 4.6.4 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and supplies;



- 4.6.5 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
  - 4.6.6 Establish standing and ad hoc committees as necessary;
  - 4.6.7 Set retail rates for power sold by the Authority and set charges for any other category of retail service provided by the Authority;
  - 4.6.8 Wind down and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
  - 4.6.9 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
- 
- 4.6.10 Arrange for an annual independent fiscal audit;
  - 4.6.11 Adopt such bylaws, rules and regulations necessary or desirable for the purposes set forth in this Agreement and consistent with this Agreement;
  - 4.6.12 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
  - 4.6.13 Discharge other duties as appropriate or necessary under this Agreement or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall promptly act on the following matters:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(3);
  - 4.7.2 Prepare a statement of intent for electrical load aggregation pursuant to Public Utilities Code Section 366.2(c)(4);
  - 4.7.3 Obtain financing and/or funding as is necessary to support start up and ongoing working capital for the CCA Program; and
  - 4.7.4 Acquire and maintain insurance in accordance with Section 9.3.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board



approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.

- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present.
- 
- 4.11 **Board Voting.** Except for matters subject to Special Voting under Section 4.12, Board action shall require the affirmative votes of a majority of the Directors on the entire Board. The consequence of a tie vote shall be “no action” taken.
- 4.12 **Special Voting.**
- 4.12.1 The affirmative vote of two-thirds of the Directors of the entire Board shall be required to take any action on the following:
- (a) Issuing bonds or other forms of debt;
  - (b) Adding or removing Parties or removing Directors; and
  - (c) Amending or terminating this Agreement or adopting or amending the bylaws of the Authority except as provided in Sections 3.5 and 4.12.3. At least 30 days advance written notice to the Parties shall be provided for such actions. Such notice shall include a copy of any proposed amendment to this Agreement or the bylaws of the Authority. The Authority shall also provide prompt written notice to all Parties of the action taken and attach the adopted amendment, resolution or agreement.
- 4.12.2 An affirmative vote of three-fourths of the entire Board shall be required to initiate any action for Eminent Domain and no eminent domain action shall be approved within the jurisdiction of a Party without the affirmative vote of such Party’s Director.
- 4.12.3 An unanimous vote of the entire Board shall be required to amend the following provisions in this Agreement:
- (a) Section 2.3 (Purpose of Agreement)



- (b) Section 3.6 (Compliance with Local Zoning)
- (c) Sections 4.11 and 4.12 (Voting Requirements)
- (d) Section 4.12.2 (Eminent Domain)
- (e) Section 6.5 (Power Supply Requirements)
- (f) Section 6.6 (Solana Energy Alliance Transition)

5. **INTERNAL ORGANIZATION**

- 5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time. Appointed officers shall not be elected officers of the Board.
- 5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be required by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter.
- 5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.
- 5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the



Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Chief Executive Officer may not be an elected member of the Board or otherwise represent any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board, including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.8 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief, disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.



- 5.9 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on its commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be entitled to reimbursement for expenses. The meetings of the commissions, boards, or committees shall be held in accordance with the requirements of the Ralph M. Brown Act, as applicable.

6. **IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS**

6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable but no later than December 31, 2019.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a



variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness.

6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 and Category 2 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve—and sustain—a renewable energy portfolio with 100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.

6.5 **Power Supply Requirements.** The Authority's power supply base product will be greater than or equal to 50% qualified renewable resources. The Board shall establish product options with higher renewable and/or GHG-free content that each Party may select (such as 75% or 100% renewable content). In no event will the Authority's power supply base product contain a lesser amount of renewable resources than the base product provided by SDG&E to its customers. Power supply options established by the Board will allow each Party the flexibility to achieve its CAP goals without impeding any other Party from doing the same.

6.6 **Continuation and Transition of City of Solana Beach's Existing CCA Program.** The City of Solana Beach has been operating a CCA program within its jurisdiction since 2018. The City of Solana Beach shall be permitted to continue to operate its existing CCA program until the Authority's CCA Program commences service to customers within the jurisdiction of the City of Solana Beach. The transition of CCA customers within the City of Solana Beach to the Authority's CCA Program shall be implemented in accordance with the Authority's implementation plan approved by the Board and certified by the CPUC and any policies and requirements established by the Board.

## 7. FINANCIAL PROVISIONS

7.1 **Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

7.2 **Depository.**

7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.



- 7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.
- 7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

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**7.3 Budget and Recovery Costs.**

- 7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.
- 7.3.2 Funding of Initial Costs. The Initial Costs of establishing the Authority and implementing its CCA Program shall be divided equally among the Founding Members. In the event that the CCA Program becomes operational, these Initial Costs paid by the Founding Members shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Founding Members. In the event that the CCA Program does not become operational, the Founding Members shall not be entitled to any reimbursement of the Initial Costs they have paid from the Authority or any Party.
- 7.3.3 CCA Feasibility and Governance Report Costs. In the event that the CCA Program becomes operational, any costs incurred by the Parties in preparing CCA Feasibility or Governance Reports in connection with establishing the Authority shall be included in the customer charges for electric services to the extent permitted by law. The Authority may establish a reasonable time period over which such costs are recovered and reimbursed to the Parties that incurred such costs. In the event that the CCA Program does not become operational, no Party shall be entitled to any reimbursement of these costs from the Authority or any Party.



- 7.3.4 **Program Costs.** The Parties intend that all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric or other services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such services.
- 7.3.5 **No Requirement for Contributions or Payments.** Parties are not required under this Agreement to make any financial contributions or payments to the Authority, and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members, Section 7.3.2 with respect to Initial Costs and Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may voluntarily enter into an agreement with the Authority to provide the following:

- (a) contributions of public funds for the purposes set forth in this Agreement;
- (b) advances of public funds for the purposes set forth in this Agreement, such advances to be repaid as provided by such written agreement; or
- (c) its personnel, equipment or property in lieu of other contributions or advances.

No Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

- 7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all audits required by this Agreement.
- 7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.
- 7.6 **Discretionary Revenues.** The Board shall establish policies concerning the expenditure of discretionary revenues. As determined by the Board in such policies, discretionary revenues may be used to (1) provide programs and develop



projects of the Authority or (2) allow Parties to direct funds into qualified Authority programs and projects, or provide other ratepayer benefits. The Board shall endeavor to achieve a balanced distribution of program and project benefits substantially commensurate with each Party's energy load ("balanced distribution"). The Board shall conduct periodic audits no less than every two years in order to verify the balanced distribution of program and project benefits and take any corrective action necessary to achieve or continue to maintain a balanced distribution.

7.7 **Rate Related Programs.** The Authority will maintain residential net energy metering and low-income rate discount programs.

## 8. WITHDRAWAL AND TERMINATION

### 8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than one year advance written notice of its election to do so, which notice shall be given to the Authority and each Party. The Board, in its discretion, may approve a shorter notice period on a case by case basis. In addition, a Party may immediately withdraw its membership in the Authority upon written notice to the Board at any time prior to the Authority filing its first year-ahead load forecast with the CPUC that included the Party's load (anticipated to occur in April 2020) without any financial obligation other than its share of Initial Costs that shall not be reimbursed and any costs directly related to the resulting amendment of the Implementation Plan. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its membership in the Authority effective one year (or earlier if approved by the Board) after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority, should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase



agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

- 8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.
- 8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority Documents upon a two-thirds vote of the entire Board excluding the vote of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party, subject to possible termination, shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.
- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall be responsible for any claims, demands, damages, or



liabilities attributable to the Party through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the effective date of the Party's withdrawal or involuntary termination.

Notwithstanding the foregoing or any other provisions of this Agreement, such Party also shall be liable to the Authority for (a) any damages, losses, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. From and after the date a Party provides notice of its withdrawal or is terminated, the Authority shall reasonably and in good faith seek to mitigate any costs and obligations to be incurred by the withdrawing or terminated Party under this Section through measures reasonable under the circumstances, provided that this obligation to mitigate does not impose any obligation on the Authority to transfer any cost or obligation directly attributable to the membership and withdrawal or termination of the withdrawing or terminated party to the ratepayers of the remaining members. Further, the liability of the withdrawing or terminated Party shall be based on actual costs or damages incurred by the Authority and shall not include any penalties or punitive charges imposed by the Authority. The Authority may withhold funds otherwise owing to the Party or may require the Party to deposit sufficient funds with the Authority, as reasonably determined by the Authority, to cover the Party's liability for the costs described above. The withdrawing or terminated Party agrees to pay any such deposit determined by the Authority. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself. The liability of a withdrawing Party under this Section shall be only to the Authority and not to any other Party.

- 8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, after payment of all obligations of the Authority, the Board may sell or liquidate Authority property and shall distribute any remaining assets to the Parties in proportion to the contributions made by the existing Parties. Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

9. **MISCELLANEOUS PROVISIONS**

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before



exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.

- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees. In addition, pursuant to the Act, no Director shall be personally liable on the Authority's bonds or be subject to any personal liability or accountability by reason of the issuance of bonds.
- 9.3 **Insurance and Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority and the Parties. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, deductibles or self-insured retentions, costs, fines, penalties, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts, errors, omissions or negligence of the Authority or its officers, employees, agents, contractors, licensees or volunteers.
- 9.4 **No Third Party Beneficiaries.** The provisions of this Agreement are for the sole benefit of the Parties and the Authority and not for the benefit of any other person or entity. No third party beneficiary shall be created by or arise from the provisions of this Agreement.
- 9.5 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.



All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by "first class" mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.6 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.7 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the approved assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.8 **Amendment.** This Agreement may be amended by a written amendment approved by the Board in accordance with the Special Voting requirements of Section 4.12.
- 9.9 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.10 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.11 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.12 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

The Parties hereto have executed this Joint Powers Agreement establishing the Clean Energy Alliance.



CITY OF CARLSBAD

By: [Signature]  
City Manager

DATE: 10 Oct 19

ATTEST:

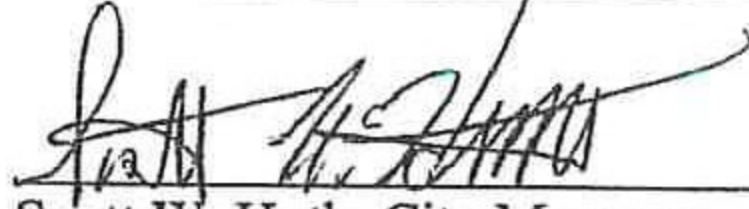
By: [Signature]  
for City Clerk

APPROVED AS TO FORM:

By: [Signature]  
City Attorney

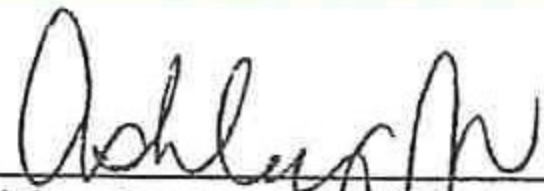


CITY OF Del Mar

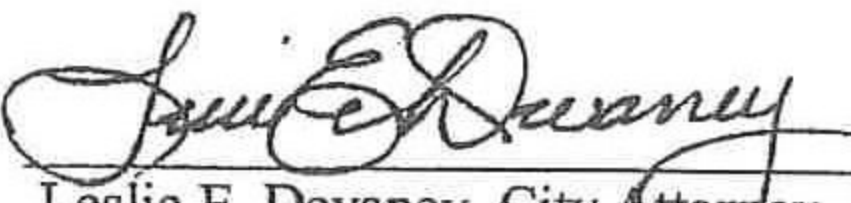
By:   
Scott W. Huth, City Manager

DATE: 11/4/2019

ATTEST:

By:   
Ashley Jones, City Clerk

APPROVED AS TO FORM:

By:   
Leslie E. Devaney, City Attorney



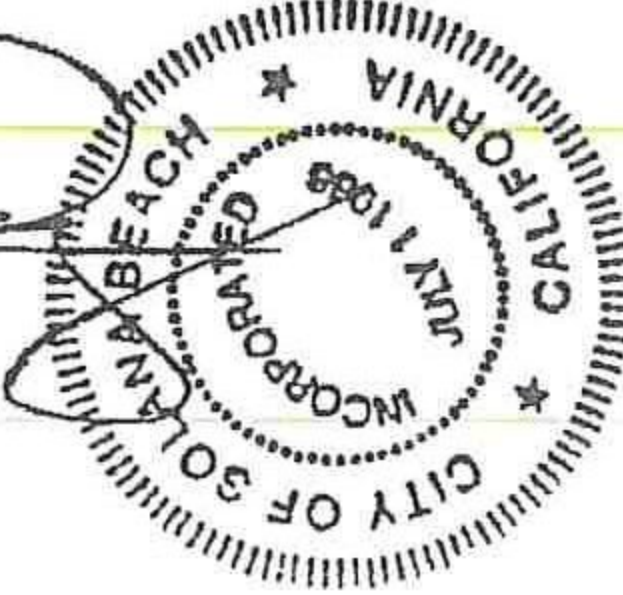
CITY OF SOLANA BEACH

By: [Signature]  
City Manager

DATE: 11-4-19

ATTEST:

By: [Signature]  
City Clerk



APPROVED AS TO FORM:

By: [Signature]  
City Attorney



## Exhibit A: Definitions

"AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.

"Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).

"Agreement" means this Joint Powers Agreement.

"Authority" means the Clean Energy Alliance.

"Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.

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"Board" means the Board of Directors of the Authority.

"Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.

"CCA Program" means the Authority's Community Choice Aggregation program established, conducted and operated under Public Utilities Code Section 366.2.

"Days" shall mean calendar days unless otherwise specified by this Agreement.

"Director" means a member of the Board representing a Party appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.

"Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.

"Founding Member" means any jurisdiction that becomes a member of the Authority before October 1, 2020, as identified in Exhibit B.

"Governing Body" means for any city, its City Council; and for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.

"Initial Costs" means reasonable and necessary implementation costs advanced by the Founding Members in support of the formation of the Authority and approved by the Board for reimbursement, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the



Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements, and activities associated with drafting and obtaining approval of the Authority's implementation plan. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. Initial costs also do not include the costs incurred by the City of Solana Beach relating to the termination of its CCA program. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded and is subject to CPUC regulation.

"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above for "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.



**Exhibit B: List of Founding Members**

**Any public agency that becomes a member by October 1, 2020**

**City of Carlsbad**

**City of Del Mar**

**City of Solana Beach**



**San Diego Regional Community Choice Energy Authority**

**- Joint Powers Agreement -**

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Effective October 1, 2019

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SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –  
JOINT POWERS AGREEMENT

**SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY  
JOINT POWERS AGREEMENT**

This Joint Powers Agreement (the "Agreement"), effective as of October 1, 2019, is made by the Founding Members of San Diego Regional Community Choice Energy Authority (Authority) including cities of San Diego, Chula Vista, La Mesa, Encinitas, and Imperial Beach, and entered into pursuant to the provisions of Title 1, Division 7, Chapter 5, Article 1 (Section 6500 et seq.) of the California Government Code relating to the joint exercise of powers among the public agencies set forth in Exhibit B.

**RECITALS**

1. The Parties are public agencies sharing various powers under California law, including but not limited to the power to purchase, supply, and aggregate electricity for themselves and their inhabitants.
2. SB 350, adopted in 2015, mandates a reduction in greenhouse gas emissions to 40 percent below 1990 levels by 2030 and to 80 percent below 1990 levels by 2050. In 2018, the State Legislature adopted SB 100, which directs the Renewable Portfolio Standard to be increased to 60% renewable by 2030 and establishes a policy for eligible renewable energy resources and zero-carbon resources to supply 100 percent of electricity retail sales to California end-use customers by 2045.
3. The purposes for the Founding Members (as such term is defined in Exhibit A) entering into this Agreement include procuring/developing electrical energy for customers in participating jurisdictions, addressing climate change by reducing energy-related greenhouse gas emissions, promoting electrical rate price stability, and fostering local economic benefits such as job creation, local energy programs and local power development. It is the intent of this Agreement to promote the development and use of a wide range of renewable energy sources and energy efficiency programs, including but not limited to State, regional, and local solar and wind energy production and energy storage.
4. The Parties to this Agreement desire to establish a separate public agency, known as the San Diego Regional Community Choice Energy Authority ("Authority"), under the provisions of the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act") in order to collectively study, promote, develop, conduct, operate, and manage energy programs.
5. The Founding Members have each adopted an ordinance electing to implement through the Authority a Community Choice Aggregation program pursuant to California Public Utilities Code Section 366.2 ("CCA Program"). The first priority of the Authority will be the consideration of those actions necessary to implement the CCA Program on behalf of participating jurisdictions.



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6. By establishing the Authority, the Parties seek to:
- (a) Provide electricity service to residents and businesses located within the municipal boundaries of the public agencies that signed on to this agreement in a responsible, reliable, innovative, and efficient manner;
  - (b) Provide electric generation rates to all ratepayers that are lower or at least competitive with those offered by the Investor Owned Utility (IOU), San Diego Gas & Electric (SDG&E), for similar products;
  - (c) Offer differentiated energy products for standard commodity electric service that provide a cleaner power portfolio than that offered by the IOU for similar service and a 100 percent renewable content option in which communities and customers may "opt-up" and voluntarily participate, with the ultimate objective of achieving—and sustaining—100 percent renewable energy availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond;
  - (d) Develop an aggregate electric supply portfolio with overall lower greenhouse gas (GHG) emissions than the IOU, and one that supports near-term achievement of the Parties' greenhouse gas reduction goals and renewable electricity goals;
  - (e) Prioritize the use and development of local, cost-effective renewable and distributed energy resources in ways that encourage and support local power development and storage, avoids the use of unbundled renewable energy credits, and excludes coal and avoids nuclear contracts;
  - (f) Promote an energy portfolio that incorporates energy efficiency and demand response programs and pursues ambitious energy consumption reduction goals;
  - (g) Provide a range of energy product and program options, available to all Parties and customers, that best serve their needs, their local communities, and support regional sustainability efforts.
  - (h) Demonstrate quantifiable economic benefits to the region including prevailing wage jobs, local workforce development, economic development programs, new energy programs, and increased local energy investments;
  - (i) To the extent authorized by law, support a stable, skilled, and trained workforce through a variety of mechanisms, including neutrality agreements, that are designed to ensure quality workmanship at fair and competitive rates and which benefit local residents by delivering cost-effective clean energy programs and projects;
  - (j) Promote supplier and workforce diversity, including returning veterans and those from regional disadvantaged and under-represented communities of concern, to reflect the diversity of the region;



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- (k) Promote personal and community ownership of renewable generation and energy storage resources, spurring equitable economic development and increased resilience throughout the region.
- (l) Ensure that low-income households are provided with affordable electric rates and have access to special utility rates including California Alternative Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs;
- (m) Pursue purposeful and focused investment in communities of concern, prioritization of local renewable power, workforce development, and policies and programs centered on economic, environmental, and social equity.
- (n) Use discretionary program revenues to support the Authority’s long-term financial viability, enhance customer rate stability, and provide all Parties and their customers with access to innovative energy programs, projects and services throughout the region; and
- (o) Create an administering Authority that is financially sustainable, responsive to regional priorities, well-managed, and a leader in fair and equitable treatment of employees through adopting appropriate best practice employment policies, including but not limited to efficient consideration of petitions to unionize, participating in collective bargaining, if applicable, and providing appropriate wages and benefits.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual promises, covenants, and conditions hereinafter set forth, it is agreed by and among the Parties as follows:

**1. DEFINITIONS AND EXHIBITS**

1.1 **Definitions.** Capitalized terms used in this Agreement shall have the meanings specified in Exhibit A, unless the context requires otherwise.

1.2 **Documents Included.** This Agreement consists of this document and the following exhibits, all of which are hereby incorporated into this Agreement:

Exhibit A: Definitions

Exhibit B: List of Founding Members

Exhibit C: Annual Energy Use by Jurisdiction

Exhibit D: Voting Shares of Founding Members

Exhibit E: Signatures

**2. FORMATION OF THE SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY**



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- 2.1 **Effective Date and Term.** This Agreement shall become effective and the Authority shall exist as a separate public agency on the date this Agreement is executed by the City of San Diego and at least one other public agency after the adoption of the ordinances required by Public Utilities Code Section 366.2(c)(12). The Authority shall provide notice to the Parties of the Effective Date. The Authority shall continue to exist, and this Agreement shall be effective, until the Agreement is terminated in accordance with Section 8.4 (Mutual Termination) of this Agreement, subject to the rights of the Parties to withdraw from the Authority, pursuant to Section 8.1.
- 2.2 **Formation of the Authority.** Under the Act, the Parties hereby create a separate joint exercise of power agency which is named San Diego Regional Community Choice Energy Authority. Pursuant to Sections 6506 and 6507 of the Act, the Authority is a public agency separate from the Parties. The jurisdiction of the Authority shall be all territory within the geographic boundaries of the Parties; however, the Authority may, as authorized under applicable law, undertake any action outside such geographic boundaries as is necessary and incidental to the accomplishment of its purpose.
- 2.3 **Purpose.** The purpose and objectives of this Agreement are to establish the Authority, to provide for its governance and administration, and to define the rights and obligations of the Parties. This Agreement authorizes the Authority to provide opportunities by which the Parties can work cooperatively to create economies of scale, provide for stronger regulatory and legislative influence at the State level, and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources in the region for the benefit of all the Parties and their constituents, including, but not limited to, establishing and operating a Community Choice Aggregation program.
- 2.4 **Addition of Parties.** After the initial formation of the Authority by the Founding Members, any incorporated municipality, county, or other public agency authorized to be a community choice aggregator under Public Utilities Code Section 331.1 located within the service territory of the IOU may apply to and become a member of the Authority if all the following conditions are met:
- 2.4.1 The adoption by a two-thirds vote of the Board satisfying the requirements described in Section 4.11 (Board Voting) of this Agreement, of a resolution authorizing membership into the Authority;
- 2.4.2 The adoption by the public agency of a CCA ordinance as required by Public Utilities Code Section 366.2(c)(12) and approval and execution of this Agreement and other necessary program agreements by the public agency;



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- 2.4.3 Payment of a membership fee, if any, as may be required by the Board to cover Authority costs incurred in connection with adding the new party; and
- 2.4.4 Satisfaction of any other reasonable conditions established by the Board.

Pursuant to this Section 2.4 (Addition of Parties), all Parties shall be required to commence electric service as soon as is practicable within statutory and regulatory requirements, as determined by the Board and Authority management, as a condition to becoming a Party to this Agreement.

- 2.5 **Continuing Participation.** The Parties acknowledge that membership in the Authority may change by the addition, withdrawal and/or termination of Parties. The Parties agree to participate with such other Parties as may later be added by the Board, as described in Section 2.4 (Addition of Parties) of this Agreement. The Parties also agree that the withdrawal or termination of a Party shall not affect this Agreement or the remaining Parties' continuing obligations under this Agreement.

**3. POWERS**

- 3.1 **General Powers.** The Authority shall have the powers common to the Parties which are necessary or appropriate to the accomplishment of the purposes of this Agreement, subject to the restrictions set forth in Section 3.4 (Limitation on Powers) of this Agreement.
- 3.2 **Specific Powers.** Specific powers of the Authority shall include, but not be limited to, each of the following powers, which may be exercised at the discretion of the Board:
  - 3.2.1 make and enter into contracts;
  - 3.2.2 employ agents and employees, including but not limited to a Chief Executive Officer;
  - 3.2.3 acquire, own, contract, manage, maintain, and operate any buildings, public works, improvements or other assets including but not limited to public electric generation resources;
  - 3.2.4 acquire property for electric generation/interconnection purposes by eminent domain, or otherwise, except as limited under Section 6508 of the Act and Sections 3.6 and 4.12.3 of this Agreement, and to hold or dispose of any property; provided, however, the Authority shall not exercise the power of eminent domain within the jurisdiction of a Party over its objection;
  - 3.2.5 lease any property;



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- 3.2.6 sue and be sued in its own name;
- 3.2.7 incur debts, liabilities, and obligations, including but not limited to loans from private lending sources pursuant to its temporary borrowing powers authorized by law pursuant to Government Code Section 53850 et seq. and authority under the Act;
- 3.2.8 issue revenue bonds and other forms of indebtedness;
- 3.2.9 apply for, accept, and receive all licenses, permits, grants, loans or other aids from any federal, state or local public agency;
- 3.2.10 form independent corporations or entities, if necessary, to carry out energy supply and energy conservation programs at the lowest possible cost or to take advantage of legislative or regulatory changes;
- 3.2.11 submit documentation and notices, register, and comply with orders, tariffs and agreements for the establishment and implementation of the CCA Program and other energy programs;
- 3.2.12 adopt rules, regulations, policies, bylaws and procedures governing the operation of the Authority;
- 3.2.13 make and enter into service agreements relating to the provision of services necessary to plan, implement, operate and administer the CCA Program and other energy programs, including the acquisition of electric power supply and the provision of retail and regulatory support services;
- 3.2.14 enter into neutrality agreements where the Authority has a proprietary or significant financial interest, negotiate project labor agreements, community benefits agreements and collective bargaining agreements with the local building trades council and other interested parties; and
- 3.2.15 receive revenues from sale of electricity and other energy-related programs.
- 3.3 **Additional Powers to be Exercised.** In addition to those powers common to each of the Parties, the Authority shall have those powers that may be conferred upon it by law and by subsequently enacted legislation.
- 3.4 **Limitation on Powers.** As required by Section 6509 of the Act, the powers of the Authority are subject to the restrictions upon the manner of exercising power possessed by the City of Encinitas and any other restrictions on exercising the powers of the Authority that may be adopted by the Board.
- 3.5 **Obligations of the Authority.** The debts, liabilities, and obligations of the Authority shall not be the debts, liabilities, and obligations of any of the Parties unless a Party agrees in writing to assume any of the debts, liabilities, and



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obligations of the Authority with the approval of its Governing Body, in its sole discretion. In addition, pursuant to the Act, no Director shall be personally liable on the bonds or subject to any personal liability or accountability by reason of the issuance of bonds.

- 3.6 **Compliance with Local Zoning and Building Laws.** Notwithstanding any other provisions of this Agreement or state law, any facilities, buildings or structures located, constructed or caused to be constructed by the Authority within the territory of the Authority shall comply with the General Plan, zoning and building laws of the local jurisdiction within which the facilities are constructed.
- 3.7 **Compliance with the Political Reform Act and Government Code Section 1090.** The Authority and its officers and employees shall comply with the Political Reform Act (Government Code Section 81000 et seq.) and Government Code Section 1090 et seq. The Board shall adopt a Conflict of Interest Code pursuant to Government Code Section 87300. The Board may adopt additional conflict of interest regulations in the Operating Policies and Procedures.

**4. GOVERNANCE**

**4.1 Board of Directors.**

- 4.1.1 The Governing Body of the Authority shall be a Board of Directors ("Board") consisting of two Directors for each Party appointed in accordance with Section 4.2 (Appointment and Removal of Directors) of this Agreement until there are five or more Parties of the Authority. When the fifth Party joins the Authority, the number of Directors per Party shall be reduced to one Director per Party; each Party shall determine which Director shall be that Party's representative on the Board within 45 days of the date the fifth Party joins the Authority.
- 4.1.2 Each Director(s) must be a member of the Governing Body of the appointing Party. Each Director shall serve at the pleasure of the Governing Body of the Party whom appointed such Director and may be removed as Director by such Governing Body at any time. If at any time a vacancy occurs on the Board, then a replacement shall be appointed to fill the position of the previous Director within 45 days after the date that position becomes vacant.
- 4.1.3 Once the Authority reaches five members and becomes governed by a single appointed Director for each Party, then the Governing Body of each Party shall appoint an alternate to serve in the absence of the primary Director. The alternate is not required to be a member of the Governing Body of the appointing Party. The alternate shall have all the rights and responsibilities of the primary Director when serving in his/her absence.



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- 4.1.4 Any change to the size and composition of the Board other than what is described in this section shall require amendment of this Joint Powers Agreement in accordance with Section 4.12.
- 4.2 **Appointment and Removal of Directors.** The Directors shall be appointed and may be removed as follows:
  - 4.2.1 The Governing Body of each Party shall appoint and designate in writing two regular Directors if there are four or fewer Parties to this Agreement, or one regular Director if there are five or more Parties to this Agreement, who shall be authorized to act for and on behalf of the Party on matters within the powers of the Authority. The Governing Body of each Party shall appoint and designate in writing one alternate Director if there are five or more Parties in the Authority who may vote on matters when the regular Director is absent from a Board meeting. The alternate Director may vote on matters in committee, chair committees, and fully participate in discussion and debate during meetings. All Directors and alternates shall be subject to the Board's adopted Conflict of Interest Code.
  - 4.2.2 The Authority's policies and procedures, to be developed and approved by the Board, pursuant to Section 3.2.12, shall specify the reasons for and process associated with the removal of an individual Director for cause. Notwithstanding the foregoing, no Party shall be deprived of its right to seat a Director on the Board and any such Party for which its Director and/or alternate Director have been removed may appoint a replacement.
- 4.3 **Director Compensation.** The Board may adopt by resolution a policy relating to the compensation of its Directors.
- 4.4 **Terms of Office.** Each Party shall determine the term of office for their regular and alternate Director.
- 4.5 **Purpose of Board.** The general purpose of the Board is to:
  - 4.5.1 Provide structure for administrative and fiscal oversight;
  - 4.5.2 Retain a Chief Executive Officer to oversee day-to-day operations of the Authority;
  - 4.5.3 Retain legal counsel;
  - 4.5.4 Identify and pursue funding sources;
  - 4.5.5 Set policy;
  - 4.5.6 Maximize the utilization of available resources; and



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- 4.5.7 Oversee all Committee activities.
- 4.6 **Specific Responsibilities of the Board.** The specific responsibilities of the Board shall be as follows:
- 4.6.1 Identify Party and ratepayer needs and requirements;
  - 4.6.2 Formulate and adopt an annual budget prior to the commencement of the fiscal year;
  - 4.6.3 Develop and implement a financing and/or funding plan for ongoing Authority operations and capital improvements, if applicable;
  - 4.6.4 Retain necessary and sufficient staff and adopt personnel and compensation policies, rules and regulations;
  - 4.6.5 Develop a workforce policy that promotes a local, sustainable, and inclusive workforce;
  - 4.6.6 Adopt policies for procuring electric supply and operational needs such as professional services, equipment and/or supplies;
  - 4.6.7 Develop and implement a Strategic Plan to guide the development, procurement, and integration of renewable energy resources consistent with the intent and priorities identified in this Agreement;
  - 4.6.8 Adopt rules for the disposal of surplus property;
  - 4.6.9 Establish standing and ad hoc committees as necessary to ensure that the interests of the Authority and concerns of each Party are represented to ensure effective operational, technical, and financial functioning of the Authority and monitor the distribution and usage of Authority programs and benefits throughout the Authority's service territory;
  - 4.6.10 The setting of retail rates for power sold by the Authority and the setting of charges for any other category of retail service provided by the Authority;
  - 4.6.11 To wind up and resolve all obligations of the Authority in the event the Authority is terminated pursuant to Section 8.2;
  - 4.6.12 Address any concerns of consumers and customers;
  - 4.6.13 Conduct and oversee Authority operational audits at intervals not to exceed three years including review of customer access to Authority programs and benefits, where applicable;
  - 4.6.14 Arrange for an annual independent fiscal audit;



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- 4.6.15 Adopt such bylaws, rules and regulations as are necessary or desirable for the purposes hereof; provided that nothing in the bylaws, rules and regulations shall be inconsistent with this Agreement;
  - 4.6.16 Exercise the Specific Powers identified in Sections 3.2 and 4.6 except as those which the Board may elect to delegate to the Chief Executive Officer; and
  - 4.6.17 Discharge other duties as appropriate and/or required by law.
- 4.7 **Startup Responsibilities.** The Authority shall have the duty to do the following within one year of the Effective Date of the Agreement:
- 4.7.1 Oversee the preparation of, adopt, and update an implementation plan, pursuant to Public Utilities Code Section 366.2(c)(3), for electrical load aggregation;
  - 4.7.2 Prepare a statement of intent, pursuant to Public Utilities Code Section 366.2(c)(4), for electrical load aggregation;
  - 4.7.3 Encourage other qualified public agencies to participate in the Authority;
  - 4.7.4 Obtain financing and/or funding as is necessary to support start up and ongoing working capital;
  - 4.7.5 Evaluate the need for, acquire, and maintain insurance;
  - 4.7.6 Consider and take action on the assumption of City of San Diego consulting and services agreements related to the Authority's start up and implementation activities, subject to the City of San Diego continuing to advance payment, or if another source is secured by the JPA, until such time as an agreement is executed for payment of Initial Costs as specified under Section 7.3.2.
- 4.8 **Meetings and Special Meetings of the Board.** The Board shall hold at least four regular meetings per year, but the Board may provide for the holding of regular meetings at more frequent intervals. The date, hour, and place of each regular meeting shall be fixed annually by resolution of the Board. The location of regular meetings may rotate for the convenience of the Parties, subject to Board approval and availability of appropriate meeting space. Regular meetings may be adjourned to another meeting time. Special meetings of the Board may be called in accordance with the provisions of Government Code Section 54956. Directors may participate in meetings telephonically, with full voting rights, only to the extent permitted by law. Board meeting agendas generally shall be set, in consultation with the Board Chair, by the Chief Executive Officer appointed by the Board pursuant to Section 5.5. The Board itself may add items to the agenda upon majority vote pursuant to Section 4.11.1.



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- 4.9 **Brown Act Applicable.** All meetings of the Board shall be conducted in accordance with the provisions of the Ralph M. Brown Act (Government Code Section 54950, et seq.).
- 4.10 **Quorum.** A simple majority of the Directors shall constitute a quorum. No actions may be taken by the Board without a quorum of the Directors present. If a Party fails to be represented by a Director(s) or alternate Director in more than one meeting in a 12-month period, the Board may take action by publicly noticing the Party that they are at risk of lack of representation within the Authority.
- 4.11 **Board Voting.**
- 4.11.1 **Equal Vote.** Once a quorum has been established, in general, except when Special Voting is expressly required pursuant to Section 4.12 hereof, Board action shall require votes of a majority of the total number of the Directors of the Board. All votes taken pursuant to this Section 4.11.1 shall be referred to as an “Equal Vote.” The consequence of a tie vote shall generally be “no action” taken. Notwithstanding the foregoing, an “Equal Vote” may be subject to a “Voting Shares Vote” as provided in Section 4.11.2, below.
- 4.11.2 **Voting Shares Vote.** At the same meeting at which an Equal Vote action was taken, three or more Directors shall have the right to request and have conducted a “Voting Shares Vote” to reconsider that action. Approval of a proposed action by a Voting Shares Vote to reconsider an Equal Vote action shall require the affirmative vote of Directors representing a two-thirds supermajority (66.7%) of the “Voting Shares” cast. The formula and process for allocating Voting Shares is set forth in Section 4.11.3, below. If a Voting Shares Vote for reconsideration fails, the legal effect is to affirm the Equal Vote with respect to which the Voting Shares Vote was taken. If the Voting Shares Vote succeeds, the legal effect is to nullify the Equal Vote with respect to which the Voting Shares Vote was taken. If the underlying Equal Vote was a tie, the Voting Shares Vote replaces that tie vote. No action may be taken solely by a Voting Shares Vote without first having taken an Equal Vote.
- 4.11.3 **Voting Shares Vote Formula and Process.** For the process of a Voting Shares Vote, each Director shall have a Voting Share as determined by the following formula: (Annual Energy Use/Total Annual Energy) multiplied by 100, where:
- (a) “Annual Energy Use” means, (i) with respect to the first year following the Effective Date, the annual electricity usage, expressed in kilowatt hours (“kWh”), within the Party’s respective jurisdiction and (ii) with respect to the period after the first anniversary of the Effective Date, the annual electricity usage,



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expressed in kWh, of accounts within a Party's respective jurisdiction that are served by the Authority; and

- (b) "Total Annual Energy" means the sum of all Parties' Annual Energy Use. The initial values for Annual Energy Use will be designated in **Exhibit C** and shall be adjusted annually as soon as reasonably practicable after January 1, but no later than March 1 of each year. These adjustments shall be approved by the Board.

The combined voting share of all Directors representing a Party shall be based upon the annual electricity usage within the Party's jurisdiction. If a Party has two Directors, then the voting shares allocated to that Party shall be equally divided between its two Directors.

The initial voting shares will be set forth in **Exhibit D**. Exhibit D shall be revised no less than annually as necessary to account for changes in the number of Parties and changes in the Parties' Annual Energy Use. Exhibit D and adjustments shall be approved by the Board.

Notwithstanding the formula for Voting Shares set forth above, for the purposes of the Voting Shares Vote, no one Party to this Agreement shall have a Director (or Directors, as the case may be) with a Voting Share that exceeds 49%, regardless of the Party's actual annual electric usage. If a Party would have a voting share that exceeds 49%, the excess above 49% shall be distributed among the other Parties in accordance with their relative annual electricity usage, as shown in Exhibit D.

**4.12 Special Voting.**

4.12.1 Except as provided below, matters that require Special Voting as described in this section shall require 72 hours prior notice to any Brown Act meeting or special meeting.

4.12.2 Two-thirds vote (or such greater vote as required by state law) of the appointed Directors shall be required to take any action on the following:

- (a) Issue bonds or other forms of debt;
- (b) Adding or removing Parties;
- (c) Amend or terminate this Agreement or adopt or amend the bylaws of the Authority. At least 30 days advance notice shall be provided for such actions. The Authority shall also provide prompt written



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notice to all Parties of the action taken and enclose the adopted or modified documents; and

4.12.3 Three-Fourths Vote shall be required to initiate any action for Eminent Domain

4.12.4 Matters requiring Special Voting under the terms of this Section shall not be subject to Voting Shares Voting pursuant to Section 4.11.2, above.

5. INTERNAL ORGANIZATION

5.1 **Elected and Appointed Officers.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors and shall appoint a Secretary and a Treasurer as provided in Government Code section 6505.5. No Director may hold more than one such office at any time and elected officers shall represent different Parties of the Authority. Appointed officers shall not be elected officers of the Board.

5.2 **Chair and Vice Chair.** For each fiscal year, the Board shall elect a Chair and Vice Chair from among the Directors. The term of office of the Chair and Vice Chair shall continue for one year, but there shall be no limit on the number of terms held by either the Chair or Vice Chair. The Chair shall be the presiding officer of all Board meetings, and the Vice Chair shall serve in the absence of the Chair. The Chair shall perform duties as may be imposed by the Board. In the absence of the Chair, the Vice-Chair shall perform all of the Chair's duties. The office of the Chair or Vice Chair shall be declared vacant and a new selection shall be made if: (a) the person serving dies, resigns, or the Party that the person represents removes the person as its representative on the Board, or (b) the Party that he or she represents withdraws from the Authority pursuant to the provisions of this Agreement. Upon a vacancy, the position shall be filled at the next regular meeting of the Board held after such vacancy occurs or as soon as practicable thereafter. Succeeding officers shall perform the duties normal to said offices.

5.3 **Secretary.** The Board shall appoint a qualified person who is not on the Board to serve as Secretary. The Secretary shall be responsible for keeping the minutes of all meetings of the Board and all other office records of the Authority. If the appointed Secretary is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Secretary of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

5.4 **Treasurer/Chief Financial Officer and Auditor.** The Board of Directors shall appoint a Treasurer who shall function as the combined offices of Treasurer and Auditor and shall strictly comply with the statutes related to the duties and responsibilities specified in Section 6505.5 of the Act. The Treasurer for the



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Authority shall be the depository and have custody of all money of the Authority from whatever source and shall draw all warrants and pay demands against the Authority as approved by the Board. The Treasurer shall cause an independent audit(s) of the finances of the Authority to be made by a certified public accountant, or public accountant, in compliance with Section 6505 of the Act. The Treasurer shall report directly to the Board and shall comply with the requirements of treasurers of incorporated municipalities. The Board may transfer the responsibilities of Treasurer to any qualified person or entity as the law allows at the time. The duties and obligations of the Treasurer are further specified in Section 7. The Treasurer shall serve at the pleasure of the Board. If the appointed Treasurer is an employee of any Party, such Party shall be entitled to reimbursement for any documented out of pocket costs it incurs in connection with such employee's service as Treasurer of the Authority, and full cost recovery for any documented hours of service provided by such employee during such Party's normal working hours.

- 5.5 **Chief Executive Officer.** The Board shall appoint a Chief Executive Officer for the Authority, who shall be responsible for the day-to-day operation and management of the Authority and the CCA Program. The Board shall appoint a qualified person, hired through a transparent, competitive process, to act as the Chief Executive Officer; he or she may not be an elected member of the Board or otherwise representing any Party to the Authority. The Chief Executive Officer may exercise all powers of the Authority, except those powers specifically reserved to the Board including but not limited to those set forth in Section 4.6 (Specific Responsibilities of the Board) of this Agreement or the Authority's bylaws, or those powers which by law must be exercised by the Board. The Chief Executive Officer may enter into and execute power purchase agreements and other contracts, in accordance with criteria and policies established by the Board.
- 5.6 **General Counsel.** The Board shall appoint a qualified person to act as the Authority's General Counsel, who shall not be a member of the Board, or an elected official or employee of a Party.
- 5.7 **Bonding of Persons Having Access to Property.** Pursuant to the Act, the Board shall designate the public officer or officers or person or persons who have charge of, handle, or have access to any property of the Authority exceeding a value as established by the Board, and shall require such public officer or officers or person or persons to file an official bond in an amount to be fixed by the Board.
- 5.8 **Other Employees/Agents.** The Board shall have the power by resolution to hire employees or appoint or retain such other agents, including officers, loan-out employees, or independent contractors, as may be necessary or desirable to carry-out the purpose of this Agreement, pursuant to terms and conditions adopted by the Board.
- 5.9 **Privileges and Immunities from Liability.** All of the privileges and immunities from liability, exemption from laws, ordinances and rules, all pension, relief,



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disability, workers' compensation and other benefits which apply to the activities of officers, agents or employees of a public agency when performing their respective functions shall apply to the officers, agents or employees of the Authority to the same degree and extent while engaged in the performance of any of the functions and other duties of such officers, agents or employees under this Agreement. None of the officers, agents or employees directly employed by the Board shall be deemed, by reason of their employment by the Authority to be employed by the Parties or by reason of their employment by the Authority, to be subject to any of the requirements of the Parties.

5.10 **Commissions, Boards and Committees.** The Board may establish any advisory commissions, boards, and committees as the Board deems appropriate to assist the Board in carrying out its functions and implementing the CCA Program, related energy programs, and the provisions of this Agreement. To the extent possible, the commissions, boards, and committees should have equal representation from each Party. The Board may establish criteria to qualify for appointment on said commissions, boards, and committees. The Board may establish rules, regulations, policies, or procedures to govern any such commissions, boards, or committees and shall determine whether members shall be compensated or entitled to reimbursement for expenses.

5.10.1 **Executive Committee.** The Board may establish an executive committee consisting of a subset of its Directors. The Board may delegate to the Executive Committee such authority as the Board might determine appropriate to serve as a liaison between the Board and the Chief Executive Officer and to make recommendations to the Board regarding the operations of the Authority. Notwithstanding the foregoing, the Board may not delegate authority regarding essential Board functions, including but not limited to, approving the fiscal year budget or hiring or firing the Chief Executive Officer, and other functions as provided in the Authority bylaws or policies. Further, the Board may not delegate to the Executive Committee, or any other committee, the Board's authority under Section 3.2.12 to adopt and amend Authority policies and procedures.

5.10.2 **Finance and Risk Management Committee.** The Board shall establish a finance and risk management committee consisting of a subset of its Directors. The primary purpose of the Finance and Risk Management Committee is to review and recommend to the Board:

- (a) A funding plan;
- (b) A fiscal year budget; and
- (c) Financial policies and procedures to ensure equitable contributions by Parties; and



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The Finance and Risk Management Committee may have such other responsibilities as may be approved by the Board, including but not limited to advising the Chief Executive Officer on fiscal and risk management policies and procedures, rules and regulations governing investment of surplus funds, audits to achieve best practices in corporate governance and selection and designation of financial institutions for deposit of Authority funds, and credit/depository matters.

- 5.10.3 Community Advisory Committee. The Board shall establish a Community Advisory Committee comprised of non-Board members. The primary purpose of the Community Advisory Committee shall be to advise the Board of Directors and provide for a venue for ongoing citizen support and engagement in the strategic direction, goals, and programs of the Authority. The Community Advisory Committee is advisory only, and shall not have decision-making authority, nor receive any delegation of authority from the Board of Directors. Each Party may nominate a committee member(s) and the Board shall determine the final selection of committee members, who should represent a diverse cross-section of interests, skills sets and geographic regions.
- 5.10.4 Technical Advisory Committee. The Board may establish a Technical Advisory Committee comprised of non-Board members. The primary purpose of the Technical Advisory Committee shall be to advise the Board of Directors and provide the Authority with technical support and engagement in the energy-related operations of the Authority, supplementing the expertise of the Authority staff, independent contractors, and consultants. Each Party may nominate a committee member(s) and the Board shall determine the final selection of committee members, who should have significant expertise in electric markets, programs, procurement, regulatory and legislative engagement, and/or energy law.
- 5.10.5 Meetings of the Advisory Committees. All meetings of the committees shall be held in accordance with the Brown Act. For the purposes of convening meetings and conducting business, unless otherwise provided in the bylaws, a majority of the members of the committee shall constitute a quorum for the transaction of business, except that less than a quorum or the secretary of each committee may adjourn meetings from time-to-time. As soon as practicable, but no later than the time of posting, the Secretary of the committee shall provide notice and the agenda to each Party, Director(s), and Alternate Director(s).
- 5.10.6 Officers of Advisory Committees. Unless otherwise determined by the Board, each Committee shall choose its officers, comprised of a Chair, a Vice Chair, and a Secretary.



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6. IMPLEMENTATION ACTION AND AUTHORITY DOCUMENTS

6.1 **Preliminary Implementation of the CCA Program.**

6.1.1 **Enabling Ordinance.** In addition to the execution of this Agreement, each Party shall adopt an ordinance in accordance with Public Utilities Code Section 366.2(c)(12) for the purpose of specifying that the Party intends to implement a CCA Program by and through its participation in the Authority.

6.1.2 **Implementation Plan.** The Authority shall cause to be prepared and secure Board approval of an Implementation Plan meeting the requirements of Public Utilities Code Section 366.2 and any applicable Public Utilities Commission regulations, and consistent with the terms of this Agreement, as soon after the Effective Date as reasonably practicable.

6.2 **Authority Documents.** The Parties acknowledge and agree that the affairs of the Authority will be implemented through various documents duly adopted by the Board through Board resolution or minute action, including but not necessarily limited to operational procedures and policies, the annual budget, and specific plans such as a local renewable energy development and integration plan and other policies defined as the Authority Documents by this Agreement. All such Authority Documents shall be consistent with and designed to advance the goals and objectives of the Authority as expressed in this Agreement. The Parties agree to abide by and comply with the terms and conditions of all such Authority Documents that may be adopted by the Board, subject to the Parties' right to withdraw from the Authority as described in Section 8 (Withdrawal and Termination) of this Agreement.

6.3 **Integrated Resource Plan and Regulatory Compliance.** The Authority shall cause to be prepared an Integrated Resource Plan in accordance with California Public Utilities Commission regulations, and consistent with the terms of this Agreement, that will ensure the long-term development and administration of a variety of energy programs that promote local renewable resources, conservation, demand response, and energy efficiency, while maintaining compliance with other regulatory requirements including the State Renewable Portfolio Standard (RPS) and customer rate competitiveness. The Authority shall prioritize the development of cost competitive clean energy projects in San Diego and adjacent counties.

6.4 **Renewable Portfolio Standards.** The Authority shall provide its customers energy primarily from Category 1 eligible renewable resources, as defined under the California RPS and consistent with the goals of the CCA Program. The Authority shall avoid the procurement of energy from Category 2 or 3 eligible renewable resources (unbundled Renewable Energy Credits or RECs) to the extent feasible. The Authority's ultimate objective shall be to achieve—and sustain—a renewable energy portfolio with 100 percent renewable energy



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availability and usage, at competitive rates, within the Authority service territory by no later than 2035, and then beyond.

**7. FINANCIAL PROVISIONS**

**7.1 Fiscal Year.** The Authority's fiscal year shall be 12 months commencing July 1 and ending June 30. The fiscal year may be changed by Board resolution.

**7.2 Depository.**

7.2.1 All funds of the Authority shall be held in separate accounts in the name of the Authority and not commingled with funds of any Party or any other person or entity.

7.2.2 All funds of the Authority shall be strictly and separately accounted for, and regular reports shall be rendered of all receipts and disbursements, at least quarterly during the fiscal year. The books and records of the Authority shall be open to inspection and duplication by the Parties at all reasonable times. Annual financial statements shall be prepared in accordance with Generally Accepted Accounting Principles of the United States of America within 6 months of the close of the fiscal year. The Board shall contract with a certified public accountant to make an annual audit of the financial statements of the Authority, which shall be conducted in accordance with the requirements of Section 6505 of the Act.

7.2.3 All expenditures shall be made in accordance with the approved budget and upon the approval of any officer so authorized by the Board in accordance with its policies and procedures.

**7.3 Budget and Recovery Costs.**

7.3.1 Budget. The initial budget shall be approved by the Board. The Board may revise the budget from time to time as may be reasonably necessary to address contingencies and unexpected expenses. All subsequent budgets of the Authority shall be prepared and approved by the Board in accordance with its fiscal management policies that should include a deadline for approval.

7.3.2 Funding of Initial Costs.

(a) The City of San Diego shall fund the Initial Costs of establishing the Authority and implementing its CCA Program. In the event that the CCA Program becomes operational, the City of San Diego will be reimbursed for its Initial Costs on the terms set forth in this Section. The City shall first submit to the Founding Members a description of the types of costs, cost estimates, and interest for which it expects reimbursement. Reimbursable costs shall include,



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but not limited to, repayment of hard costs associated with CCA vendor contracts and Authority formation, reimbursement for the portion of staff costs associated with managing Authority and program formation and other out-of-pocket expenses directly attributable to the implementation of CCA through the Authority. The City will meet and confer with Founding Members in the development of its proposal for reimbursement to the Authority. The amount and the terms for City reimbursement shall be subject to the approval of the Authority Board. The Authority Board may establish a reasonable time period over which such Initial Costs are recovered once Authority revenues commence. In the event that the CCA Program does not become operational, to the extent Authority funds are available the City of San Diego may be reimbursed in accordance with section 8.6 of this Agreement.

- 
- (b) The Authority shall also reimburse Founding Members for their Initial Costs in supporting the implementation of the Authority pursuant to the execution of an agreement specifying the services provided and their related costs. The Authority may establish reasonable costs and a reasonable time period over which such costs are recovered once Authority revenues commence. The Authority shall not provide for staff time costs or on-going cost reimbursement to Parties once the Authority becomes fully operational unless a specific Agreement between the Authority and the Party for specified services not otherwise provided by Authority staff has been approved by the Board.

7.3.3 Program Costs. The Parties desire that, to the extent reasonably practicable, all costs incurred by the Authority that are directly or indirectly attributable to the provision of electric services under the CCA Program, including the establishment and maintenance of various reserve and performance funds, shall be recovered through appropriate charges to CCA customers receiving such electric services.

7.3.4 No Requirement for Contributions or Payments. Parties are not required under this Agreement to make any financial contributions or payments to the Authority, and the Authority shall have no right to require such a contribution or payment unless expressly set forth herein (for example, as provided in Section 2.4.3, with respect to Additional Members and provided in Section 8.1, with respect to Withdrawal), or except as otherwise required by law.

Notwithstanding the foregoing, a Party may volunteer to provide, or negotiate terms with the Authority to provide the following:

- (a) contributions from its treasury for the purposes set forth in this Agreement;



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- (b) payments of public funds to defray the cost of the purposes of the Agreement and Authority;
- (c) advances of public funds for such purposes, such advances to be repaid as provided by written agreement; or
- (d) its personnel, equipment or property in lieu of other contributions or advances.

Any agreement with the Authority to provide any of the above-referenced contributions or payments shall require a Special Vote of the Board pursuant to Section 4.12.2.

No Party shall be required, by or for the benefit of the Authority, to adopt any local tax, assessment, fee or charge under any circumstances.

7.4 **Accounts and Reports.** The Treasurer shall establish and maintain such funds and accounts as may be required by good accounting practice or by any provision of any trust agreement entered into with respect to the proceeds of any bonds issued by the Authority. The books and records of the Authority in the hands of the Treasurer shall be open to inspection and duplication at all reasonable times by duly appointed representatives of the Parties. The Treasurer, within 180 days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Parties. The Treasurer shall cooperate with all regular audits required by Section 4.6.11 and 4.6.12.

7.5 **Funds.** The Treasurer shall receive, have custody of and/or disburse Authority funds in accordance with the laws applicable to public agencies and generally accepted accounting practices, and shall make the disbursements required by this Agreement in order to carry out any of the purposes of this Agreement.

8. **WITHDRAWAL AND TERMINATION**

8.1 **Withdrawal**

8.1.1 **Withdrawal by Parties.** Any Party may withdraw its membership in the Authority, effective as of the beginning of the Authority's fiscal year, by giving no less than 180 days advance written notice of its election to do so, which notice shall be given to the Authority and each Party. Withdrawal of a Party shall require an affirmative vote of the Party's Governing Body.

8.1.2 **Amendment.** Notwithstanding Section 8.1.1 (Withdrawal by Parties) of this Agreement, a Party may withdraw its membership in the Authority upon approval and execution of an amendment to this Agreement provided that the requirements of this Section 8.1.2 are strictly followed. A Party shall be deemed to have withdrawn its



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membership in the Authority effective 180 days after the Board approves an amendment to this Agreement if the Director representing such Party has provided notice to the other Directors immediately preceding the Board's vote of the Party's intention to withdraw its membership in the Authority should the amendment be approved by the Board.

8.1.3 **Continuing Liability; Further Assurances.** A Party that withdraws its membership in the Authority may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement, including, but not limited to, power purchase agreements and other Authority contracts and operational obligations. The withdrawing Party and the Authority shall execute and deliver all further instruments and documents and take any further action that may be reasonably necessary, as determined by the Board, to effectuate the orderly withdrawal of such Party from membership in the Authority. The Board shall also consider, pursuant to Section 3.2.12, adoption of a policy that allows a withdrawing Party to negotiate assignment to the Party of costs of electric power or other resources procured on behalf of its customers by the Authority upon its withdrawal. The Authority's policies shall prescribe the rights if any of a withdrawn Party to continue to participate in those Board discussions and decisions affecting customers of the CCA Program that reside or do business within the jurisdiction of the Party. In the implementation of this Section 8.1.3, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.

8.2 **Termination of CCA Program.** Nothing contained in Section 6 or elsewhere in this Agreement shall be construed to limit the discretion of the Authority to terminate the implementation or operation of the CCA Program at any time in accordance with any applicable requirements of state law.

8.3 **Involuntary Termination.** This Agreement may be terminated with respect to a Party for material non-compliance with provisions of this Agreement or Authority documents upon a two-thirds vote of the Board in which the minimum Equal Vote or Voting Shares Vote, as applicable in Section 4.11 (Board Voting) of this Agreement, shall be no less than two-thirds vote excluding the vote and voting shares of the Party subject to possible termination. Prior to any vote to terminate this Agreement with respect to a Party, written notice of the proposed termination and the reason(s) for such termination shall be delivered to the Party whose termination is proposed at least 30 days prior to the regular Board meeting at



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which such matter shall first be discussed as an agenda item. The written notice of proposed termination shall specify the particular provisions of this Agreement or the Authority Documents that the Party has allegedly violated. The Party subject to possible termination shall have the opportunity at the next regular Board meeting to respond to any reasons and allegations that may be cited as a basis for termination prior to a vote regarding termination. A Party that has had its membership in the Authority terminated may be subject to certain continuing liabilities, as described in Section 8.5 (Continuing Liability; Refund) of this Agreement.

- 8.4 **Mutual Termination.** This Agreement may be terminated by mutual agreement of all the Parties; provided, however, the foregoing shall not be construed as limiting the rights of a Party to withdraw its membership in the Authority, and thus terminate this Agreement with respect to such withdrawing Party, as described in Section 8.1 (Withdrawal) of this Agreement.
- 8.5 **Continuing Liability; Refund.** Upon a withdrawal or involuntary termination of a Party, the Party shall remain responsible for any claims, demands, damages, or liabilities arising from the Party's membership in the Authority through the effective date of its withdrawal or involuntary termination, it being agreed that the Party shall not be responsible for any claims, demands, damages, or liabilities commencing or arising after the date of the Party's withdrawal or involuntary termination. In addition, such Party also shall be responsible for (a) any damages, losses, or costs incurred by the Authority which result directly from the Party's withdrawal or termination, including but not limited to costs arising from the resale of capacity, electricity, or any attribute thereof no longer needed to serve such Party's load; and (b) any costs or obligations associated with the Party's customer participation in any program in accordance with the program's terms, provided such costs or obligations were incurred prior to the withdrawal of the Party. The withdrawing Party agrees to pay any such deposit determined by the Authority to cover the Party's liability for the operational and contract costs described above. Any amount of the Party's funds held on deposit with the Authority above that which is required to pay any liabilities or obligations shall be returned to the Party. In the implementation of this Section 8.5, the Parties intend, to the maximum extent possible, without compromising the viability of ongoing Authority operations, that any claims, demands, damages, or liabilities covered hereunder, be funded from the rates paid by CCA Program customers located within the service territory of the withdrawing Party, and not from the general fund of the withdrawing Party itself.
- 8.6 **Disposition of Authority Assets.** Upon termination of this Agreement and dissolution of the Authority by all Parties, and after payment of all obligations of the Authority, the Board
- 8.6.1 May sell or liquidate Authority property; and



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8.6.2 Shall distribute assets to Parties in proportion to the contributions made by the existing Parties.

Any assets provided by a Party to the Authority shall remain the asset of that Party and shall not be subject to distribution under this section.

9. MISCELLANEOUS PROVISIONS

- 9.1 **Dispute Resolution.** The Parties and the Authority shall make reasonable efforts to settle all disputes arising out of or in connection with this Agreement. Before exercising any remedy provided by law, a Party or the Parties and the Authority shall engage in nonbinding mediation in the manner agreed upon by the Party or Parties and the Authority. The Parties agree that each Party may specifically enforce this section. In the event that nonbinding mediation is not initiated or does not result in the settlement of a dispute within 60 days after the demand for mediation is made, any Party and the Authority may pursue any remedies provided by law.
- 9.2 **Liability of Directors, Officers, and Employees.** The Directors, officers, and employees of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement. No current or former Director, officer, or employee will be responsible for any act or omission by another Director, officer, or employee. The Authority shall defend, indemnify and hold harmless the individual current and former Directors, officers, and employees for any acts or omissions in the scope of their employment or duties in the manner provided by Government Code Section 995 et seq. Nothing in this section shall be construed to limit the defenses available under the law, to the Parties, the Authority, or its Directors, officers, or employees.
- 9.3 **Indemnification of Parties.** The Authority shall acquire such insurance coverage as is necessary to protect the interests of the Authority, the Parties and the public. The Authority shall defend, indemnify and hold harmless the Parties and each of their respective governing board members, officers, agents and employees, from any and all claims, losses, damages, costs, injuries and liabilities of every kind arising directly or indirectly from the conduct, activities, operations, acts and omissions of the Authority.
- 9.4 **Notices.** Any notice required or permitted to be made hereunder shall be in writing and shall be delivered in the manner prescribed herein at the principal place of business of each Party. The Parties may give notice by (1) personal delivery; (2) e-mail; (3) U.S. Mail, first class postage prepaid, or a faster delivery method; or (3) by any other method deemed appropriate by the Board.

Upon providing written notice to all Parties, any Party may change the designated address or e-mail for receiving notice.



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All written notices or correspondence sent in the described manner will be deemed given to a party on whichever date occurs earliest: (1) the date of personal delivery; (2) the third business day following deposit in the U.S. mail, when sent by “first class” mail; or (3) the date of transmission, when sent by e-mail or facsimile.

- 9.5 **Successors.** This Agreement shall be binding upon and shall inure to the benefit of the successors of each Party.
- 9.6 **Assignment.** Except as otherwise expressly provided in this Agreement, the rights and duties of the Parties may not be assigned or delegated without the advance written consent of all of the other Parties, and any attempt to assign or delegate such rights or duties in contravention of this section shall be null and void. This Agreement shall inure to the benefit of, and be binding upon, the successors and assigns of the Parties. This section does not prohibit a Party from entering into an independent agreement with another agency, person, or entity regarding the financing of that Party's contributions to the Authority, or the disposition of the proceeds which that Party receives under this Agreement, so long as such independent agreement does not affect, or purport to affect, the rights and duties of the Authority or the Parties under this Agreement.
- 9.7 **Severability.** If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement were adjudged invalid or void by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby and shall remain in full force and effect to the maximum extent permitted by law.
- 9.8 **Governing Law.** This Agreement is made and to be performed in the State of California, and as such California substantive and procedural law shall apply.
- 9.9 **Headings.** The section headings herein are for convenience only and are not to be construed as modifying or governing the language of this Agreement.
- 9.10 **Counterparts.** This Agreement may be executed in any number of counterparts, and upon execution by all Parties, each executed counterpart shall have the same force and effect as an original instrument and as if all Parties had signed the same instrument. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more signature pages.

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SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –  
JOINT POWERS AGREEMENT

CITY OF \_\_\_\_\_

By: \_\_\_\_\_  
(Insert Name), Mayor

ATTEST:

By: \_\_\_\_\_  
(Insert Name), City Clerk

APPROVED AS TO FORM:

By: \_\_\_\_\_  
(Insert Name), City Attorney

00-21133



SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –  
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**Exhibit A: Definitions**

- "AB 117" means Assembly Bill 117 (Stat. 2002, Ch. 838, codified at Public Utilities Code Section 366.2), which created Community Choice Aggregation.
- "Act" means the Joint Exercise of Powers Act of the State of California (Chapter 5, Division 7, Title 1 of the Government Code commencing with Section 6500).
- "Agreement" means this Joint Powers Agreement.
- "Authority" means San Diego Regional Community Choice Energy Authority.
- "Authority Document(s)" means document(s) duly adopted by the Board by resolution or motion implementing the powers, functions and activities of the Authority, including but not limited to the Operating Policies and Procedures, the annual budget, and plans and policies.
- "Board" means the Board of Directors of the Authority.
- "Community Choice Aggregation" or "CCA" means an electric service option available to cities, counties, and other public agencies pursuant to Public Utilities Code Section 366.2.
- "CCA Program" means the Authority's program relating to CCA that is principally described in Section 2.3 (Purpose) of this Agreement.
- "Days" shall mean calendar days unless otherwise specified by this Agreement.
- "Director" means a member of the Board representing a Party, including up to two alternate Directors appointed in accordance with Sections 4.1 (Board of Directors) and 4.2 (Appointment and Removal of Directors) of this Agreement.
- "Effective Date" means the date on which the Agreement shall become effective and the Authority shall exist as a separate public agency, as further described in Section 2.1 (Effective Date and Term) of this Agreement.
- "Founding Member" means any jurisdiction that joins with the City of San Diego to form the San Diego Regional CCE Authority in 2019, as identified in Exhibit B. Founding members shall not incur any expenses related to their membership in the Authority or its operational implementation.
- "Governing Body" means: for the County of San Diego, its Board of Supervisors; for any city other than San Diego, its City Council; for San Diego, the Mayor and the City Council; and, for any other public agency, the equivalent policy making body that exercises ultimate decision-making authority over such agency.



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"Initial Costs" means implementation costs advanced by the City of San Diego and other Founding Members in support of the formation of the Authority, which are (a) directly related to the establishment of the Authority and its CCA program, and (b) incurred by the Authority or its Members relating to the initial operation of the Authority, such as the hiring of the executive and operations staff, any required accounting, administrative, technical and legal services in support of the Authority's initial formation activities or in support of the negotiation, preparation and approval of power purchase agreements. Initial Costs do not include costs associated with the investigation of the CCA model, attendance at routine planning meetings, or a Party's pre-formation reports related to their decision to pursue CCA or join the Authority. The Authority Board shall determine the repayment timing and termination date for the Initial Costs.

"Investor Owned Utilities" means a privately-owned electric utility whose stock is publicly traded. It is rate regulated and authorized to achieve an allowed rate of return.

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"Parties" means, collectively, the signatories to this Agreement that have satisfied the conditions as defined above in "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that they are considered members of the Authority.

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"Party" means, singularly, a signatory to this Agreement that has satisfied the conditions as defined above in "Founding Members" or in Section 2.4 (Addition of Parties) of this Agreement, such that it is considered a member of the Authority.

"Public Agency" as defined in the Act includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, a county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to the Act.



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**Exhibit B: List of Founding Members**

City of San Diego

City of Chula Vista

City of Encinitas

City of La Mesa

City of Imperial Beach



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**Exhibit C: Annual Energy Use by Jurisdiction**

<b>Party</b>	<b>MWh</b>
San Diego	6,300,000*
Chula Vista	702,000*
Encinitas	231,000**
La Mesa	217,000*
Imperial Beach	108,500

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\* 2018 data provided by SDG&E

\*\*2017 data provided by SDG&E



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**Exhibit D: Voting Shares of Founding Members**

<b>Party</b>	<b>MWh</b>	<b>Voting Share</b>
San Diego	6,300,000*	49.00%
Chula Vista	702,000*	28.45%
Encinitas	231,000**	9.36%
La Mesa	217,000*	8.79%
Imperial Beach	108,500	4.40%
Total	7,558,500	100.00%

\* 2018 data provided by SDG&E

\*\*2017 data provided by SDG&E



SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –  
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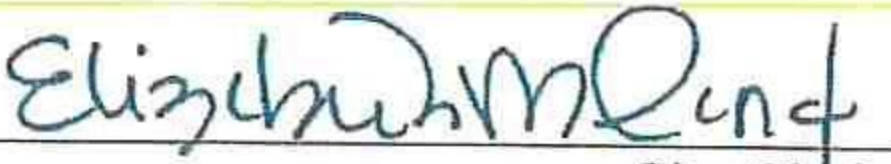
Exhibit E: Signatures

CITY OF San Diego

By: , Mayor

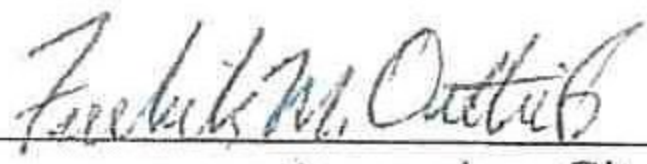
ATTEST:

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By: , City Clerk

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APPROVED AS TO FORM:

By:   
Deputy, City Attorney  
10/30/19

R-312666



SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY -  
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**Exhibit E: Signatures**

CITY OF Chula Vista

By: Mary Casillas Salas  
Mary Casillas Salas, Mayor

ATTEST:

---

By: Kerry K. Bigelow  
Kerry K. Bigelow, City Clerk

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APPROVED AS TO FORM:

By: Glen R. Googins  
Glen R. Googins, City Attorney



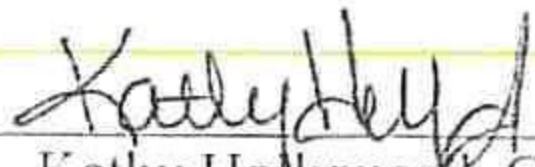
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY -  
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Exhibit E: Signatures

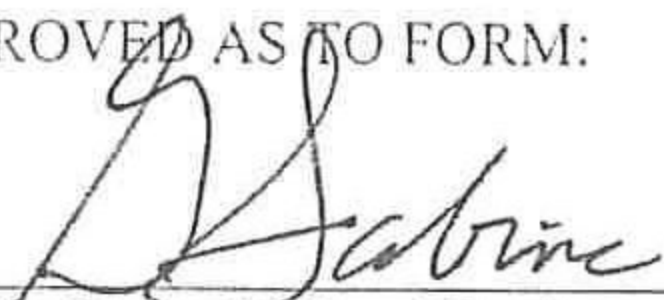
CITY OF Encinitas

By:  10/9/19  
Karen P. Brust, City Manager

ATTEST:

By:   
Kathy Hollywood, City Clerk

APPROVED AS TO FORM:

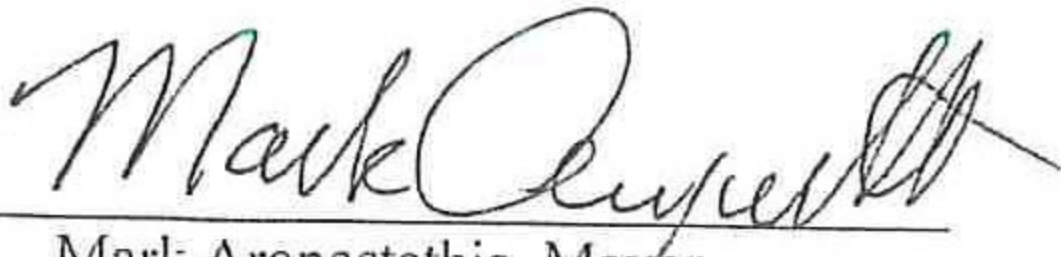
By:  9/30/18  
Glenn Sabine, City Attorney



SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –  
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Exhibit E: Signatures

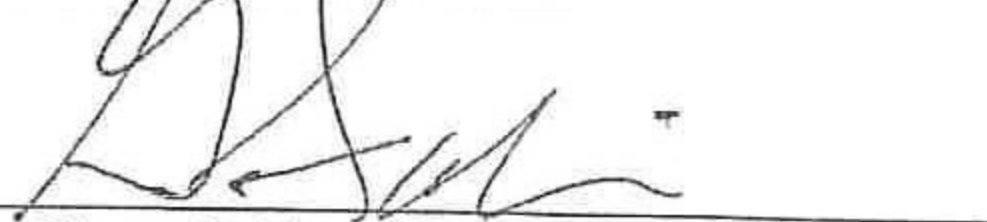
CITY OF La Mesa

By:   
Mark Arapostathis, Mayor

ATTEST:

By:   
Megan Wiegelmian, City Clerk

APPROVED AS TO FORM:

By:   
Glenn Sabine, City Attorney



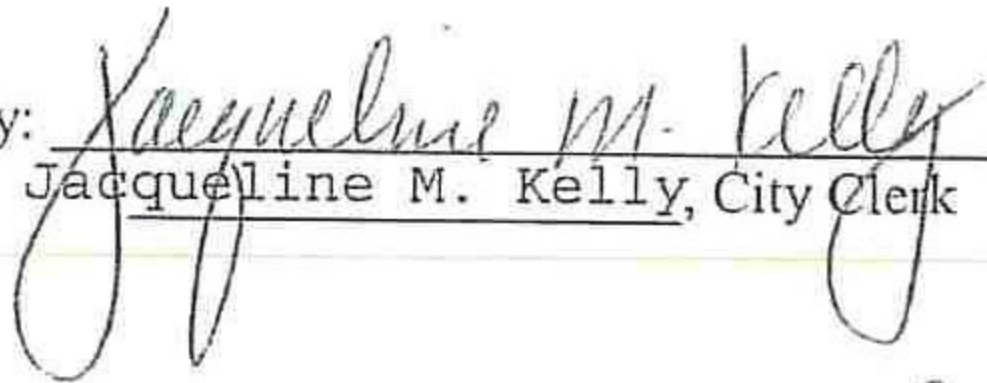
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY –  
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**Exhibit E: Signatures**

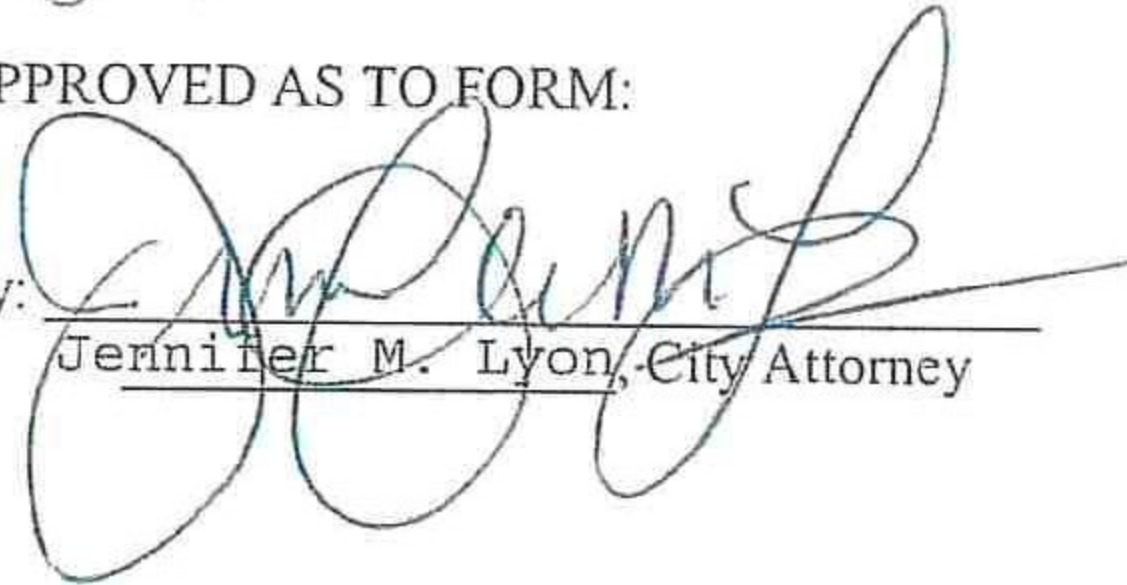
CITY OF Imperial Beach

By:   
\_\_\_\_\_  
Serge Dedina, Mayor

ATTEST:

By:   
\_\_\_\_\_  
Jacqueline M. Kelly, City Clerk

APPROVED AS TO FORM:

By:   
\_\_\_\_\_  
Jennifer M. Lyon, City Attorney



**FIRST AMENDMENT TO THE  
SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY  
JOINT POWERS AGREEMENT**

This First Amendment to the Joint Powers Agreement for the San Diego Regional Community Choice Energy Authority (First Amendment) is made and entered into by and between those certain public agencies, hereinafter referred to as the Parties, which have duly executed, pursuant to resolution or ordinance, the Joint Powers Agreement for the San Diego Regional Community Choice Energy Authority (Authority), as follows:

**RECITALS**

WHEREAS, the Joint Powers Agreement for the San Diego Regional Community Choice Energy Authority (Agreement), was executed by the Cities of San Diego, Chula Vista, Encinitas, La Mesa, and Imperial Beach, effective October 1, 2019, to provide electricity service to residents and businesses located within the municipal boundaries of the public agencies in a responsible, reliable, innovative, and efficient manner.

WHEREAS, on November 21, 2019, the Authority's Board of Directors voted and approved changing the Authority's name from "San Diego Regional Community Choice Energy Authority" to " San Diego Community Power ".

WHEREAS, the Agreement may be amended in the manner set forth in Section 4.12.2, subsection (c) of the Agreement.

Now THEREFORE, it is mutually agreed by and between the Parties hereto to amend the Agreement, as follows:

1. Amendment of Agreement to Change the Name: The Agreement is hereby amended to change the name of the Authority to " San Diego Community Power " All references to "San Diego Regional Community Choice Energy Authority" or "SDRCCEA", such as set out in the title of the Agreement, Section 2 (Formation), and in all other places throughout the Agreement, shall be changed to " San Diego Community Power, or SDCP ".
2. Except as specifically amended herein, the Agreement shall remain in full force and effect.




IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed as of the date listed below.

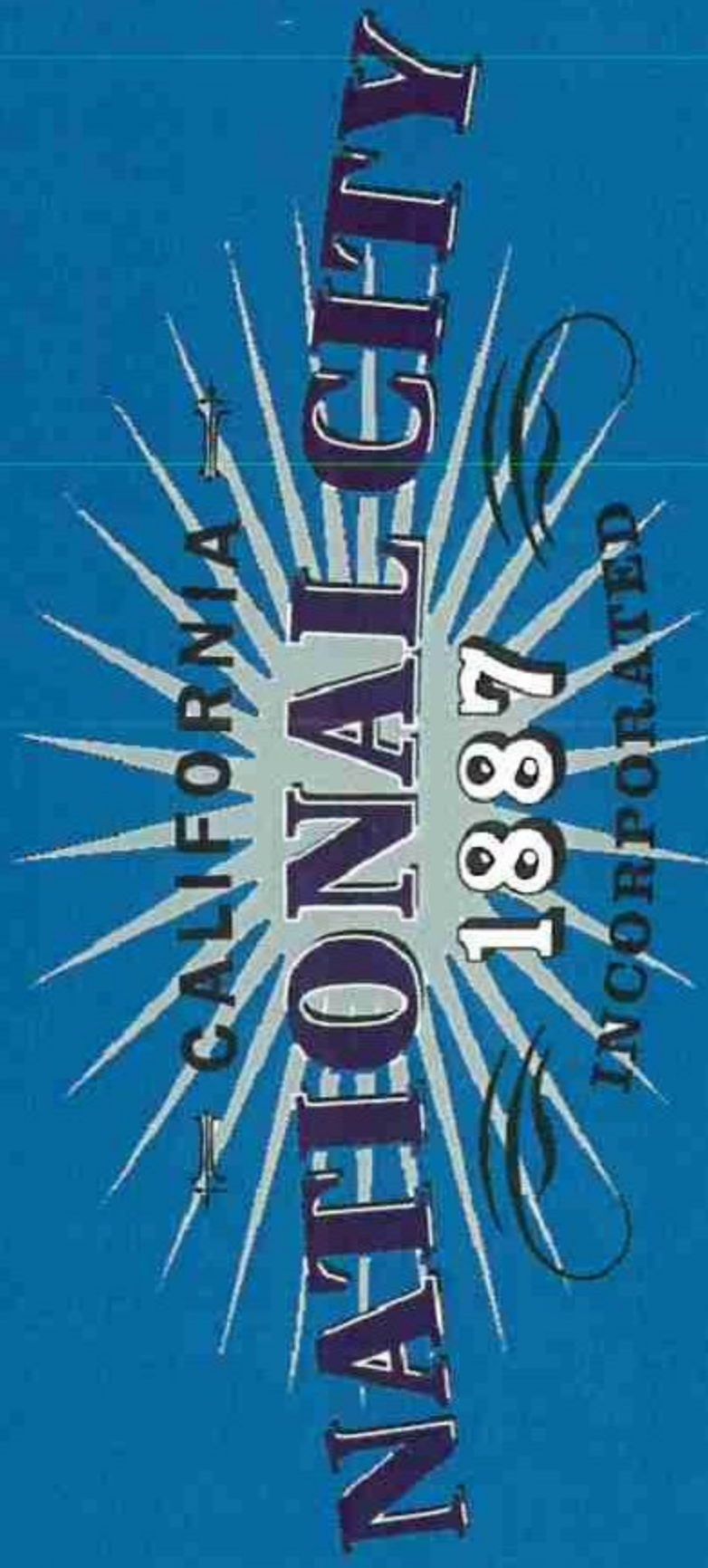
IN WITNESS WHEREOF, the Interim Executive Officer of the Authority, authorized by the Board on November 21, 2019, has executed this First Amendment of the Joint Powers Agreement on behalf of the Authority.

SAN DIEGO REGIONAL COMMUNITY CHOICE ENERGY AUTHORITY

Date: 11/22/19

By:   
\_\_\_\_\_  
CODY HOOVEN  
Interim Executive Officer





# Climate Action Plan Preliminary Update / CCA Recommendation

September 2021



# Background and State Requirements

## Current State and NC CAP requirements

- State Reduction Target: 40% below 1990 levels by 2030 and 80% below 1990 levels by 2050
- NC CAP Reduction Targets will align with the State's reduction targets

## If not in compliance

- **SANDAG Funding Withheld** - SANDAG's Smart Growth Incentive Program calls for jurisdictions to have a completed Climate Action Plan to be eligible to apply.
- **Eliminate Programmatic CEQA coverage for Projects** – Each project will require emissions analyses and mitigation, which increases cost for developers and inhibits economic development
- **Greater chance for lawsuits**



# Preliminary CAP Update

## Completed to date

- Developed 2018 National City greenhouse gas (GHG) emissions Inventory
- Completed baseline forecasts (“Business as Usual” or BAU projections)
- Established GHG Emissions Targets
- Reviewed National City’s 2011 CAP strategies
- Developed preliminary mitigated emissions forecast
- Drafted CAP Update document

## Next Steps

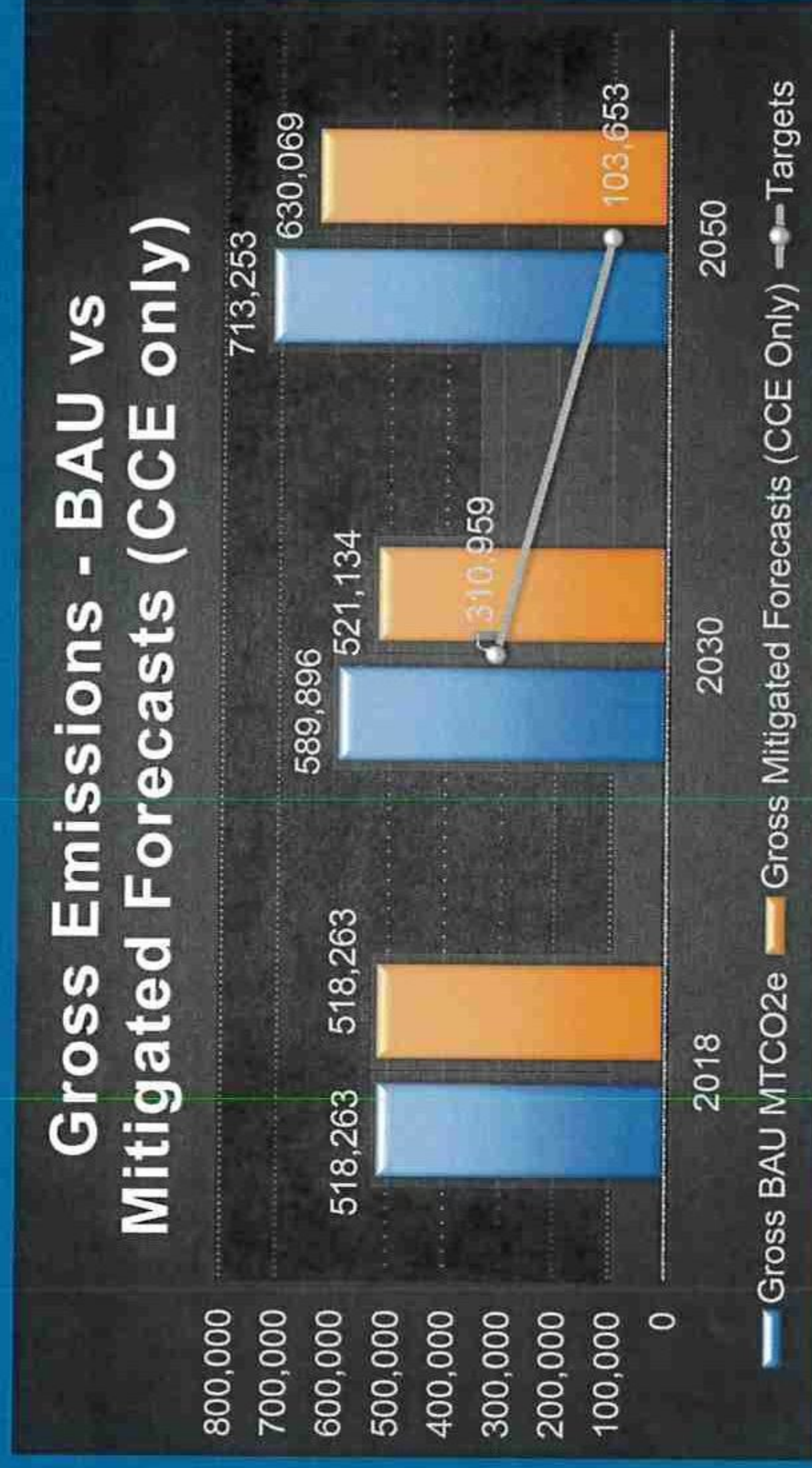
- Finalize VMT Modeling (March 2022)
- Finalize CAP emissions reduction strategies & implementation programs (Spring 2022)
- Finalize Mitigated Forecasting (Spring 2022)
- Draft CAP for public review (Summer 2022)
- Final CAP (Fall 2022)



# Preliminary CAP Numbers

## 2030 Forecasts

- BAU: 589,896 MTCO<sub>2</sub>e
- Preliminary Mitigated Forecast (with CCA Only) : 521,134 MTCO<sub>2</sub>e
- Reduction Target: 310,959 MTCO<sub>2</sub>e





## Preliminary CAP Emissions Reduction Strategies

- Launch or Join a Community Choice Energy/Aggregation (CCA) Program
- Expand & improve alternative transit networks to reduce VMT
- Adopt electric vehicles and infrastructure
- Retrofit existing buildings to improve energy efficiencies
- Ensure new buildings maximize energy efficiencies
- Zero waste initiatives



# Preliminary CAP Schedule

## Fall 2021

General Plan and Affordable Housing Density  
Program Development  
Community Outreach

## Winter 2021/Spring 2022

Traffic Modeling  
Economic Analysis  
Draft Elements, Density Bonus and CAP  
Community Outreach  
SEIR Preparation

## Summer/Fall 2022

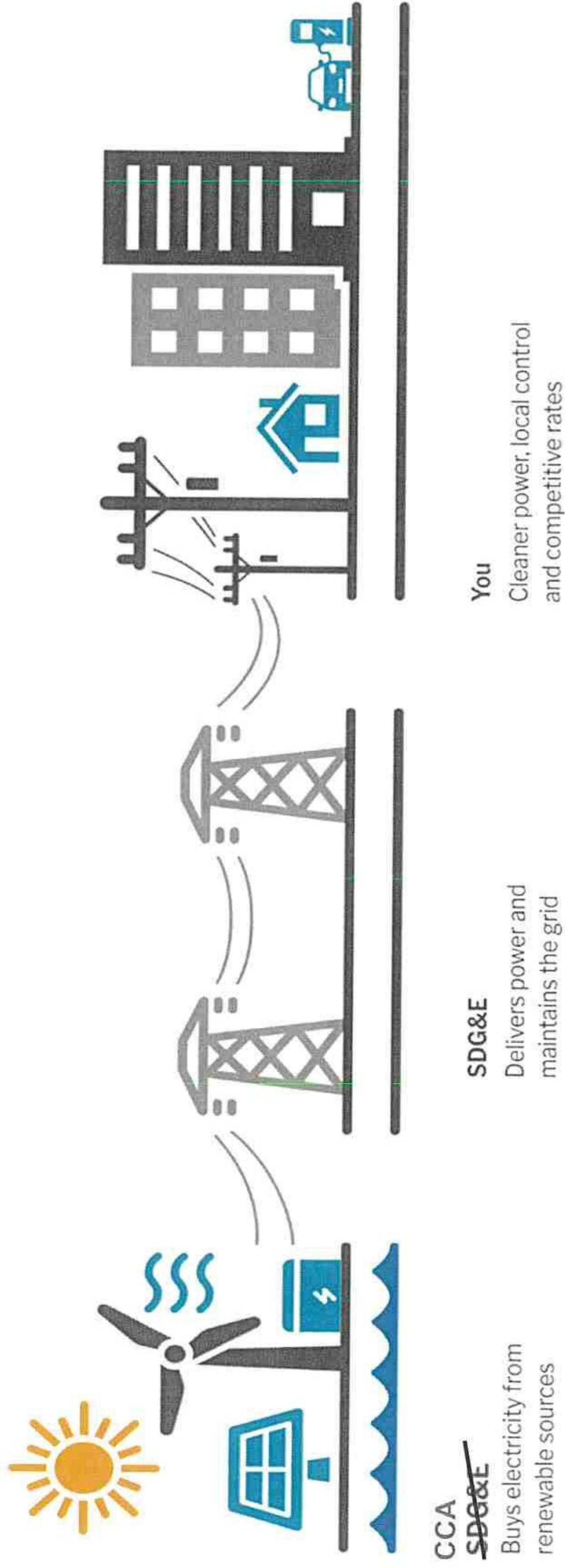
SEIR, Elements & CAP Public Review Period  
Final SEIR, Elements & CAP  
Public Hearings



# What is a CCA?



# How it Works





# CCA Benefits & Risks

## Potential Benefits

- CCA board control – Power purchased, rates, possible programs, support electric vehicles
- Cleaner environment – Can purchase more renewable energy
- Local power, local jobs – Can reinvest revenue back into communities
- Economic Development – Can attract business through competitive rates





# CCA Benefits & Risks

## Potential Risks for all energy providers

- Power procurement – Accurately forecasting energy demand and supply
- Regulatory landscape - Rate charges (power charge indifference adjustment (PCIA), California Public Utility Commission (CPUC) contracts & regulations
- Customer opt-out – Residents who do not want to participate
- Competing priorities – Higher renewables cost more, build financial reserves vs. invest in local projects



# What's (not) Changing

## What's Not Changing

- Billing (still one bill from SDG&E)
- Service reliability (SDG&E still responsible)
- Rate structures (rate schedules align with SDG&E offerings, including the TOU periods)
- Discounts (e.g., CARE/FERA)
- Your day-to-day

## What's Changing

- Higher renewable energy
- An effective customer service & support team
- Competitive rates (currently 1% savings)
- Reinvesting back into the community
- New programs addressing local needs







# CCA Structure

## Governance Options

- Sole city – More local control but more staff and financial requirements
- Joint Powers Authority (JPA) – Work with other jurisdictions to spread resource requirements and serve to financially protect individual jurisdictions





# Who is SDCP?



# Who is San Diego Community Power?





# Our Values

**Choice = Ratepayers Benefit:** A monopoly has less incentive to invest in making its customers happy - if there's a choice between improving service and profit, the numbers will always win.

**SDCP is Local, Open, and Accountable:** SDCP is fully transparent in its operations – all meetings and local, open to the public, and subject to Brown Act and Public Records Act.

**SDCP Includes Customer Impact on Community Investment:** Decisions about electricity choices, such as power content and rates, are made by the community for the community, guided by a Community Advisory Committee.

**Clear Path to 100% Renewable:** SDCP is the first CCA to codify the goal to reach 100 percent renewable energy by 2035 or sooner in our founding agreement.



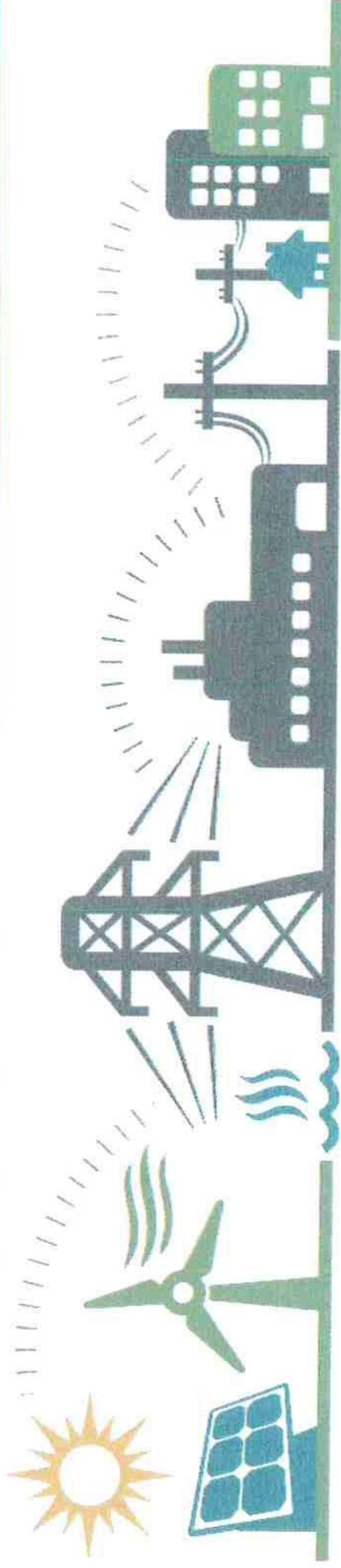


# Community Choice Aggregation (CCA)





# Background



## ELECTRICITY

CCA procures clean energy sources

## DELIVERY

IOU delivers energy and maintains the grid

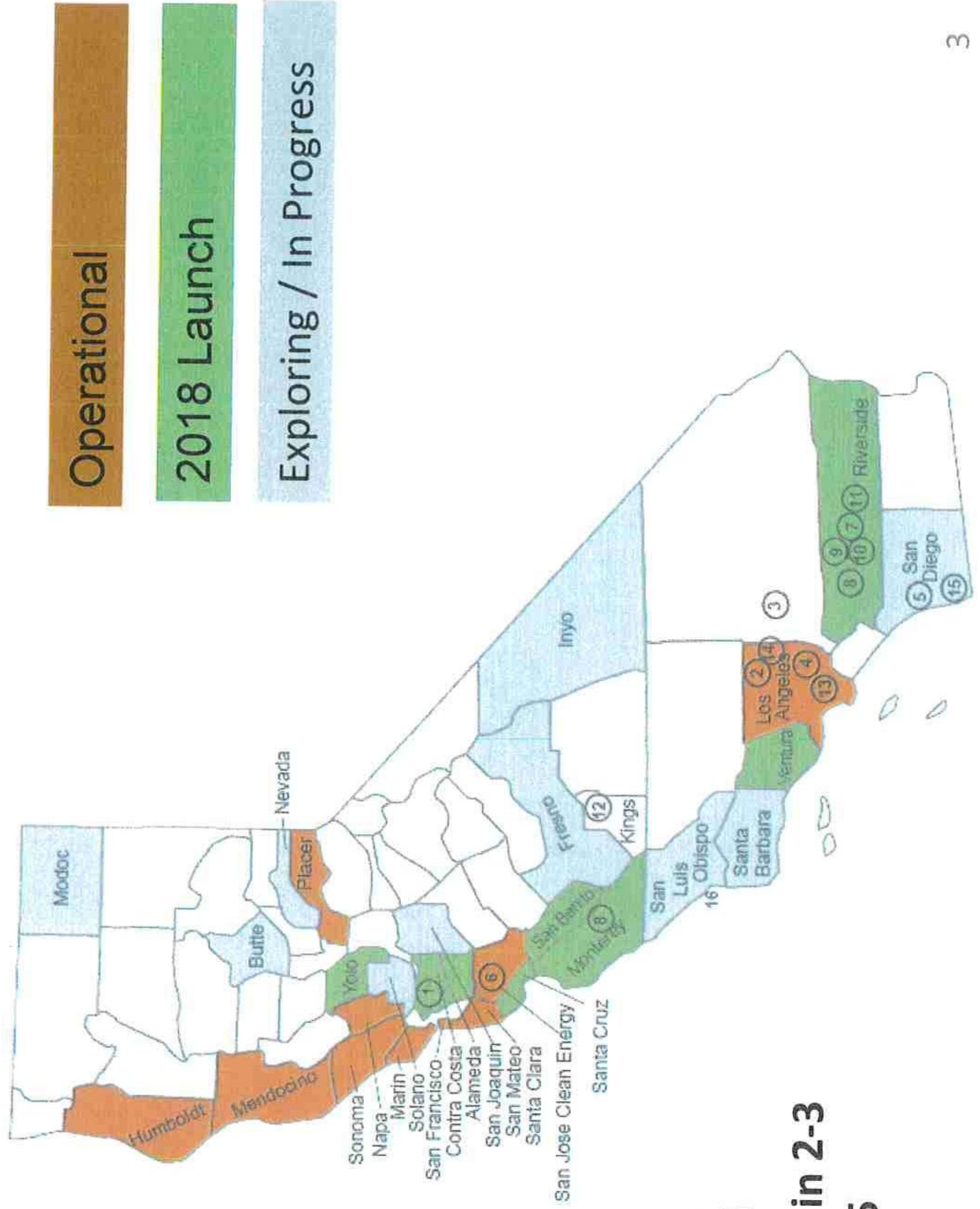
## CUSTOMER

Cleaner energy, local control and competitive rates!

- Allows communities to purchase power to meet their electricity needs
- Default opt-in but customer can opt-out
- Residents and businesses can also select the renewable content of their electricity (50%, 75%, 100% renewable energy)
- Investor Owned Utility (IOU) still distributes energy



# Background



- **20% of CA Under CCA**
- **Currently – 19 in Total**
- **80% of CA Under CCA in 2-3 Years – Soon to be >25**



# CCA Benefits & Risks

## Potential Benefits

- Local control – Power purchased, rates, possible programs, support electric vehicles
- Cleaner environment – Can purchase more renewable energy
- Local power, local jobs – Can reinvest revenue back into communities
- Economic Development – Can attract business through lower rates





# CCA Benefits & Risks

## Potential Risks

- Power procurement – Accurately forecasting energy demand and supply
- Regulatory landscape - Rate charges (power charge indifference adjustment (PCIA), California Public Utility Commission (CPUC) contracts & regulations
- Customer opt-out – Residents who do not want to participate
- Competing priorities – Higher renewables cost more, build financial reserves vs. invest in local projects





# CCA Structure

	Enterprise	Partner JPA	San Diego JPA	Hybrid JPA
Pre-Launch Costs	\$600k to \$800k	\$600k to \$800k (to be split among partners)	Finance up front cost. - NOT FREE - SD will be re-embursed from JPA once it is launched	\$600k to \$800K (to be split among partners)
Start-Up Working Capital	\$4 M	\$10 M - Divided among partners	Finance up front cost. - NOT FREE - SD will be re-embursed from JPA once it is launched	\$4 M
Rate Discounts	0% to 1%	2%	2% +	2%
Probable launch	2022	2022	2021	2022
Rate setting authority	Full control	one city, one vote	one city, one vote*	Full control
General Fund Liability	Moderate	Low	Low	Moderate/Low
Financing	self	self	San Diego (will have to pay back)	self
Renewable energy share	would meet NC CAP as updated	would meet NC CAP as updated	offer 50% renewable in 2021	would meet NC CAP as updated
Economies of scale - power	Same	Same	Same	Same
Economies of scale - operating cost	less than 100,000 accounts 0.5% to 1.0% more (on \$100 bill)	about 100,000 accounts - average	500,000 accounts - 0.5% less (on \$100 bill)	500,000 accounts - 0.5% less (on \$100 bill)

\* weighted vote possible



# CCA Status

San Diego JPA - Chula Vista, La Mesa, Encinitas, Imperial Beach pending  
Begin serving customers by 2021

Carlsbad – form a JPA – with Del Mar and Encinitas  
Open to Escondido, Oceanside, San Marcos, Solana Beach and Vista  
Begin serving customers by 2022 at the earliest

Solana Beach – Solana Energy Alliance – Serving customers now

County of San Diego – Item to the board on September 10 to request direction

El Cajon – unknown



# Summary

- External funding will be necessary (favorable loans available)
- With exception of Enterprise option, all rate discounts about the same
- All governance options are viable
- Enterprise option does not provide maximum rate discount nor general fund liability potential
- San Diego option – Start up funding (but required payback), financing done. Local control by partners would be lessened. Weighted vote (by energy load) when invoked by a minimum of 3 members. San Diego's vote is capped at 49%.



# Summary

- 2011 National City Climate Action Plan established GHG emission reduction to a level of 15% below 2005 by 2020 and further reduce emissions by 2030.
- SDGE offers customers the opportunity to increase the renewable portion of the energy used (up to 100% of total energy use) through various programs currently available
- Savings for National City residents would be minimal (0% to 2%)



# Next Steps

## Options:

- Return to Council with a proposal to perform a formal CCA feasibility study that would allow staff to understand residents concerns and SDGE's future plans
- Continue to monitor the CCA progress throughout the County and provide update with the FY2021 budget



# Questions?



# COMMUNITY CHOICE AGGREGATION

NATIONAL CITY  
CITY COUNCIL MEETING  
JUNE 18, 2019

Presented by:

EES Consulting, Inc. (EES)  
Gary Saleba, President/CEO

**EES Consulting, Inc.**

A registered professional engineering and management consulting firm  
with offices in Kirkland, WA; Portland, OR; Spokane, WA; and La Quinta, CA  
[www.eesconsulting.com](http://www.eesconsulting.com)



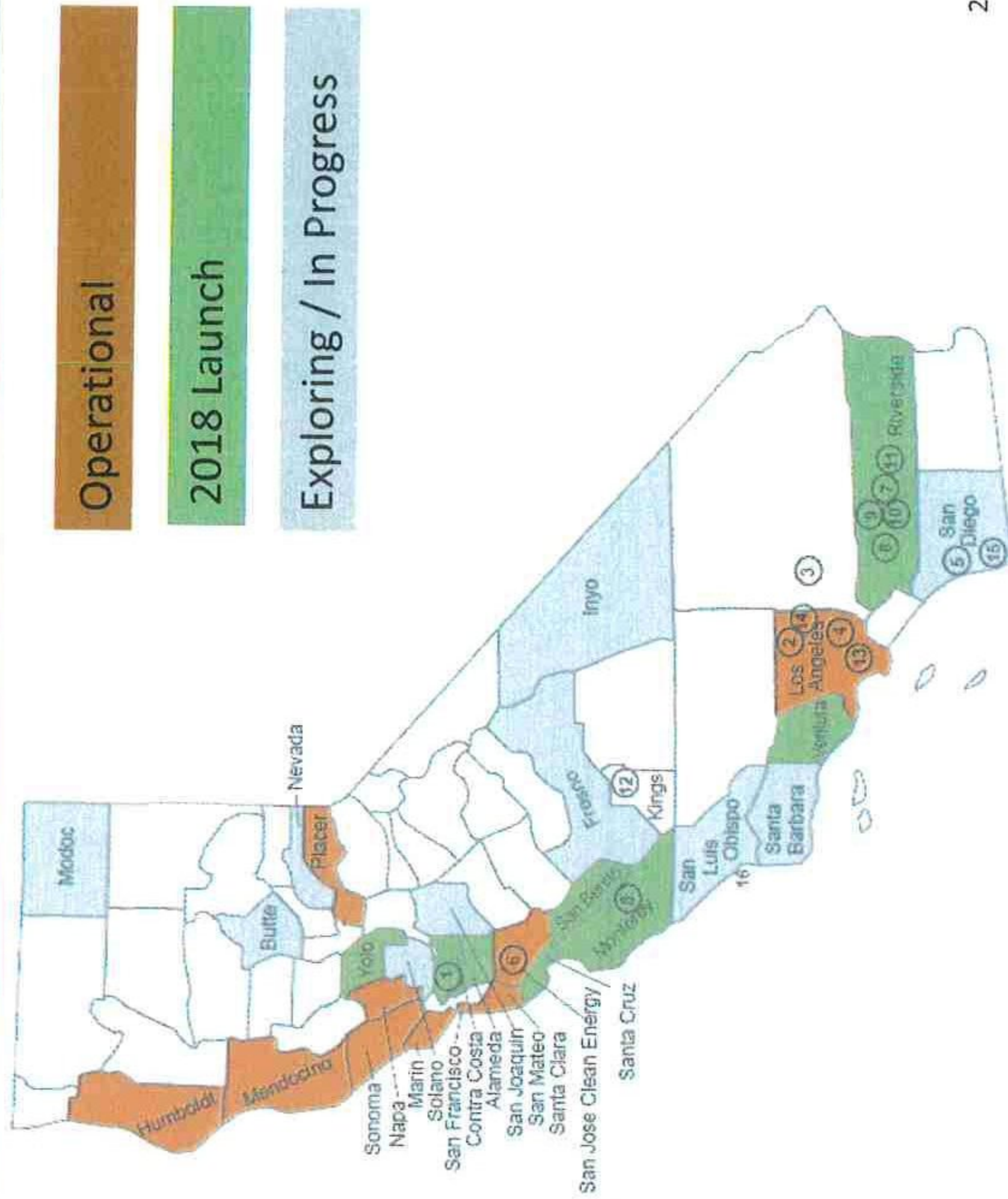
# AGENDA

- History of California CCAs
- How Does a CCA Operate?
- Benefits of CCA Business Model
- Risks of CCA Business Model
- Steps in Setting Up a CCA
- Governance Options
- Questions and Answers / Next Steps



# HISTORY OF CALIFORNIA CCAs

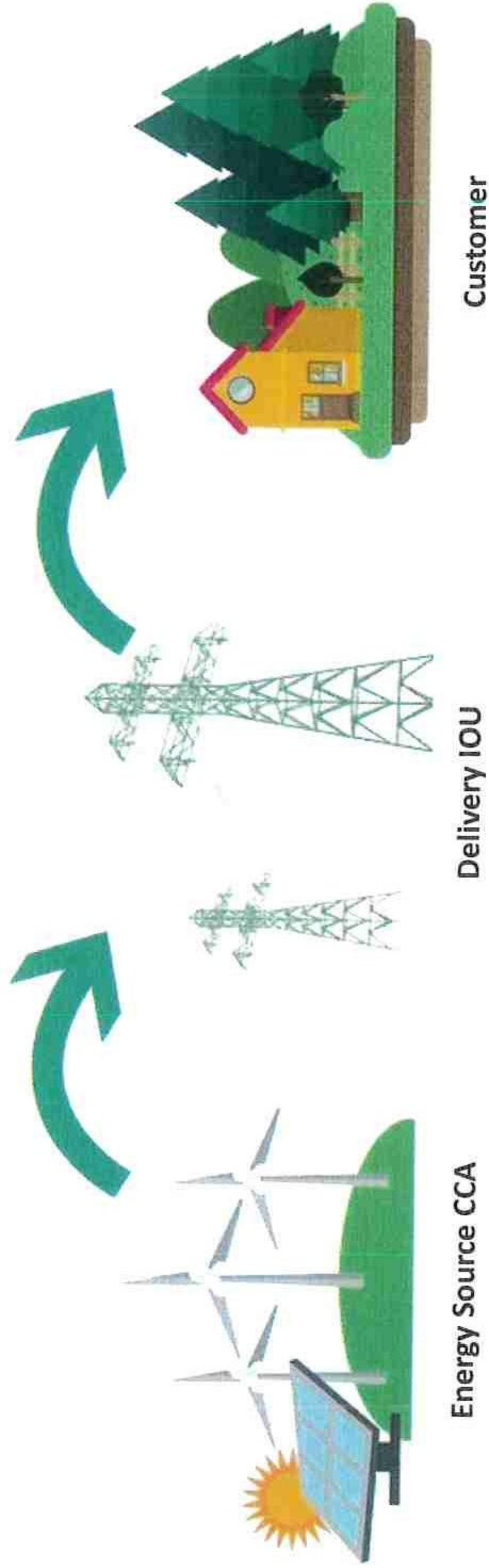
- **AB 117 (2002)**
- **Why are CCAs Being Set Up?**
  - Cheaper energy costs
  - Less Green House Gas emissions (GHG)
  - Encourage local economic development
  - Local control over power products, rates and programs
- **Opt-Out Protocol**
- **20% of CA Under CCA Currently – 19 in Total**
- **80% of CA Under CCA in 2-3 Years – Soon to be >25**



Map courtesy of Lean Energy: <http://www.leanenergyus.org/cca-by-state/california/>



# HOW DOES A CCA OPERATE?



## CCA Potential Offerings:

- Energy Efficiency
- Distributed Energy Resources
- Local Renewable Investment
- Electric Vehicle Programs
- Microgrid
- Fuel Switching Programs
- PACE (Property Assessed Clean Energy)
- Bulk Power Portfolio Choices



## BENEFITS OF CCA BUSINESS MODEL

- Lower Rates – 1 – 4% Discount on Total Bill Common
- Less Greenhouse Gas – More Renewable Energy in Power Supply Portfolio
- More Local Economic Development – New Resource Deployment in Service Territory Plus Rate Discount
- Local Control



## RISKS OF CCA BUSINESS MODEL

- Up-Front Cash
- Large Enterprise Fund
- New Business
- Competition



## STEPS IN SETTING UP A CCA

- Load Data from Incumbent Utility Investor-Owned Utility (IOU)
- Feasibility Study/Business Plan
- Pass Ordinance then Form JPA or Enterprise Fund
- File Implementation Plan with California Public Utilities Commission (CPUC)
- Secure Start-Up Financing
- Hire Schedule Coordinator, Data Management and Technical Consultants plus Internal CCE Staff
- Arrange Billing/Payment Activities with IOU
- Issue RFP for Power Supply
- Enroll Customers
- Launch
- Usually Takes 6 – 12 Months to File Implementation Plan and Then Another 12 Months to Launch, Depending on Timeline to Finalize Governance Issues



# GOVERNANCE OPTIONS

## Enterprise / City Only CCA – Go It Alone

Pros	Cons
<ul style="list-style-type: none"> <li>▪ Ultimate control</li> </ul>	<ul style="list-style-type: none"> <li>▪ Need start-up cash (\$50K)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Get started quicker</li> </ul>	<ul style="list-style-type: none"> <li>▪ General fund liability??</li> </ul>
<ul style="list-style-type: none"> <li>▪ No JPA required</li> </ul>	<ul style="list-style-type: none"> <li>▪ City staff required (3 – 10 FTE)</li> </ul>
<ul style="list-style-type: none"> <li>▪ Local economic development potential</li> </ul>	
<ul style="list-style-type: none"> <li>▪ Can expand later</li> </ul>	



# GOVERNANCE OPTIONS (CONT'D)

## Form New JPA

(Solana Energy Authority, Chula Vista, Santee, San Diego, La Mesa, Del Mar, Oceanside, Encinitas, Carlsbad, 78 Corridor, Others)

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> <li>▪ Larger entity</li> <li>▪ No general fund liability</li> <li>▪ City staff (1 FTE)</li> <li>▪ No start-up cash with San Diego option/need with others</li> </ul>	<ul style="list-style-type: none"> <li>▪ Loss of control, common rates, programs</li> <li>▪ Large governing board</li> <li>▪ Need JPA agreement/timing?</li> <li>▪ Need start-up cash (except San Diego)</li> </ul>

## Join Existing JPA

(Clean Power Authority of Southern California, Others)

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> <li>▪ No general fund liability</li> <li>▪ Timing good/quick with CPA</li> <li>▪ JPA already set up and operating</li> <li>▪ City staff (1 FTE)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Entry fee?</li> <li>▪ Dilution of control</li> <li>▪ Interest ??</li> </ul>



## GOVERNANCE OPTIONS (CONT'D)

- City Form CCA then Expand Later (Hybrid)

<i>Pros</i>	<i>Cons</i>
<ul style="list-style-type: none"> <li>▪ Quick/timing</li> <li>▪ Ultimate control</li> <li>▪ Could expand later</li> </ul>	<ul style="list-style-type: none"> <li>▪ Need start-up cash</li> <li>▪ General fund liability?</li> <li>▪ City staff required (3-5 FTE)</li> </ul>

- Turnkey – City Too Big to Consider this Option Without Full RFP Process



## GOVERNANCE OPTIONS (CONT'D)

### ■ If City Wants to Launch in 2021/2022

Type	Operational in 2021	Operational in 2022
▪ Enterprise	Yes	Yes
▪ Form New JPA with City of San Diego	Yes	Yes
▪ Form New JPA with All Others	No	Yes
▪ Hybrid	Yes	Yes
▪ Turnkey	No	Yes

- When Does City Want to Launch?
- If Launch in 2021 Desired, Enterprise/Hybrid and Joining with City of San Diego Best Options
- If Launch in 2022 Okay, All Governance Options are Open



## QUESTIONS AND ANSWERS / NEXT STEPS



## ORDINANCE NO.

### ORDINANCE OF THE CITY OF NATIONAL CITY ESTABLISHING COMMUNITY CHOICE AGGREGATION IN THE CITY OF NATIONAL CITY

**WHEREAS**, Assembly Bill 117 (Stat. 2002, ch. 838; see California Public Utilities Code section 366.2; the "Act"), added statutes to the Public Utilities Code authorizing local governmental bodies to individually or jointly provide retail electric commodity service to an aggregation of customers within their jurisdictions, a service referred to as Community Choice Aggregation (CCA); and

**WHEREAS**, the City of National City adopted a Climate Action Plan in 2011, and is in the process of updating it to align with the state mandates of 40% below 1990 levels by 2030 and 80% below 1990 levels by 2050; and

**WHEREAS**, since October 2019, the City of National City has been actively investigating the feasibility of commencing CCA service for electric customers within the City of National City, with the objective of making greater renewable electric portfolio content available to customers, providing greater local involvement over the provision of electric commodity services, and promoting competitive commodity rates; and

**WHEREAS**, the City of National City completed a CCA investigation which determined that a CCA program could result in local benefits including the use of renewable energy at levels above the State Renewables Portfolio Standard, the provision of competitive rates to consumers, and economic opportunity for the City of National City; and

**WHEREAS**, pursuant to Sections 331.1(b) and 366.2 of the Act, two or more entities authorized to be a community choice aggregator may participate jointly in a CCA program through a Joint Powers Authority established pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code, if each entity adopts the ordinance required by Public Utilities Section 366.2; and

**WHEREAS**, the City of National City wishes to implement a CCA program at this time through a Joint Powers Authority (JPA) with San Diego Community Power (SDCP); and

**WHEREAS**, the JPA agreement with SDCP will be brought to Council for approval following the adoption of the ordinance; and

**WHEREAS**, under Public Utilities Code Section 366.2, customers have the right to opt out of the CCA program and continue to receive bundled electric commodity service from the incumbent utility; and

**WHEREAS**, Public Utilities Code Section 366.2(c)(12) provides that an entity which elects to implement a CCA program within its jurisdiction must do so by ordinance; and



**WHEREAS**, this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines, as it is not a "project" and has no potential to result in a direct or reasonably foreseeable indirect physical change to the environment. (14 Cal. Code Regs. § 15378(a).) Further, the ordinance is exempt from CEQA as there is no possibility that the ordinance or its implementation would have a significant negative effect on the environment. (14 Cal. Code Regs. § 15061(b)(3).)

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**SECTION 1.** The foregoing recitals are true and correct.

**SECTION 2.** Based upon the findings and declarations set forth in this ordinance, and to provide businesses and residents within the jurisdictional boundaries of the City of National City with a choice of electric commodity providers and with the benefits described in the recitals above, the City Council hereby elects pursuant to Public Utilities Code Section 366.2(c)(12) to implement a CCA program within the jurisdiction of the City of National City by participating in the CCA program.

**SECTION 3.** Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid or ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of this Ordinance or any part thereof. The City Council of the City of National City hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases be declared unconstitutional or invalid or ineffective.

**SECTION 4.** No Mandatory Duty of Care. This Ordinance is not intended to and shall not be construed or given effect in a manner which imposes upon the City of National City, or any officer or employee thereof, a mandatory duty of care towards persons or property within the City of National City or outside of the City of National City so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

**SECTION 5.** Conflict. All ordinances and parts of ordinances in conflict herewith are repealed insofar as such conflict may exist.

**SECTION 6.** Effective Date. This ordinance shall be published pursuant to law and shall become effective thirty (30) days from the date of passage and adoption. Within fifteen (15) days following its adoption, the City Clerk shall publish the title thereof, as a summary as required by State Law.

///



**PASSED and ADOPTED this 2<sup>nd</sup> day of November, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney



The following page(s) contain the backup material for Agenda Item: [Approval of the 2021 Pension Obligation Bonds. \(Finance\)](#)

Please scroll down to view the backup material.



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

**MEETING DATE:** October 19, 2021

**AGENDA ITEM NO.:**

**ITEM TITLE:**

Approval of 2021 Pension Obligation Bonds (POBs).

**PREPARED BY:** Molly Brennan, Administrative Services Director

**DEPARTMENT:** Finance

**PHONE:** 619-336-4265

**APPROVED BY:** \_\_\_\_\_

*Molly Brennan*

**EXPLANATION:**

See attached.

**FINANCIAL STATEMENT:**

**APPROVED:** \_\_\_\_\_ **FINANCE**

**APPROVED:** \_\_\_\_\_ **MIS**

\$24.2 million estimated cumulative savings, and savings are projected to average \$2.6 million from FY23 –36. Total net present value savings is approximately \$23.4 million over the 21-year term of the POBs. Savings are based on current interest rates of 3.10% and assumed average future investment returns of 6.50% by CalPERS.

**ENVIRONMENTAL REVIEW:**

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

**ORDINANCE:** INTRODUCTION  FINAL ADOPTION

**STAFF RECOMMENDATION:**

City Council adopt a resolution confirming the issuance of POBs and related documents.

**BOARD / COMMISSION RECOMMENDATION:**

**ATTACHMENTS:**

1. Staff Report
2. Resolution Approving Preliminary Official Statement & Continuing Disclosure Certificate
3. Preliminary Official Statement





## City Council Agenda Report

### October 19<sup>th</sup> City Council Meeting Approval of 2021 Pension Obligation Bonds

#### ITEM

City staff, in conjunction with City Council, have explored the use of pension obligation bonds (“POBs” or “Bonds”) to meet several objectives, including: (1) generating cash flow savings to the City and taxpayers using historically low interest rates (currently  $\approx 3.00\% - 3.25\%$ ) relative to the current California Public Employees Retirement System (CalPERS) discount rate of 7.00%; (2) to create a repayment schedule for the City’s unfunded accrued pension liabilities (“UAL”) that is more manageable and creates budgetary savings; and (3) enhance budget predictability and long-term fiscal sustainability by creating a smoother repayment shape at a lower level.

After an initial workshop on October 6, 2020, to discuss a UAL restructuring (including benefits and risks), City Council approved the base POB documents on October 20, 2020 and approved the initiation of a validation process through the court system. The successful validation process ended in July 2021. As the market for POBs has improved since 2020 (lower interest rates), staff recommended continuing the financing process to issue a POB this fall to secure savings. At a workshop on September 7, 2021, City Council received an update on recent CalPERS events (including actions related to recent returns and imminent assumption changes), a preliminary recommendation for the UAL restructuring strategy, and stress testing analysis to help quantify the risk of a POB. Staff and its Municipal Advisor NHA Advisors, LLC have continued to analyze dozens of scenarios since that workshop and have now finalized a recommended plan of finance.

City Council is now being asked to adopt a resolution approving an Official Statement and Continuing Disclosure Certificate and related actions.

#### BACKGROUND/DISCUSSION

Over the last 8 years, the City of National City’s (the “City”) UAL for its CalPERS Miscellaneous and Safety Plans has grown 74.6%, from \$70.8 million to about \$123.7 million as of the 6/30/20 valuation report. The UAL represents the gap between what is needed to pay retiree benefits versus how much the City has in current CalPERS assets. Annual payments made to CalPERS to pay off the UAL have grown rapidly: from \$3.9M in FY 2016 to \$8.8M in FY 2022 and are projected to grow to \$11.3M by FY 2025 and \$13.0M by FY 2031 (based on the latest actuarial reports excluding the recent FY 2021 investment return of 21.3%).

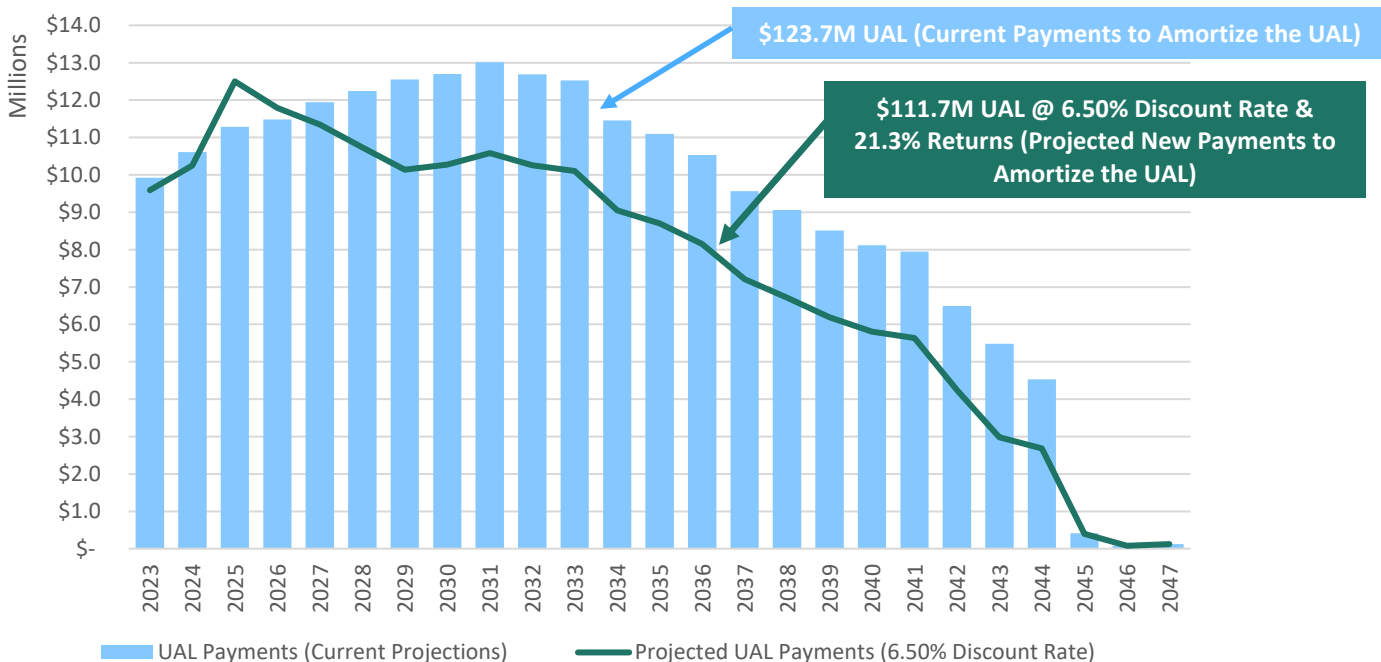
The \$123.7 million UAL is not immediately due to CalPERS and will be amortized over time (different components amortized over different time periods, typically between 3 and 28 years) at the discount rate of 7.00%. Pension cost increases are the largest financial challenge facing most California cities and are primarily due to factors outside of their control such as actuarial assumption changes made by CalPERS, below average investment returns over the last 20 years.



**Update on Recent CalPERS Returns and Likely Assumption Changes:** While the \$123.7 million UAL is based on the latest actuarial reports released in August 2021 and incorporates the 4.70% CalPERS returns from FY 2020, the reports do not include the benefit of the recent FY 2021 21.30% return or any new potential assumption changes. Based on existing CalPERS policy, the 21.3% rate of return for FY 2021 triggers a discount rate reduction from 7.00% to 6.80%. In November there is a chance that the CalPERS board will elect to lower the rate even more based on an updated asset and liability study currently underway. Targets being considered include 6.25%, 6.50% and 6.75%. For purposes of modeling the estimated savings and annual payments from issuing POBs, a 6.50% assumption is being used by the City and its team. 6.50% is a likely outcome according to many experts, and also a more conservative method with which to analyze the potential savings on the POB than the current 7% discount rate.

As shown in the chart below, the City’s UAL will be reduced from \$123.7 million to approximately \$111.7 million after incorporating the 21.3% returns and a hypothetical 6.50% discount rate. While the projected reduction is beneficial for the City, the UAL debt would continue to amortize at the 6.50% discount rate and on a repayment schedule that is very un-even, with spikes in the early years and through 2025 (see green line below), ultimately being paid off by FY 2046/47. Payments over the next decade would range from \$10M to \$13M annually, which is significantly higher than the \$8.8M that the City recently paid on its UAL for FY 2022. It should also be noted that a discount rate reduction will not only increase the UAL, but also the City’s Normal Cost payments that are required as a percent of payroll for current employees. Under either repayment model (blue bars or green line) the City would need to use reserves or cut expenditures in order have enough funding to make the future required annual payments to CalPERS.

**Current UAL Payments vs. Projected Payments @ 6.50% Discount Rate & 21.3% Returns**





**Benefits of a UAL Restructuring using a POB:** The City is considering issuing a POB to pay off *a portion* of its UAL to achieve several objectives:

- **Fiscal Sustainability Tool:** Ability to “re-shape” the City’s overall pension repayment in a way that creates enhanced long-term fiscal sustainability, budgetary predictability, and *enhanced resiliency to future economic shocks*
- **Near-Term Budgetary Savings:** By modifying the current near term “peak” in scheduled payments into a more predictable (i.e., level) structure, near term cash flow savings are generated
- **Interest Rate Savings “Arbitrage”:** City can borrow at rates much lower (currently 3.00% – 3.25% depending on term & credit) than the current CalPERS discount rate of 7.00% or the anticipated discount rate of 6.50%
- **Increase Funded Ratio:** Current ratios range from 70.5% (Miscellaneous) to 64.3% (Safety); these could be increased to approximately 95% through the restructuring
- **Modify Maturity:** Shorten or lengthen repayment period as deemed most fiscally appropriate. *The recommendation, discussed below, is to shorten the payment term to about 21 years, from the current term of 25 years.*

**Recent Due Diligence and Final Recommended UAL Restructuring Strategy:** Since the time of the September 7<sup>th</sup> workshop, City staff has been working diligently with NHA Advisors and Hilltop Securities to evaluate over a dozen different structuring options for the POB. These included different sizes, different terms/maturities, and evaluating the budgetary impact assuming a variety of discount rates (6.25%, 6.50% and 6.75%) and projected new funding ratios. Staff has also been utilizing this analysis to update the City’s long-term financial forecast to ensure that a prudent and affordable structure is executed. Staff’s final recommendation is to fund 70% (\$83M) of the current UAL, which is about 75% of the projected new UAL assuming a reduction to a 6.50% discount rate. **After rigorous discussions and analysis, this strategy is being recommended as it achieves multiple objectives, including: (1) maximizing savings, (2) reducing the risk of overfunding by only paying down 70-75% of the UAL, (3) creating a more affordable annual payment at around \$7.6M – in line with FY 2021 levels and significantly below the \$10M-\$13M annual payments that the City would face without a POB and (4) increasing the funding ratios of the City’s pension plans to about 95%.**

It should be noted that if CalPERS reduces its discount rate below 6.50% or underperforms on its investments the City’s UAL will go up and annual payments would be higher. For example, annual payments will go to about \$9M per year if they lower the discount rate to 6.25%. This is the annual payment level the City budgeted and paid in FY 2022. In this event, the POB would save the City from having to dip into reserves, but there would not be any additional savings available for on-going operating expenditures. Discount rate changes and investment underperformance are factors outside of the City’s control, but it is important to conservatively plan for these events while developing long term budget projections.

***Section 115 Trust and Budget Predictability:*** The City has also been very disciplined about building its Section 115 Trust, which currently has a balance of \$7.2 million. Since there will be fluctuations in the future annual pension payments to CalPERS, staff will utilize the funds in the Section 115 Trust as a “shock absorber,” funding any amounts (to the extent possible) above the



projected \$7.6M level using those monies. This will allow the City to further enhance the predictability of the annual amount of budgeted pension expenditures.

**Estimated Savings from \$83M POB:** The table/charts below summarize the estimated savings from the proposed 2021 POB. It is important to note that the interest rate assumptions are estimated based on current market conditions and could change prior to pricing the bonds in late October/early November. It is also important to note that these bonds will be structured with a 10-year call feature, meaning that the City will have the opportunity to pay this debt off early (after 10 years) with no penalty or refinance the debt if interest rates are lower at that time. The City may consider utilizing funds built up in its Section 115 Trust or other reserves to pay off these bonds early if deemed financially strategic in the future.

As shown below, cumulative savings are estimated at \$24.2 million over the 21-year term of the POBs. Estimated present value savings are projected at approximately \$23.4 million or about 26.0% of refinanced UAL. Through FY 2036, the City is expected to benefit from approximately \$37.1 million in cash flow savings, or \$2.6 million on an average annual basis for the next 15 years. As noted before, the majority of these savings allows the City to avoid having to use reserves to fund the rapidly increasing UAL payments with CalPERS. The \$7.6M projected annual payment is in line with FY 2021 budgeted figures and brings the City’s payments back to a more affordable level.

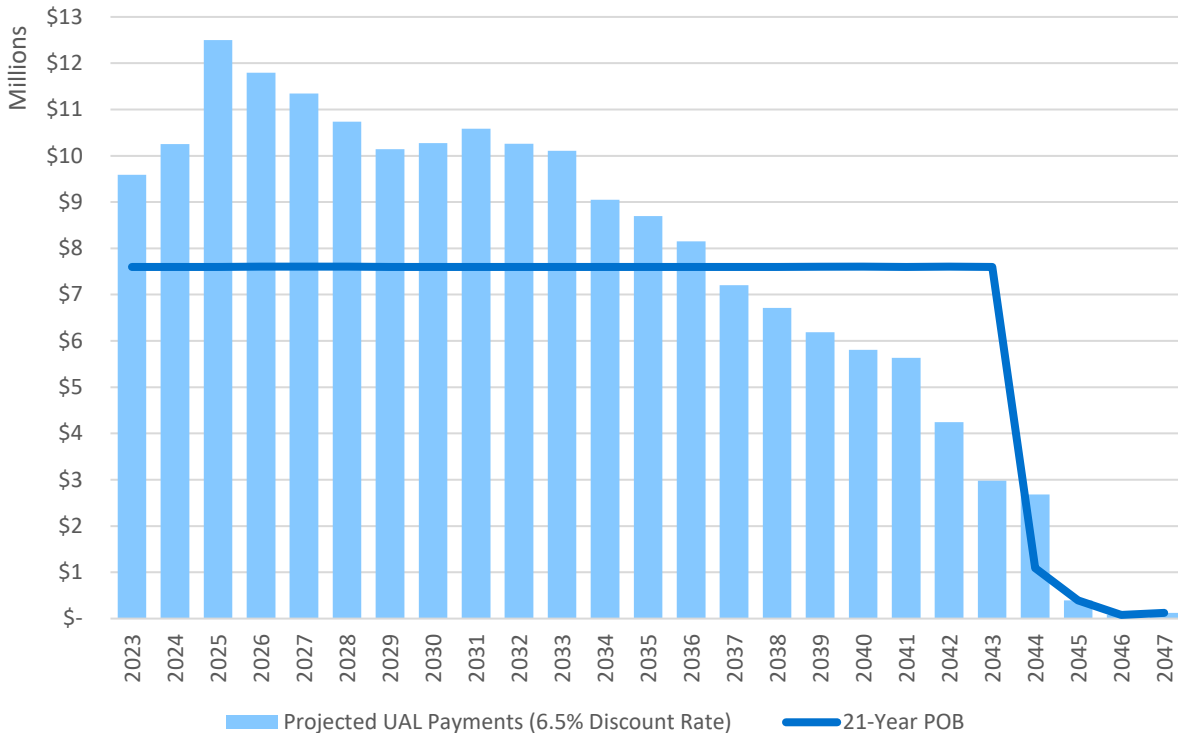
The savings metrics shown below are estimated based on current market conditions and a 6.50% CalPERS discount rate and investment returns. Projected savings is ultimately dependent on future CalPERS returns and assumption changes, which are unknown at the time of issuance (see “Risks and Considerations” below).

### Estimated Savings from 2021 POB

Metrics	21-Year POB
<b>\$ UAL Funded (11/16/21)</b>	\$83,260,000
<b>% UAL Funded (Current Asset Valuations)</b>	70%
<b>Funded Ratio (Current Asset Valuations)</b>	90%
<b>Projected UAL After 6.5% Discount Rate</b>	\$111,650,223
<b>% UAL Funded (Projected After FY 2021 Returns)</b>	75%
<b>Funded Ratio (Projected After FY 2021 Returns)</b>	95%
<b>Maturity</b>	21 Years
<b>Average Life</b>	11.8 Years
<b>All-In Interest Rate</b>	3.10%
<b>Present Value Savings (%)</b>	26.01%
<b>Present Value Savings (\$)</b>	\$23,417,884
<b>Cumulative Savings</b>	\$24,243,835
<b>Savings (2023-2036)</b>	\$37,081,215
<b>Avg. Annual Savings (2023-2036)</b>	\$2,648,658
<b>Avg. Annual Payments Through Maturity (POB + Unrefunded UAL)</b>	<b>\$7,599,759</b>



### Projected UAL Payments @ 6.50% Discount Rate vs New Aggregate (PO + Unrefunded UAL) Payments



\* All savings estimates assume CalPERS earns 6.50% in the future

Numerous agencies (e.g., Santa Ana, Commerce, Buena Park, San Fernando, Whittier, Covina, Livermore Recreation & Parks City, Redondo Beach, Willows, Auburn, Corte Madera, Manhattan Beach, Huntington Beach, Orange, Chula Vista, Downey, El Cajon and several others) throughout California have recently refinanced their UAL to restructure the payment pattern and increase the funding level of their pension plans. Since last Spring, over 70 CalPERS members have restructured their UAL and many more are expected to do so this Fall. Interest rates set on these recent financings have ranged from about 2.25% to 4.25%, with rates dictated by market conditions at the time of pricing, credit rating of the issuer, and length of term of the bonds. During the last week of September and first week of October, four additional POBs were priced (cities of Corona, Lakeport and two fire districts).

**Risks and Considerations:** The ultimate actual savings from a UAL restructuring is dependent on two factors: (1) actual interest rates at the time of pricing the new bond and (2) future CalPERS returns, which is an unknown at the time of bond issuance. The rule of thumb for evaluating the benefit of a UAL restructuring is that the City will be better off (i.e. the UAL refunding will produce positive savings) if CalPERS earns more than the interest rate on the Bonds (currently estimated at around 3.10%). While past performance does not guarantee future results, CalPERS’ historical 30-year returns are 8.4%, 6.9% for the last 20 years on average, 8.5% for last 10 years and 10.3% for the last 5 years.

**Stress Testing:** In order to better assess the risk of the proposed POB, the City’s finance team analyzed the reduction in savings assuming various situations of CalPERS investment performance.



These “what-if” situations include CalPERS reducing the discount rate to (and earning annually) 6.00% and also reducing the discount rate to (and earning annually) 5.00%. In addition, the scenario of a market crash was also calculated. The scenario of a negative 5.00% investment return ( $\approx 12\%$  off its target) in the first year after the POB is issued, as well as a negative 15% ( $\approx 22\%$  off its target) were also calculated. For both, returns after the initial market crash are assumed to be 6.50%.

<b>Estimated UAL Sensitivity (\$83M POB)</b>				
	<b>Change to 5% Discount Rate</b>	<b>Change to 6% Discount Rate</b>	<b>-5% Inv Returns (FY 2023)</b>	<b>-15% Inv Returns (FY 2023)</b>
<b>Baseline PV Savings</b>	\$23,417,884	\$23,417,884	\$23,417,884	\$23,417,884
<b>Reduction in PV Savings</b>	\$13,411,302	\$4,771,851	\$8,653,891	\$16,179,013
<b>Net PV Savings (\$)</b>	<b>\$10,006,582</b>	<b>\$18,646,033</b>	<b>\$14,763,993</b>	<b>\$7,238,871</b>
<b>Net PV Savings (%)</b>	<b>11.53%</b>	<b>21.48%</b>	<b>17.01%</b>	<b>8.34%</b>

As the table above shows, PV saving is reduced under these stress tests, however, the City would still be better off having issued the POB than if it had not. Based on current estimates, the POB structure would be expected to withstand a 24.6% near-term market crash (negative 24.6% returns in FY 2023), generating neutral present value savings. While reinvestment risk is unavoidable, the stress tests demonstrate that the risks are manageable, and that the City would be better off having issued the POB even under these more pessimistic situations. If there were a future market downturn, and as noted on page 3, the City could use reserves in the 115 pension trust funds to address any new UAL and re-invest those monies at a lower entry point in the stock market (dollar cost averaging).

## **PENSION OBLIGATION BOND DOCUMENTS FOR REVIEW AND APPROVAL**

On October 20, 2020, the City Council approved a resolution authorizing the issuance of pension obligation bonds to refund a portion of the City’s obligation owed to CalPERS and to initiate a judicial validation action. With the assistance of bond counsel, the City successfully obtained a default judgment in the action in late June, and the 30-appeal period expired in late July. It is therefore now appropriate and timely to approve the preliminary Official Statement and Continuing Disclosure Certificate so the bonds can be sold via public offering.

The resolution (Attachment #2) being recommended for approval tonight authorizes staff to complete the pension obligation financing, and approves forms of the following documents:

1. Preliminary Official Statement (Attachment #3); and
2. Continuing Disclosure Certificate (Included as an appendix within the Preliminary Official Statement)

**Preliminary Official Statement:** Disclosure Counsel prepares a preliminary Official Statement with input from the financing team including tables relating to the City’s general fund finances. Following City Council authorization, the preliminary Official Statement will be distributed by the Underwriter (Hilltop Securities) and used as the primary marketing document to prospective bond purchasers. A table of contents identifies critical topics such as the plan of finance, security for the bonds, information on the City, information on the general fund of the City, the continuing



disclosure requirements and the form of opinion of bond counsel. The agenda packet includes a draft of the preliminary Official Statement that the financing team considers to be essentially final. A final Official Statement will be made available shortly after the pension obligation bonds are sold; it will be identical to the preliminary Official Statement except that it will reflect the final bond sale information.

The distribution of the preliminary Official Statement and the final Official Statement is subject to the federal securities laws, including the Securities Act of 1933 and the Securities Exchange Act of 1934. These laws require the preliminary Official Statement to include all facts that would be material to an investor in the pension obligation bonds. Material information exists where there is a substantial likelihood that the information would have actual significance in the deliberations of the reasonable investor when deciding whether to buy or sell securities. The Securities and Exchange Commission (SEC), the agency with regulatory authority over compliance with the federal securities laws, has indicated that if a member of a legislative body, like the City Council, has knowledge of any facts or circumstances that an investor would want to know prior to investing in securities, like the pension obligation bonds, whether relating to their repayment, taxable status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such facts are adequately disclosed in the preliminary Official Statement. The steps that a member of the City Council could take to fulfill this obligation include becoming familiar with the preliminary Official Statement and questioning staff and other members of the financing team about the disclosure of such facts.

**Continuing Disclosure Certificate:** The Continuing Disclosure Certificate will require the City to provide certain annual financial information to bondholders, such as the audit and updates to certain tabular data included in the Official Statement.

## **NEXT STEPS**

Upon approval of the Preliminary Official Statement and Continuing Disclosure Certificate, the City's financing team will begin the process of marketing the POBs to investors. It is expected that the City will sell its POBs in late October or early November and close the financing in mid-November. However, it is important to note that the City's financing team is actively monitoring current market conditions and other financing considerations in determining the best time to sell the bonds into the market. Assuming City Council approval, the financing team is prepared to move quickly to sell the POBs at the optimal time and maximize the City's benefit.

## **FISCAL IMPACT**

Costs to execute the issuance of the POBs is included in the financing and there is no general impact to General Fund budget related to those costs; the only cost that is non-contingent is the credit rating fee, which has an estimated cost of \$50,250. However, in the event this transaction was to be delayed, it is anticipated that the credit rating fee can still be financed by the bond issuance at a later financing date. Cumulative savings is estimated at \$24.2 million, and savings are projected to average \$2.6 million from FY 2023 – 2036. Total net present value savings is approximately \$23.4 million over the 21-year term of the POBs. As noted, these savings are based on current interest rates (which could change by the time the City goes to market) and assumed average future investment returns of 6.50% by CalPERS.



## **RECOMMENDATIONS**

That City Council move to adopt a resolution confirming the issuance of POBs and related documents.



NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: “\_\_\_”  
(See the caption “RATING” herein)

*In the opinion of Kutak Rock LLP, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is not excludable from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of California personal income taxes. For a more detailed description of such opinions of Bond Counsel, see “TAX MATTERS” herein.”*

\$ \_\_\_\_\_ \*  
**CITY OF NATIONAL CITY**  
**2021 TAXABLE PENSION OBLIGATION BONDS**

**Dated: Date of Delivery**

**Due: November 1, as shown on the inside front cover page**

The City of National City (the “City”) is issuing its \$ \_\_\_\_\_ \* aggregate principal amount of 2021 Taxable Pension Obligation Bonds (the “Bonds”), pursuant to a Trust Agreement, dated as of \_\_\_\_\_ 1, 2021, by and between the City and \_\_\_\_\_, as trustee, and pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code. The Bonds are being issued: (i) to part of the City’s currently [amortized][unamortized], unfunded accrued actuarial liability to the California Public Employees Retirement System with respect to the City’s defined benefit retirement plans for City employees; and (ii) to pay costs of issuance of the Bonds. See the caption “PLAN OF REFINANCING.”

The Bonds will be delivered in fully registered form only, and when delivered will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). See the caption “THE BONDS—General.” So long as Cede & Co. is the registered owner of the Bonds, references herein to the owners of the Bonds mean Cede & Co. and do not mean the Beneficial Owners of the Bonds.

Interest on the Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2022, through the maturity date of such Bonds. The Bonds will be issued in denominations of integral multiples of \$5,000. The Bonds will be issued in such principal amounts, and will bear interest at the rates, payable on the dates as shown on the inside front cover page of this Official Statement. The City has not funded a reserve fund in connection with the issuance of the Bonds.

*The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as described under the caption “THE BONDS.”*

THE OBLIGATIONS OF THE CITY UNDER THE BONDS, INCLUDING THE OBLIGATION TO MAKE ALL PAYMENTS OF THE INTEREST ON AND THE PRINCIPAL OF THE BONDS WHEN DUE OR UPON PRIOR REDEMPTION, ARE ABSOLUTE AND UNCONDITIONAL, WITHOUT ANY RIGHT OF SET-OFF OR COUNTERCLAIM. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. SEE THE CAPTION “SECURITY AND SOURCE OF PAYMENT FOR THE BONDS.”

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

**MATURITY SCHEDULE**

(See inside front cover page)

*The Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of the valid, legal and binding nature of the Bonds by Kutak Rock LLP, Bond Counsel, and certain other conditions. Certain matters will be passed upon for the City by the City Attorney, and by Kutak Rock LLP, as Disclosure Counsel, for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, and for the Trustee by its counsel. It is anticipated that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about \_\_\_\_\_, 2021.*

**HILLTOP SECURITIES INC.**

Dated: \_\_\_\_\_, 2021

\* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.



**MATURITY SCHEDULE**

\$ \_\_\_\_\_ \*

**CITY OF NATIONAL CITY  
2021 TAXABLE PENSION OBLIGATION BONDS**

**BASE CUSIP<sup>†</sup>: \_\_\_\_\_**

<i>Maturity (November 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP<sup>†</sup></i>
	\$	%	%		

\$ \_\_\_\_\_ % Term Bond due November 1, 20\_\_; Yield \_\_\_\_\_; Price \_\_\_\_\_%; CUSIP<sup>†</sup>: \_\_\_\_\_

\$ \_\_\_\_\_ % Term Bond due November 1, 20\_\_; Yield \_\_\_\_\_; Price \_\_\_\_\_%; CUSIP<sup>†</sup>: \_\_\_\_\_

\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright® 2021 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the City nor the Underwriter takes any responsibility for the accuracy of such numbers.



**CITY OF NATIONAL CITY  
COUNTY OF SAN DIEGO, CALIFORNIA**

**CITY COUNCIL**

Alejandra Sotelo-Solis, *Mayor*  
Jose Rodriguez, *Vice Mayor*  
Marcus Bush, *Councilmember*  
Ron Morrison, *Councilmember*  
Mona Rios, *Councilmember*

**CITY OFFICIALS**

Brad Raulston, *City Manager*  
Tony Winney, *Assistant City Manager*  
Molly Brennan, *Director of Administrative Services*  
R. Mitchell Beauchamp, *City Treasurer*  
Charles E. Bell Jr., *City Attorney*  
Luz Molina, *City Clerk*

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**BOND COUNSEL AND DISCLOSURE COUNSEL**

Kutak Rock LLP  
Irvine, California

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**TRUSTEE**

[       ]

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**MUNICIPAL ADVISOR**

NHA Advisors LLC  
San Rafael, California.



No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or Owners of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information that is contained herein are subject to completion or amendment without notice, and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties that are described herein since the date hereof. These securities may not be sold, nor may an offer to buy them be accepted, prior to the time that the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements which are included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “project,” “budget,” “intend” or similar words. Such forward-looking statements include, but are not limited to, certain statements contained under the captions “THE CITY” and “CITY FINANCIAL INFORMATION” and in Appendix B. Historical information set forth in the Official Statement is not intended to be predictive of future results.

**THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.**

**IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, DEALER BANKS, BANKS ACTING AS AGENT AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF, AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.**

**THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT, AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.**

*The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.*



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**CITY OF NATIONAL CITY**  
**2021 TAXABLE PENSION OBLIGATION BONDS**

**INTRODUCTION**

*This Introduction contains only a brief summary of certain of the terms of the Bonds being offered and a brief description of the Official Statement. All statements contained in this Introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete, and such references are qualified in their entirety by the complete documents. This Official Statement speaks only as of its date, and the information contained herein is subject to change.*

**General**

This Official Statement provides certain information concerning the issuance, sale and delivery of the City of National City 2021 Taxable Pension Obligation Bonds (the “**Bonds**”), in the aggregate principal amount of \$ \_\_\_\_\_ \*. The Bonds are being issued pursuant to the Trust Agreement, dated as of \_\_\_\_\_ 1, 2021 (the “**Trust Agreement**”), by and between the City of National City (the “**City**”) and \_\_\_\_\_, \_\_\_\_\_, California, as trustee (the “**Trustee**”). For definitions of certain words and terms which are used herein but not otherwise defined, see Appendix C.

The Bonds are being issued: (i) to pay part of the City’s currently [amortized][unamortized], unfunded accrued actuarial liability (the “**Pension Liability**”) to the California Public Employees’ Retirement System (“**CalPERS**”) with respect to the City’s defined benefit retirement plans for City employees; and (ii) to pay costs of issuance of the Bonds. See the caption “PLAN OF REFINANCING.”

The obligation of the City to make all payments of interest on and principal of the Bonds when due, are absolute and unconditional, without any right of set-off or counterclaim. The Bonds are not limited as to payment to any special source of funds of the City.

THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS ON THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

**The Bonds**

The City is a member of CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California (the “**State**”), including the City. As such, the City is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “**Retirement Law**”), and the contract, dated October 1, 1948 (as amended, the “**CalPERS Contract**”), by and between the City Council of the City (the “**City Council**”) and the Board of Administration of CalPERS, to: (a) make contributions to CalPERS to fund pension benefits for certain City employees, (b) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (c) appropriate funds for such purposes.

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\* Preliminary, subject to change.



The City is authorized pursuant to Articles 10 and 11 (commencing with Section 53570) of Chapter 3 of Division 2 of Title 5 of the California Government Code (the “**Refunding Bond Law**”), to issue bonds for the purpose of refunding obligations evidenced by the CalPERS Contract. The Bonds are authorized and issued pursuant to the Trust Agreement and a resolution adopted by the City Council on October 20, 2020 (the “**Resolution**”). The proceeds of the sale of the Bonds (exclusive of amounts applied to pay costs of issuance) will be used to refund all or a portion of the City’s obligations evidenced by the CalPERS Contract, representing the Pension Liability with respect to certain pension benefits under the Retirement Law.

### **Validation**

On December 10, 2020, the City filed a complaint in the Superior Court of the State of California for the County of San Diego (the “**Court**”) in a matter entitled *City of National City, California v. All Persons Interested et al.* (Case No. 37-2020-00045564-CU-MC-CTL) (the “**Validation Petition**”). The City filed the Validation Petition in order to seek judicial validation of the issuance of the Bonds and any future bonds issued to refund the Bonds. On June 15, 2021, the Court entered a default judgment (the “**Validation Judgment**”) in favor of the City with respect to the Validation Petition. On July 15, 2021, the Validation Judgment became binding and conclusive in accordance with State law. See the caption “VALIDATION.”

### **Continuing Disclosure**

The City has covenanted for the benefit of the Holders of the Bonds to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (“**Rule 15c2-12**”). See the caption “CONTINUING DISCLOSURE” and Appendix E for a description of the specific nature of the annual report and notices of enumerated events.

### **Miscellaneous**

The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Included herein are brief summaries of the Trust Agreement and certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. See Appendix C. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or Holders of the Bonds. Copies of the documents are on file and available for inspection at the corporate trust office of the Trustee in \_\_\_\_\_, California. All capitalized terms used in this Official Statement and not otherwise defined have the meanings given to such terms in the Trust Agreement.

## **THE BONDS**

### **General**

The Bonds will be issued in fully registered form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”). DTC will act as Securities Depository for the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only, in the denominations hereinafter set forth. Principal, premium, if any, and interest on the



Bonds will be payable by the Trustee to DTC, which is obligated in turn to remit such principal and interest to DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. See Appendix F.

The Bonds will be dated the date of delivery, mature on the dates and in the principal amounts and bear interest at the rates set forth on the inside front cover page of this Official Statement. The Bonds will be delivered in denominations equal to \$5,000 or any integral multiple thereof. Interest on the Bonds will be payable on each May 1 and November 1, commencing May 1, 2022 (each, an “**Interest Payment Date**”).

Interest on each Bond of each maturity will be payable at the respective per annum rates set forth in inside cover herein and will be payable on each Interest Payment Date until maturity or earlier redemption, computed using a year of 360 days comprised of twelve 30 day months. Interest on each Bond will accrue from the Interest Payment Date for the Bonds next preceding the date of authentication and delivery thereof, unless (i) such date of authentication is an Interest Payment Date in which event interest will be payable from such date of authentication; (ii) it is authenticated after a Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon will be payable from such Interest Payment Date; or (iii) it is authenticated prior to the close of business on the first Record Date, in which event interest thereon will be payable from the Closing Date; provided, however, that if at the time of authentication of any Bond interest thereon is in default, interest thereon will be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from the Closing Date.

Principal, premium, if any, and interest on the Bonds will be payable in currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Payments of interest on any of the Bonds will be made on each Interest Payment Date by check of the Trustee sent by Mail, or by wire transfer to any Holder of \$1,000,000 or more of Bonds, to the account specified by such Holder in a written request delivered to the Trustee on or prior to the Record Date for such Interest Payment Date, to the Holder thereof on the Record Date; provided, however, that payments of defaulted interest will be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Trustee which will not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest. Payment of the principal of the Bonds upon redemption or maturity will be made upon presentation and surrender of each such Bond, at the Principal Office of the Trustee.

**Optional Redemption of the Bonds**

The Bonds maturing on or after November 1, 20\_\_ may be redeemed at the option of the City from any source of funds on any date on or after November 1, 20\_\_ in whole or in part from such maturities as are selected by the City and by lot within a maturity at a redemption price equal to the principal amount to be redeemed, together with accrued interest to the date of redemption, without premium.

**Mandatory Sinking Fund Redemption of the Bonds**

The Bonds maturing November 1, 20\_\_ (the “**20\_\_ Term Bonds**”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20\_\_ Term Bonds will be so redeemed on the following dates and in the following amounts:

<i>Redemption Date</i> <i>(November 1)</i>	<i>Principal Amount</i>
---	-------------------------

\$

\*

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\* Final maturity.



The Bonds maturing November 1, 20\_\_ (the “**20\_\_ Term Bonds**”) are subject to mandatory sinking fund redemption at a redemption price equal to the principal amount thereof, plus accrued interest to the redemption date, without premium. The 20\_\_ Term Bonds will be so redeemed on the following dates and in the following amounts:

<i>Redemption Date</i> <i>(November 1)</i>	<i>Principal</i> <i>Amount</i>
*	\$

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\* Final maturity.

On or before each October 15 next preceding any mandatory sinking fund redemption date, the Trustee will proceed to select for redemption pro-rata from all Term Bonds subject to mandatory sinking fund redemption at that time, an aggregate principal amount of such Term Bonds equal to the amount for such year as set forth in the table above and will call such Term Bonds or portions thereof for redemption and give notice of such redemption in accordance with the terms of the Trust Agreement. At the option of the City, to be exercised by delivery of a written certificate to the Trustee on or before October 1 next preceding any mandatory sinking fund redemption date, it may: (a) deliver to the Trustee for cancellation Term Bonds or portions thereof (in the amount of an Authorized Denomination) of the stated maturity subject to such redemption; or (b) specify a principal amount of such Term Bonds or portions thereof (in the amount of an Authorized Denomination) which prior to said date have been purchased or redeemed (otherwise than under the mandatory sinking fund redemption provisions of the Trust Agreement) and cancelled by the Trustee at the request of the City and not theretofore applied as a credit against any mandatory sinking fund redemption requirement. Each such Term Bonds or portion thereof so delivered or previously redeemed will be credited by the Trustee at 100% of the principal amount of the Term Bonds so delivered to the Trustee by the City against the obligation of the City on such mandatory sinking fund redemption date.

**Selection of Bonds for Redemption**

If less than all of the Bonds are called for redemption, the City will designate the maturities from which the Bonds are to be redeemed. For so long as the Bonds are registered in book entry form and DTC or a successor securities depository is the sole registered owner of such Bonds, if fewer than all of such Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with the operational arrangements of DTC then in effect, and if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, all Bonds to be so redeemed will be selected for redemption in accordance with DTC procedures by lot; provided further that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations.

In connection with any repayment of principal of the Bonds pursuant to the pass-through distribution of principal as described above, the Paying Agent will direct DTC to make a pass-through distribution of principal to the owners of the Bonds. A form of Pro Rata Pass-Through Distribution of Principal Notice will be provided to the Trustee that includes a table of factors reflecting the relevant scheduled redemption payments and DTC’s applicable procedures, which are subject to change.

For purposes of calculating pro rata pass-through distributions of principal, “pro rata” means, for any amount of principal or interest to be paid, the application of a fraction to such amounts where (a) the numerator is equal to the amount due to the owners of the Bonds on a payment date, and (b) the denominator is equal to the total original par amount of the Bonds.



It is the City's intent that redemption allocations made by DTC with respect to the Bonds be made on a pro rata pass-through distribution of principal basis as described above. However, the City cannot provide any assurance that DTC, DTC's direct and indirect participants, or any other intermediary will allocate the redemption of such Bonds on such basis.

If the Bonds are not registered in book-entry form and if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the Bonds of such maturity and bearing such interest rate to be redeemed will be selected on a pro rata basis, and the particular Bonds of such maturity and bearing such interest rate to be redeemed will be selected by lot, provided that any such redemption must be performed such that all Bonds remaining outstanding will be in authorized denominations.

Upon surrender of a Bond to be redeemed in part, the Trustee will authenticate for the registered owner a new Bond or Bonds of the same maturity and tenor equal in principal amount to the unredeemed portion of the Bond surrendered.

### **Notice of Redemption**

Notice of redemption will be given by the Trustee, not less than 30 nor more than 60 days prior to the redemption date: (i) in the case of Bonds not registered in the name of a Securities Depository or its nominee, to the respective Holders of the Bonds designated for redemption at their addresses appearing on the registration books of the Trustee; (ii) in the case of Bonds registered in the name of a Securities Depository or its nominee, to such Securities Depository for such Bonds; and (iii) to the Information Services. Notice of redemption to the Holders pursuant to clause (i) above will be given by mail at their addresses appearing on the registration books of the Trustee, or any other method agreed upon by such Holder and the Trustee. Notice of redemption to the Securities Depositories pursuant to clause (ii) above and the Information Services pursuant to clause (iii) above will be given by electronically secure means, or any other method agreed upon by such entities and the Trustee.

Each notice of redemption will state the Bonds or designated portions thereof to be redeemed, the date of redemption, the place of redemption, the redemption price, the CUSIP number (if any) of the Bonds to be redeemed, the distinctive numbers of the Bonds of such maturity to be redeemed, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, the original issue date, the interest rate and the stated maturity date of each Bond to be redeemed in whole or part. Each such notice will also state that on said date there will become due and payable on each of the Bonds to be redeemed the redemption price, and redemption premium, if any, thereof, and that from and after such redemption date interest thereon will cease to accrue.

Failure to give the notices described above or any defect therein will not in any manner affect the redemption of any Bonds. Any notice sent as provided in the Trust Agreement will be conclusively presumed to have been given whether or not actually received by the addressee.

The City has the right to rescind any notice of redemption previously sent pursuant to the Trust Agreement. Any such notice of rescission will be sent in the same manner as the notice of redemption. Neither the City nor the Trustee will incur any liability, to Bond Owners, DTC, or otherwise, as a result of a rescission of a notice of redemption.

## **SECURITY AND SOURCE OF PAYMENT FOR THE BONDS**

### **Bond Payments**

The City will provide for payment of principal or redemption price of and interest on the Bonds from any source of legally available funds of the City. If any Bonds are Outstanding, the City will, no later than three Business Days preceding each Interest Payment Date, beginning May 1, 2022, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the principal (if applicable) and interest payments



coming due with respect to the Bonds on such Interest Payment Date (less amounts on deposit in the Revenue Fund).

The Bonds are obligations of the City payable from any lawfully available funds, are not limited as to payment to any special source of funds of the City and is subject to appropriation in accordance with the Trust Agreement. The Bonds do not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation.

The obligations of the City under the Bonds, including the obligation to make all payments of principal, premium, if any, and interest when due, are absolute and unconditional, without any right of set-off or counter claim.

### **Revenue Fund**

There has been created pursuant to the Trust Agreement a Fund to be held by the Trustee designated as the “City of National City 2021 Taxable Pension Obligation Bonds Revenue Fund” (the “**Revenue Fund**”). There has been created in the Revenue Fund two separate Accounts designated the “**Bond Interest Account**” and the “**Bond Principal Account**.”

All amounts received by the Trustee from the City in respect of interest payments on the Bonds will be deposited in the Bond Interest Account and will be disbursed to the applicable Bondholders to pay interest on the Bonds. All amounts held at any time in the Bond Interest Account will be held for the security and payment of interest on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Interest Account are insufficient to provide for the payment of such interest, the City will promptly deposit funds to such Account to cure such deficiency. On November 2 of each year beginning in 2022, so long as no Event of Default has occurred and is continuing, the Trustee will transfer all amounts on deposit in the Bond Interest Account to the Revenue Fund to be used for any lawful purpose.

All amounts received by the Trustee from the City in respect of principal payments on the Bonds will be deposited in the Bond Principal Account and all amounts in the Bond Principal Account will be disbursed to pay principal on the Bonds pursuant to the Trust Agreement. If at any time funds on deposit in the Bond Principal Account are insufficient to provide for the payment of such principal, the City will promptly deposit funds to such Account to cure such deficiency.

The moneys in such Fund and Accounts will be held by the Trustee in trust and applied as provided in the Trust Agreement and, pending such application, will be subject to a lien and charge in favor of the holders of the Bonds issued and Outstanding under the Trust Agreement and for the further security of such holders until paid out or transferred as provided in the Trust Agreement.

### **Limited Obligations**

THE BONDS ARE GENERAL OBLIGATIONS OF THE CITY PAYABLE FROM ANY LAWFULLY AVAILABLE FUNDS OF THE CITY AND ARE NOT LIMITED AS TO PAYMENT TO ANY SPECIAL SOURCE OF FUNDS OF THE CITY. THE BONDS DO NOT CONSTITUTE AN OBLIGATION OF THE CITY FOR WHICH THE CITY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE CITY TO MAKE PAYMENTS WITH RESPECT TO THE BONDS CONSTITUTES AN INDEBTEDNESS OF THE CITY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.



## **Additional Bonds**

From time to time, the City may enter into: (a) one or more other trust agreements or indentures; and/or (b) one or more agreements supplementing and/or amending the Trust Agreement, for the purpose of providing for the issuance of Additional Bonds to (i) refund the Bonds; or (ii) to refund any Pension Liability under the CalPERS Contract arising subsequent to the issuance of the Bonds or any other obligations due to CalPERS. Such Additional Bonds may be issued solely on a parity with or subordinate basis to the Bonds.

## **No Reserve Fund**

The City has not funded a reserve fund in connection with the issuance of the Bonds.

## **CITY PENSION PLANS**

*The following information is primarily derived from the City's most recent CalPERS Annual Valuation Reports as of June 30, 2020 which was produced by CalPERS, its staff, independent accountants, and actuaries. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Neither the City nor the Underwriter has independently verified such information and neither makes any representations nor expresses any opinion as to the accuracy of the information that has been provided by CalPERS. The City's CalPERS Annual Valuation Reports are available on CalPERS' Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov).*

## **General**

The City participates in a Miscellaneous Plan and a Safety Plan to fund pension benefits for employees. The City's pension plans are administered by CalPERS. CalPERS administers an agent multiple-employer public employee defined benefit pension plan for all of the City's full-time and certain part-time employees. CalPERS provides retirement, disability and death benefits to plan members and beneficiaries and acts as a common investment and administrative agent for participating public entities within the State, including the City. CalPERS plan benefit provisions and all other requirements are established by State statute and the City Council.



City employees are subject to different benefit levels based on their hire date. Benefit provisions for City employees for fiscal year 2022-23 are set forth below.

**City of National City  
CalPERS Pension Plans – Summary of Benefit Provisions for Fiscal Year 2022-2023**

*Miscellaneous Plan*

	<i>Tier 1*</i>	<i>Tier 2*</i>	<i>PEPRA</i>
Hire date		New Member on or after April 22, 2011 but prior to January 1, 2013	New Member on or after January 1, 2013
	Prior to April 22, 2011		
Benefit formula	3% @ 60	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.0%	7.0%	7.25%
Required employer contribution rates	11.17%	11.17%	11.17%

*Safety Fire Plan*

	<i>Tier 1*</i>	<i>Tier 2</i>	<i>PEPRA</i>
Hire date		New Member on or after April 22, 2011 but prior to January 1, 2013	New Member on or after January 1, 2013
	Prior to April 22, 2011		
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting formula	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.0%	9.0%	13.50%
Required employer contribution rates	20.57%	20.57%	20.57%

*Safety Police Plan*

	<i>Tier 1*</i>	<i>Tier 2</i>	<i>PEPRA</i>
Hire date		New Member on or after April 22, 2011 but prior to January 1, 2013	New Member on or after January 1, 2013
	Prior to April 22, 2011		
Benefit formula	3% @ 50	3% @ 55	2.7% @ 57
Benefit vesting formula	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3.00%	2.4% to 3.0%	2.0% to 2.7%
Required employee contribution rates	9.0%	9.0%	13.50%
Required employer contribution rates	20.57%	20.57%	20.57%

\* Closed to new entrants.

Source: City.

**California Public Employees’ Pension Reform Act of 2013 (PEPRA)**

California Public Employees’ Pension Reform Act of 2013 (“**PEPRA**”), which was signed by the State Governor on September 12, 2012, established a new pension benefits for employees who were hired on and after January 1, 2013, who were not previously CalPERS members or have left employment with a CalPERS agency for more than 6 months. Employees hired prior to January 1, 2013 and have remained under continuous employment with a CalPERS agency are considered “Classic” employees.

PEPRA adjusted the benefit formulas, required employee contribution, calculation of benefits and maximum pay, as well as other benefits. PEPRA employees receive the following benefit formulas: (i) 2.0% at age 62 formula for Miscellaneous employees; and (ii) 2.7% at age 57 for Safety employees. Employees are



required to pay at least 50% of the total (annual) normal cost rate, and are required to make the full amount of required employee contributions themselves under Benefits for such employees are calculated on the highest average annual compensation over a consecutive 36-month period. Retroactive benefits increases are also prohibited, as are contribution holidays, and purchases of additional non-qualified service credit.

PEPRA also capped pensionable income as noted below. Maximum amounts are set annually, subject to adjustment in accord with the Consumer Price Index. The following table sets forth the maximum pensionable income for Classic and PEPRA employees of the City.

**City of National City  
CalPERS Pension Compensation Limits for  
Calendar Year 2021 (Classic and PEPRA members)**

	<i>Classic</i>	<i>PEPRA</i>
Maximum Pensionable Income	\$290,000	\$153,671

The Maximum Pensionable income for PEPRA members employed at agencies that participate in Social Security is \$128,059. Source: CalPERS Payroll Circular Letter 200-001-21.

Additional employee contributions, limits on pensionable compensation and higher retirement ages for new members as a result of the passage of PEPRA are expected to reduce the City’s unfunded pension liability and potentially reduce City contribution levels in the long term.

**Annual CalPERS Contributions**

The City is required to contribute the actuarially determined amounts necessary to fund benefits for its members. Employer contribution rates for all public employers are determined on an annual basis by the CalPERS actuary and are effective on the July 1 following notice of a change in the rate. Total plan contributions are determined through the CalPERS annual actuarial valuation process. The required employer contribution is comprised of a Normal Cost component and a component equal to an amortized amount of the unfunded liability or Annual Unfunded Accrued Liability (“UAL”) Payment. The Normal Cost is the annual cost of service earned by active employees for the upcoming Fiscal Year. The Annual UAL Payment is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. The UAL is a fixed dollar annual payment that can be paid in monthly installments or prepaid at the beginning of the fiscal year to receive a discount on the annual amount owed. The City’s policy is to prepay its UAL. The City’s pension cost contributions to CalPERS fluctuate each year. Many assumptions are used to estimate the ultimate liability and the contributions that will be required to meet those obligations. See “– Potential Impacts on Future Required Contributions.”

**Normal Costs**

The employer normal cost contributions are based on a percentage of payroll. Actual Normal Cost Contributions are based on the Employer Contribution Rate for each Benefit Plan and the actual payroll for employees covered under each respective plan. The Normal Cost Contribution for Fiscal Year 2022-23 is summarized in the following table, which is based on projected payroll estimated by CalPERS.



**City of National City**  
**Normal Cost Contribution as a Percentage of Payroll**

<i>Fiscal Year 2022-23</i>	<i>Miscellaneous Plan</i>	<i>Safety Plan</i>
Total Normal Cost Rate	18.76%	31.00%
Employee Contribution Rate <sup>(1)</sup>	7.59%	10.43%
Employer Contribution Rate <sup>(2)</sup>	11.17%	20.57%
Projected Payroll	\$12,253,198	\$ 14,206,997
Employer Required Contribution	\$5,074,534	\$ 9,138,726

(1) For classic members, this is the percentage specified in the Public Employees’ Retirement Law, net of any reduction from the use of a modified formula or other factors. For PEPRA members, the member contribution rate is based on 50 percent of the normal costs. A development of PEPRA member contribution rates can be found in the “Liabilities and Contributions” section of each respective actuarial report. Employee cost sharing is not shown in the actuarial reports.

(2) The Employer Normal Cost is a blended rate for all benefit groups in the plan. For a breakout of normal cost by benefit group, see “Normal Cost by Benefit Group” in the “Liabilities and Contributions” section of each respective actuarial report.

Source: CalPERS Annual Valuation Reports as of June 30, 2020, dated July 2021.

On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the current rate of 7.50% to 7.00%. The reduction of the discount rate resulted in an increase of approximately 1% to 3% to the normal cost rate as a percentage of payroll for most retirement plans over the past few years. The projected normal cost rates in the future are projected to decline over time as Classic employees retire and new employees are hired into PEPRA or other similar lower cost benefit tiers.

**Unfunded Accrued Liability Payments**

CalPERS has notified the City as to the amount of the Pension Liability based on the June 30, 2020 actuarial valuation, which is the most recent actuarial valuation performed by CalPERS for the City’s Miscellaneous Plan and Safety Plan. The actuarial report for the Miscellaneous Plan incorporates the Tier 1, Tier 2 and PEPRA plan for Miscellaneous employees. The actuarial report for the Safety Plan incorporates the Tier 1, Tier 2 and PEPRA plan for Fire and Police Sworn Officers.

**City of National City**  
**Unfunded Accrued Liability of CalPERS Pension Plans**  
**As of June 30, 2020**

	<i>Miscellaneous Plan</i>	<i>Safety Plan</i>	<i>Combined</i>
Entry Age Normal Accrued Liability	\$144,704,783	\$226,287,330	\$370,992,113
Market Value of Assets (MVA)	<u>102,023,035</u>	<u>145,481,449</u>	<u>247,504,484</u>
<b>Unfunded Accrued Liability (UAL)</b>	<b>\$ 42,681,748</b>	<b>\$ 80,805,881</b>	<b>\$123,487,629</b>
Percentage of Accrued Liability Funded	70.5%	64.3%	66.7%

Source: CalPERS Annual Valuation Reports as of June 30, 2020, dated July 2021.

There is a two-year lag between the valuation date and the start of the contribution fiscal year calculated by that actuarial study. The unfunded accrued liability (“UAL”) was determined in the June 30, 2020 actuarial valuation, but the corresponding UAL Payments commence two years after the valuation date in Fiscal Year 2022-23.

As of June 30, 2021, the projected UAL is equal to \$42,681,748 for the Miscellaneous Plan and \$80,805,881 for the Safety Plan, resulting in a combined total of \$123,487,629.



The UAL is comprised of a series of amortization bases. The Miscellaneous Plan currently has 27 amortization bases and the Safety Plan also currently has 24 amortization bases. Each amortization base has a stated balance/(credit), amortization period, and discount and escalation rate, which results in an individual amortization schedule.

### **Potential Impacts on Future Required Contributions**

The CalPERS Board of Administration has adjusted and may in the future further adjust certain assumptions used in the CalPERS actuarial valuations, which adjustments may increase the City's required contributions to CalPERS in future years. Accordingly, the City cannot provide any assurances that the City's required contributions to CalPERS in future years will not significantly increase (or otherwise vary) from any past or current projected levels of contributions.

*Change in Assumptions/Discount Rate.* On December 21, 2016, the CalPERS Board of Administration voted to lower its discount rate from the then current rate of 7.50% to 7.00% over a three-year period. The change was reflected in the June 30, 2016 actuarial report, which lowered the discount rate from 7.50% to 7.375%; in the June 30, 2017 actuarial report, which lowered the discount rate from 7.375% to 7.25%; and in the June 30, 2018 actuarial report, which lowered the discount rate from 7.25% to 7.00%. The announcement on July 12, 2021 that CalPERS achieved preliminary investment returns of 21.3% could cause the CalPERS Board of Administration to lower CalPERS' discount rate from 7.00% to 6.80% in accordance with a risk mitigation policy that was adopted in 2015, which calls for the discount rate to be lowered if returns exceed the then-current discount rate by two or more percentage points. There can be no assurance as to whether or when the CalPERS Board of Administration will consider lowering the discount rate.

*Investment Performance.* CalPERS earnings reports for Fiscal Years 2010 through 2020 report investment gains of approximately 13.3%, 21.7%, 0.1%, 13.2%, 18.4%, 2.4%, 0.6%, 11.2%, 8.6%, 6.7% and 4.7%, respectively. On July 12, 2021, CalPERS announced preliminary investment gains of approximately 21.3% for Fiscal Year 2021. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

### **GASB 68 Pension Information Provided in the Audited Financial Statements**

*The CalPERS website currently contains the most recent actuarial valuation reports for the City's Miscellaneous Plan and Safety Plan and other information that concerns benefits and other matters. The comprehensive annual financial reports of CalPERS are also available on CalPERS' Internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov). The textual reference to such Internet website is provided for convenience only. None of the information on such Internet website is incorporated by reference herein. The City cannot guarantee the accuracy of such information.*

*The following information has been derived primarily from the City's Annual Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2020. This information has been produced by CalPERS, its independent accountants and its actuaries, for the purposes of GASB 68 (as such term is defined below) reporting. The financial figures reported in the City's audited financial statements are different from the CalPERS actuarial reports. No attempt has been made to reconcile the difference between the pension figures used for GASB 68 reporting requirements and the information provided in the most recent June 30, 2020 CalPERS actuarial report.*

Accounting and financial reporting by state and local government employers for defined benefit pension plans is governed by Governmental Accounting Standards Board ("GASB") Statement No. 68 ("GASB 68"). GASB 68 governs the accounting treatment of defined benefit pension plans, including how expenses and liabilities are calculated and reported by state and local government employers in their financial statements.



GASB 68 includes the following components: (i) unfunded pension liabilities are included on the employer's balance sheet; (ii) pension expense incorporates rapid recognition of actuarial experience and investment returns and is not based on the employer's actual contribution amounts; (iii) lower actuarial discount rates are required to be used for underfunded plans in certain cases for purposes of the financial statements; (iv) closed amortization periods for unfunded liabilities are required to be used for certain purposes of the financial statements; and (v) the difference between expected and actual investment returns will be recognized over a closed five-year smoothing period. GASB 68 affects the City's accounting and reporting requirements, but it does not change the City's pension plan funding obligations.

In accordance with GASB 68, the City's Miscellaneous Plan had a total net pension liability of approximately \$99,597,333 (measured as of June 30, 2019) and the City's Safety Plan had a total net pension liability of approximately \$71,540,983 (measured as of June 30, 2019). The net pension liability is the difference between the total pension liability and the fair market value of pension assets. The City's total pension assets include funds that are held by CalPERS, and its net pension asset or liability is based on such amounts.

For Fiscal Years 2017-18, 2018-19 and 2019-20, the City incurred Miscellaneous Plan pension expenses of \$2,953,421, \$3,370,946 and \$3,888,994, respectively, and Safety Plan pension expenses of \$5,838,406, \$6,484,462 and \$7,377,465, respectively.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2020-21 is shown below.

**City of National City  
Actuarial Assumptions for CalPERS Pension Plans**

	<i>Miscellaneous</i>	<i>Safety</i>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal in Accordance with the Requirements of GASB 68	
Actuarial Assumptions:		
Discount Rate	7.0%	7.0%
Inflation	2.5%	2.5%
Salary Increases	Varies by Entry Age and Service	
Mortality <sup>(1)</sup>	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Source: City.

The City's net pension liability is measured as the proportionate share of the net pension liability. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially



determined. The City's proportionate share of the net pension liability as of the measurement period June 30, 2020 is set forth below:

**City of National City  
Changes in CalPERS Pension Plans Net Pension Liability**

**Miscellaneous Plan**

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability (Asset)</i>
<b>Balance at June 30, 2019 (Valuation Date)</b>	<b>\$135,429,195</b>	<b>\$99,597,333</b>	<b>\$35,831,862</b>
Changes during the year:			
Service Cost	\$2,086,122	--	\$2,086,122
Interest on the Total Pension Liability	9,588,327	--	9,588,327
Differences between Expected and Actual Experience	1,074,893	--	1,074,893
Contributions – Employer	--	\$3,888,994	(3,888,994)
Contributions - Employees	--	944,908	(944,908)
Net Investment Income	--	4,925,312	(4,925,312)
Benefit Payments, including Refunds of Employee Contributions	(6,889,353)	(6,889,353)	0
Administrative Expense	--	(140,408)	140,408
Other Miscellaneous Income/(Expense)	--	--	--
Net Changes	<u>\$5,589,989</u>	<u>\$2,729,453</u>	<u>\$3,130,536</u>
<b>Balance at June 30, 2020 (Measurement Date)</b>	<b>\$141,289,184</b>	<b>\$102,326,786</b>	<b>\$38,962,398</b>

Source: CalPERS Actuarial Valuation June 30, 2020.

**City of National City  
Changes in CalPERS Pension Plans Net Pension Liability**

**Public Safety Plan**

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability (Asset)</i>
<b>Balance at June 30, 2019 (Valuation Date)</b>	<b>\$212,133,287</b>	<b>\$140,592,304</b>	<b>\$71,540,983</b>
Changes during the year:			
Service Cost	\$4,127,384	--	\$4,127,384
Interest on the Total Pension Liability	14,940,058	--	14,940,058
Differences between Expected and Actual Experience	(22,405)	--	(22,405)
Contributions - Employer	--	\$7,377,465	(7,377,465)
Contributions - Employees	--	(1,492,776)	1,492,776
Net Investment Income	--	(7,091,313)	7,091,313
Benefit Payments, including Refunds of Employee Contributions	(10,445,430)	(10,445,430)	0
Administrative Expense	--	(198,201)	198,201
Other Miscellaneous Income/(Expense)	--	--	--
Net Changes	<u>\$8,559,607</u>	<u>\$5,317,923</u>	<u>\$3,281,684</u>
<b>Balance at June 30, 2020 (Measurement Date)</b>	<b>\$220,732,894</b>	<b>\$145,910,227</b>	<b>\$74,822,667</b>

Source: CalPERS Actuarial Valuation June 30, 2020.

The table below presents the net pension liability of the City's pension plans, calculated using the discount rate applicable to Fiscal Year 2020-21 (7.0%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the Fiscal Year 2020-21 rate:



**City of National City**  
**Sensitivity of the CalPERS Pension Plans Net Pension Liability to**  
**Changes in the Discount Rate**

	<i>Miscellaneous</i>	<i>Safety</i>
1% Decrease Net Pension Liability	6.00% \$61,346,114	6.00% \$111,765,576
Current Discount Rate Net Pension Liability	7.00% \$42,681,748	7.00% \$80,805,881
1% Increase Net Pension Liability	8.00% \$27,228,620	8.00% \$55,450,657

Source: CalPERS Actuarial Valuation June 30, 2020.

The City is currently unable to quantify the effect of the COVID-19 outbreak on its pension obligations in the future and no assurance can be provided that such expenses will not increase as in the future a result of the COVID-19 outbreak or other factors. See the captions “THE CITY—COVID-19 Pandemic” and “RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City.”

For additional information relating to the City’s pension plans, see Note 10 to the City’s audited financial statements set forth in Appendix A and CalPERS’ internet website at [www.calpers.ca.gov](http://www.calpers.ca.gov) for CalPERS’ most recent actuarial valuation reports and other information that concerns benefits and other matters, which information on CalPERS’ website is not incorporated herein by reference.

**PLAN OF REFINANCING**

On June 15, 2021, the Court entered the Validation Judgment to the effect, among other things, that: (i) the Trust Agreement is a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law; and (ii) the City has the authority under State law to provide for the refunding of its Pension Liability and its normal annual contributions for the current fiscal year by issuing the Bonds and applying the proceeds of the Bonds to the retirement of its Pension Liability and payment of its current year normal annual contributions. On July 15, 2021, the Validation Judgment became binding and conclusive in accordance with State law. See the caption “VALIDATION.”

The Bonds are being issued to finance a portion of the rolled forward Pension Liability as of June 30, 2019 as projected by CalPERS. Upon the issuance of the Bonds, the City will pay \$\_\_\_\_\_\* to CalPERS for deposit to the CalPERS Payment Fund.

With this deposit, the City will not be required to make any further payments to CalPERS with respect to the portion of the Pension Liability refinanced by the Bonds. It is possible that CalPERS will determine at a future date that an additional Pension Liability exists if actual pension plan experience differs from the current actuarial estimates. The City will continue to make payments towards the remaining Pension Liability. The City may choose to pay such remaining or additional Pension Liability consistent with current procedures, or the City could choose to issue Additional Bonds at some time in the future and apply the proceeds to pay the remaining Pension Liability.

\* Preliminary, subject to change.



**DEFERRAL OF PENSION LIABILITY PAYMENTS**

The City will issue the Bonds in order to reduce the financial impact of the increasing future annual Pension Liability payments due to CalPERS. The Bonds are expected to lower these payments over the term of the Bonds. However, the amount of savings can be impacted by the timing of the sale of the Bonds and CalPERS investment performance during the term of the Bonds. The net financial impact of issuing the Bonds cannot be fully assessed until the Bonds have matured.

**ESTIMATED SOURCES AND USES OF FUNDS**

The proceeds to be received from the sale of the Bonds are estimated to be applied as set forth below.

**Sources**

Principal Amount of Bonds	\$ _____
<b>Total Sources</b>	<b>\$ _____</b>

**Uses**

Funding of Pension Liability <sup>(1)</sup>	\$ _____
Costs of Issuance <sup>(2)</sup>	\$ _____
<b>Total Uses</b>	<b>\$ _____</b>

<sup>(1)</sup> Deposit to CalPERS Payment Fund. See the caption "PLAN OF REFINANCING."

<sup>(2)</sup> Includes Underwriter's discount, fees of rating agencies, Municipal Advisor, Bond Counsel, Disclosure Counsel and Trustee, printing costs and other costs of issuance.

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**FISCAL YEAR DEBT SERVICE REQUIREMENTS**

The following table sets forth scheduled debt service on the Bonds, assuming no optional redemptions prior to maturity.

**City of National City  
Debt Service Schedule**

<i>Year Ending June 30*</i>	<i>Principal*</i>	<i>Interest</i>	<i>Total</i>
2022	\$	\$	\$
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>

\* Preliminary, subject to change.  
Source: Underwriter.

**THE CITY**

**General**

The City is located in the County of San Diego (the “County”) with its western border adjacent to San Diego Bay, five miles south of downtown San Diego and twelve miles north of the Mexican border. The City encompasses approximately 9.2 square miles and has an estimated 2021 population of 62,749.

The City was incorporated as a general law city on September 17, 1887 and operates under the council/manager form of government. The City is governed by a five-member council consisting of four members elected at large for four-year overlapping terms and a Mayor, elected at large. The residents of the City elect the City Treasurer and the City Clerk. The position of City Manager is filled by appointment by the City Council.



Municipal services provided include police, fire, parks and recreation, library, planning & building, housing programs, street and drainage construction and maintenance, and sewer services.

**Government and Administration**

The City has 331 full time equivalent positions as of July 1, 2021. Of those positions, approximately 275 employees are represented by one of three bargaining units. Relations between the City and the employee bargaining units are governed by memoranda of understanding, which expire on December 31, 2021. Negotiations are currently underway to develop new agreements with the three bargaining units. A total of approximately 49 management and confidential employees are exempt from collective bargaining. The City has seven elected officials and also employs a varying number of people on an as needed hourly basis. Salaries for exempt employees are set by the City Council. The City has never experienced a strike, slowdown or work stoppage.

The City Council members and the expiration dates of their respective terms are as follows:

<i>Name</i>	<i>Office</i>	<i>Term Expires</i>
Alejandra Sotelo-Solis	Mayor	December 2022
Jose Rodriguez	Vice Mayor	December 2024
Marcus Bush	Councilmember	December 2024
Ron Morrison	Councilmember	December 2022
Mona Rios	Councilmember	December 2022

The City Council employs a City Manager to carry out its policies, to serve as executive officer of the City and to supervise the work of other City administrators. The names and backgrounds of the City Manager and the Assistant City Manager are set forth below.

Brad Raulston was appointed City Manager in May 2019. Mr. Raulston is a San Diego native and has worked for the City for 15 years. Previously he worked in the private sector for several land use and development companies in the San Diego region. Mr. Raulston currently works with many local non-profits including Olivewood Gardens, Habitat for Humanity, and ARTS (A Reason to Survive). Mr. Raulston earned a degree in Economics and Political Science from UC Berkeley and holds a Masters of Public Administration from San Diego State University.

Tony Winney has served as the Assistant City Manager since January 2020. Mr. Winney has over 20 years of experience in local government, leading teams involving budgeting, redevelopment, public works, economic development, and labor negotiations. Mr. Winney also serves on a variety of boards, including as the 2020 Cal-ICMA President, and as a member of the Municipal Management Association of Southern California (MMASC) Board. He has a Master’s degree in Public Administration from San Diego State University.

**Risk Management**

*Workers’ Compensation and Employers’ Liability.* The City is self-insured for Workers’ Compensation claims up to \$500,000 per occurrence. Claims between the self-insured retention level of \$500,000 and \$5,000,000 are covered by PRISM’s (“PRISM” was formerly known as “CSAC-EIA” prior to January 1, 2020) Excess Workers’ Compensation Program. As of June 30, 2020, there are 182 member entities participating in the program that offers per occurrence coverage up to \$5,000,000 through pooled resources and from \$5,000,000 to statutory limits via group purchased excess insurance policies, including excess insurance coverage. Claims in excess of \$5,000,000 up to \$50,000,000 are covered by PRISM which is reinsured by ACE American Insurance Company. Any statutory benefit in excess of \$50,000,000 is covered by Liberty Insurance Corporation. There is no statutory limit for benefits paid on Workers’ Compensation Claims.



*Property Coverage.* The City carries insurance coverage for property damage through PRISM. The PRISM property damage coverage includes \$300,000,000 million per occurrence all risk coverage, with an all-risk deductible of \$5,000, with a deductible of \$10,000 for vehicles and \$100,000 for vehicles valued over \$250,000. Flood coverage sub-limit \$200,000,000 million shared limit, \$125,000 self-insured retention per occurrence.

*Public Liability.* The City maintains a \$250,000 self-insured retention and purchases excess coverage from PRISM to \$25,000,000 along with the additional Optional Excess Liability of \$25,000,000 for a total of \$50,000,000.

*Crime Coverage.* The City maintains crime coverage of \$10,000,000 million per occurrence, with \$5,000,000 million excess coverage and a \$2,500 deductible per occurrence.

*Cyber Liability.* The City insures up to \$12,000,000 million with an aggregate limit for all member agencies of \$70,000,000 million, and a \$50,000 deductible per claim.

*Pollution Liability.* The City is covered up to \$10,000,000 million with a \$10,000,000 million per member aggregate limit applicable to its 3-year policy term. The pollution policy's self-insured retention is \$75,000 per pollution condition.

There have been no claims which have exceeded the City's excess insurance coverage in any of the last three years.

The City has secured all the necessary insurance coverages via the various programs offered by PRISM to protect the City from the threat or probability of a negative action or event which could have an adverse effect on the ability to achieve its mission statement.

The Trust Agreement does not require the City to maintain insurance coverage in any particular amount or with respect to any particular risks. No assurance can be given as to the adequacy of the insurance that is maintained now or in the future by the City to fund necessary repairs or replacement of any portion of City facilities. Significant damage to City facilities or liability imposed upon the City could negatively affect City operations and finances. See the caption "RISK FACTORS—Natural Disasters."

## **COVID-19 Pandemic**

The COVID-19 pandemic, and local, state and federal actions in response to the COVID-19 pandemic, are having a significant impact on the City's operations and finances. In response to COVID-19, from time to time since the onset of the pandemic in March 2020, governments mandated a variety of responses ranging from travel bans and social distancing practices to complete shut-downs of certain services and facilities. Many school districts across the State temporarily closed some or all school campuses (including schools within the City) in response to local and State directives or guidance. Restrictions on personal and commercial activities were imposed and have been subsequently revised by the City, County of San Diego, and the State throughout the COVID-19 pandemic based on the then-current status of infection rates and hospitalizations and other factors.

The COVID-19 pandemic materially impacted economic activity throughout the world. It resulted in increased costs and challenges to the public health system in and around the City, cancellations of public events and disruption of the regional and local economy with corresponding decreases in certain of the City's revenues, including transient occupancy tax revenue, sales tax revenue and other revenues.

On March 27, 2020, the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the "CARES Act") which provided, among other measures, \$150 billion in financial assistance to states, tribal governments and local governments to provide emergency assistance to those most significantly impacted by COVID-19. Under the CARES Act, local governments are eligible for reimbursement of certain



costs which are expended to address the impacts of the pandemic. The City received approximately \$1,862,000 in reimbursements under the CARES Act.

On March 11, 2021, the President signed the \$1.9 trillion American Rescue Plan Act of 2021 (the “American Rescue Plan”). Approximately \$130 billion of these funds are dedicated to local aid for relief to cities and counties. The City currently expects to receive approximately \$18.0 million in funds under the American Rescue Plan, with half received in July 2021 and the other half expected in June 2022. The City has scheduled a workshop on October 19, 2021, to seek public input on a spending plan for the first installment. The spending plan for the second installment will be considered in conjunction with the development of the Fiscal Year 2022-23 annual budget.

In December 2020, two vaccines were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021. As of the end of September, 2021, nearly 80% of the population in San Diego County eligible to receive a vaccination have received at least one dose. The City’s current vaccination rate is 88%.

The City has abided by the federal, State, and County restrictions and guidance during this pandemic. To date, the general fund has not experienced any significant adverse impacts to its finances, in part due to the CARES Act and to greater than expected sales and use tax and district tax revenues received for Fiscal Year 2020-21. The City cannot predict future events relating to the pandemic. There can be no assurances that COVID-19 will not materially adversely impact the City’s financial condition in the future.

See the caption “—Budget Procedure, Current Budget and Historical Budget Information” for a discussion of the City’s fiscal year 2021-22 Adopted Budget and the ongoing and potential impacts of COVID-19 on City finances.

## **CITY FINANCIAL INFORMATION**

### **Accounting and Financial Reporting**

The basic financial statements of the City are prepared in conformity with accounting principles generally accepted in the United States (“GAAP”) as applied to governmental agencies. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained in accordance with legal and managerial requirements.

The Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. These statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and deferred outflows as well as liabilities and deferred inflows, with the difference reported as net position are presented in the Statement of Net Position. The Statement of Net Position also presents capital assets including infrastructure assets as well as long-term liabilities. Statement of Activities presents changes in Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories: (i) charges for services, (ii) operating grants and contributions and (iii) capital grants and contributions.



All governmental funds, such as the City's General Fund (the "**General Fund**"), are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues become available when received in cash, except for revenue which is subject to accrual and are recognized when due by the City, generally 60 days after year-end for primary revenue sources (i.e. property tax, sales tax, intergovernmental revenues and other taxes). Expenditures are recorded in the accounting period in which the related fund liability is incurred. Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives cash before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has legal claim to the resources, unavailable and unearned revenue is removed from the balance sheet and recognized as revenue.

See the caption "—City Financial Statements" for a discussion of the City's audited financial statements for Fiscal Year 2019-20.

The General Fund is the primary operating fund of the City. It is used to account for all revenues and expenditures that are not required to be accounted for in another fund. The tables below set forth certain historical and current Fiscal Year budget information for the General Fund. Information on the remaining governmental funds of the City as of June 30, 2020, is set forth in Appendix A.

## **City Financial Policies and Practices**

***Fiscal Policies.*** Chapter 2.55 of the National City Municipal Code governs the development, adoption and maintenance of the City's budget. In addition, several policies form the framework within which the City's operating budget is formulated and resource allocation decisions are made. These policies may be changed by future actions of the City Council. These policies are summarized below:

***General.*** The City's annual budget will be balanced whereby planned expenditures do not exceed available resources. The budget is developed in the context of the priorities established in the City's Strategic Plan that is updated every two years.

***Budgetary Controls.*** The City maintains budgetary controls at the individual fund level, at the expenditure category level within each department and fund for operational activities, and at the project level for capital projects. General Fund status reports reflecting comparisons of actual and projected performance with budget allocations for both revenues and expenditures are presented to the City Council on a quarterly basis.

***Reserves.*** The City maintains reserves to strengthen the City's ability to withstand unexpected financial emergencies and to accumulate funds for large-scale purchases. These reserves are described in City Council Policy #201, Maintenance of Reserves. The most significant of these reserves with respect to the General Fund and their target levels are as follows:

**General Fund Economic Contingency Reserve:** an amount equal to twenty percent (20%) of a single year's General Fund budgeted operating expenditures. Formal City Council action is required to increase the balance in the reserve or to authorize the use of any portion of its balance. This reserve is intended to be used in the event of a catastrophic event or significant downturn in the economy that cannot be mitigated with other funding sources.

**General Fund Unassigned Fund Balance:** an amount equal to ten percent (10%) of a single year's General Fund budgeted operating expenditures. Amounts in excess of the target level will be used to increase or



replenish other reserves, to set aside resources for specific one-time uses, or as a funding source for one-time expenditures included in the annual budget.

**Facilities Maintenance Reserve:** an amount equal to three times the annual amount budgeted to provide major maintenance for the City's building assets. The annual amount to be budgeted for major maintenance projects is 1.5% of the City's General Fund operating budget. Formal City Council action is required to increase the balance in the reserve or to authorize the use of any portion of its balance. This reserve is to be used for extraordinary major maintenance costs that cannot be met within the annual budgeted amount and for which no other funding source is available.

**General Liability Insurance Reserve:** an amount of assets in the Liability Insurance Fund (an internal service fund) sufficient to meet the eighty percent (80%) confidence level of adequacy for net claims liability as updated annually by the City's actuary.

**Workers' Compensation Reserve:** an amount of assets in the Liability Insurance Fund (an internal service fund) sufficient to meet the eighty percent (80%) confidence level of adequacy for net claims liability as updated annually by the City's actuary.

**Irrevocable Supplemental Pension Trust Reserve:** an amount equal to two years of unfunded liability payments as determined by the most current CalPERS valuation reports for both the Safety and Miscellaneous plans. The assets of this reserve are held in an irrevocable Section 115 pension trust that may be used only for pension related costs and upon direction of the City Council.

**Irrevocable Other Post-Employment Benefits Trust Reserve:** an amount equal to eighty percent (80%) of the total net other post-employment benefits (OPEB) liability of the City's OPEB plan. Under the plan, the City provides payments to City retirees to be used towards medical insurance premiums.

**Vehicle Replacement Reserve:** an amount equal to thirty percent (30%) of the recorded (book) value of the motor vehicles and associated assets accounted for in the Vehicle Replacement Fund (an internal service fund). Internal service fund charges to benefitting departments provide the mechanism for building the reserves in the fund.

All of the reserves described above are expected to be at or above their target balances as of June 30, 2021 except for the Pension Trust, OPEB Trust, and Vehicle Replacement Reserve.

***Pension Funding Policy.*** City Council Policy #202, Pension Funding Policy, was adopted by the City Council on September 7, 2021. It is the policy of the City to annually make the actuarially determined contributions to CalPERS, to prepay the annual UAL amount, maintain a pension stabilization fund in the form of a Section 115 trust, achieve and maintain a funded status for each of the City's pension plans of between 80% and 100%, to make additional discretionary payments when reserve levels and budgetary requirements so allow, and to issue pension obligation bonds upon the determination that the cost to borrow the funds for the payment is less than continuing to make the projected prescribed UAL payments at the current discount rate.

***Debt Management Policy.*** City Council Policy #206, Debt Management, guides the City's approach to incurring debt to finance certain City projects, which will generally be for large capital projects that cannot be completed on a pay as you go basis. The policy also allows for the issuance of debt such as pension obligation bonds, where financial benefits are significantly greater than the costs and where the benefits are determined to be a financially prudent option. The City has limited debt obligations, the most significant of which are the \$4.885 million general obligation refunding bond issued in 2012 to lower debt service payments on the general obligation bond issued in 2003 to construct the City's library and the \$5.5 million lease financing in 2017 used to finance the City's energy and water conservation project.



**Cash Management Policy.** City Council Policy #203, Investments, provides the guidance for management of the City’s cash. It is reviewed annually and updated as necessary. The general objectives are to maintain the safety of the principal while providing sufficient liquidity for operations and attaining a market rate of return. The City participates in the State of California’s Local Agency Investment Fund (LAIF) and the County of San Diego Treasurer’s Pooled Money Fund while placing some funds in a portfolio managed by a professional investment manager.

***Five-Year Strategic Plan.***

During fiscal year 2020, City management reviewed and updated the City's five-year strategic plan. The strategic plan is approved by the Council every two years. Its purpose is to:

- establish a long-range vision and direction for the City;
- ensure all participants are working toward the same goals and objectives;
- assess/adjust the direction of the organization given the current (and changing) environment;
- communicate goals and initiatives of the organization; and
- provide a basis for developing a work plan to ensure the goals and initiatives of the Strategic Plan are carried out.

**Budget Procedure, Current Budget and Historical Budget Information**

**General.** The City’s budget is created in conjunction with the City Council, City staff and City residents. The budget process includes the submittal of each department’s budget request for the next fiscal year, a detailed review of each department’s proposed budget by the Department of Finance and the City Manager, and a preliminary budget being transmitted to the City Council for its review in a public workshop setting. More than one workshop may be scheduled depending upon the desire of the City Council. Following the workshop(s) and based on direction from the City Council, the proposed budget is prepared and placed on the agenda of a regularly noticed meeting of the City Council in June. The Council adopted the Fiscal Year 2021-22 budget on June 15, 2021.

The adoption of the budget is accomplished by the approval of a Budget Resolution. The budget may be adjusted during the year subject to either City Council or City Manager approval depending upon the action needed. An increase in a department’s total appropriation within a fund must be approved by the City Council when it involves a transfer from the contingency reserve, use of fund balance, or an appropriation of unanticipated or over-realized revenue identified to a specific source. There is no “floor” to the amount requiring approval. A department may have appropriations in more than one fund but may not comingle those resources. The City Council has authorized the City Manager to make budgetary revisions between departments within a fund.

All appropriations which are not obligated, encumbered or expended at the end of the Fiscal Year lapse and become a part of the unassigned fund balance which may be appropriated for the next Fiscal Year.

***Summary of General Fund Results and Budgets.***

For Fiscal Year 2019-20 the General Fund reported \$61.8 million in revenues and \$59.2 million in expenditures. After accounting for net other financing sources of \$(2.8) million, the fund balance for the General Fund decreased by approximately \$87,000.

Total fund balance as of June 30, 2020 was \$48.9 million, composed of \$55.8 million in assets offset with \$6.9 million in liabilities with no deferred inflows of resources. Total fund balance included \$3.9 million of nonspendable, which represents that portion of fund balance that is not available for appropriation. Restricted fund balance, totaling \$10.1 million, included \$9.5 million invested Section 115 pension and OPEB trusts.



Committed fund balance totaled \$11.5 million, including \$9.1 million for an economic contingency reserve and \$2.4 million for facilities maintenance. This portion of fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City Council and remains binding unless removed in the same manner. Assigned fund balance, totaling \$7.1 million, includes amounts for accrued employee benefits and appropriations carried over from the prior year for encumbrances and unspent appropriations for capital projects. The final component of total fund balance is unassigned fund balance. Totalling \$16.3 million, this portion of fund balance is available for appropriation for any purpose or for augmentation of reserves.

The determination of fund balance for Fiscal Year 2020-21 is underway, but no estimates are available as of the date of this Official Statement.

The Fiscal Year 2021-22 adopted General Fund revenue budget is \$56.7 million. This reflects an increase of \$4.6 million or 8.9% when compared to Fiscal Year 2020-21 Adopted Budget revenues. General Fund revenues provide funding for essential City services, including police, fire, library services, and park and recreation programs. Various taxes and fees account for 89% of the General Fund Revenue Budget. This revenue is projected to increase by \$4.6 million or 10% over the Fiscal Year 2020-21 Adopted Budget. The most significant sources of tax revenue include the Bradley Burns and District transactions and use taxes, which together represent 58% of the total General Fund revenue budget and account for almost all of the \$4.6 million increase in budgeted revenues over Fiscal Year 2020-21. The City's other major tax revenue sources, including property tax, Successor Agency residual balance distributions, business license tax, franchise fees, and transient occupancy tax) total \$17.5 million and account for 33% of the General Fund Revenue Budget. There is almost no change in the budgeted amounts between fiscal years 2020-21 and 2021-22. All non-tax revenues in the Fiscal Year 2021-22 Adopted Budget total \$6.2 million and almost no change from Fiscal Year 2020-21.

**Budget History.** Set forth in Table 1 below are the General Fund budgets for Fiscal Years 2018-19 through 2021-22, and the audited General Fund results for Fiscal Years 2018-19 through 2019-20. Neither actuals nor estimates are yet available for Fiscal Year 2020-21 except for certain of the major tax revenues and fees as shown below in Table 4. During the course of each fiscal year, the budget is amended and revised as necessary by the City Council; budgeted amounts shown below reflect such amendments and revisions in certain fiscal years.



**Table 1**  
**City of National City**  
**General Fund Budgets and Results**

	<i>Adopted Fiscal Year 2018-19 Budget</i>	<i>Audited Fiscal Year 2018-19 Results</i>	<i>Adopted Fiscal Year 2019-20 Budget</i>	<i>Audited Fiscal Year 2019-20 Results</i>	<i>Adopted Fiscal Year 2020-21 Budget</i>	<i>Adopted Fiscal Year 2021-22 Budget</i>
Budgetary Fund Balance, July 1	--	\$50,110,898	--	\$49,015,847	--	--
<b>Revenues:</b>						
Taxes <sup>(2)</sup>	\$44,715,455	\$48,116,544	\$46,952,893	\$48,327,411	\$45,888,700	\$50,537,610
Licenses and Permits	961,489	1,168,997	793,339	1,096,395	801,575	808,454
Fines and Forfeitures	4,118,490	2,829,330	1,498,650	2,945,717	506,500	248,500
Use of Money and Property	691,876	2,218,021	649,000	2,516,371	796,050	800,200
Intergovernmental	1,290,100	1,556,735	1,359,000	2,889,985	226,000	226,000
Charges for services	2,846,725	2,574,008	3,109,879	3,101,961	3,170,643	3,341,562
Other revenues	582,241	917,369	781,957	971,081	683,460	790,891
<b>Total Revenues</b>	<b>\$5,520,6376</b>	<b>\$59,381,004</b>	<b>\$55,144,718</b>	<b>\$61,848,951</b>	<b>\$52,072,928</b>	<b>\$56,753,217</b>
<b>Expenditures:</b>						
Current						
General Government	\$9,079,193	\$10,117,845	\$12,834,935	\$9,237,733	\$ 6,481,314	\$ 6,542,545
Public Safety	38,526,340	36,628,711	40,199,561	38,573,445	39,819,577	39,814,836
Transportation	3,655,625	3,544,045	3,950,113	3,319,634	3,708,689	3,764,122
Community Development	877,129	465,058	492,357	477,457	1,491,825	1,479,838
Health	--	--	99,528	--	96,551	97,667
Culture and Leisure	4,055,992	3,859,145	4,244,085	3,666,563	3,723,670	3,540,482
Capital Outlay	16,507,489	4,373,137	6,450,595	3,343,679	885,000	2,835,000
Debt Service:						
Principal Retirement	672,162	365,732	256,013	342,616	287,761	304,868
Interest and Fiscal Charges	315,419	213,011	206,224	206,224	198,915	180,945
Transfers out	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>\$73,689,349</b>	<b>\$59,566,684</b>	<b>\$68,733,411</b>	<b>\$59,167,351</b>	<b>\$56,693,302</b>	<b>\$58,560,305</b>
<b>Budgetary Fund Balance, June 30<sup>(1)</sup></b>		<b>\$49,004,355</b>		<b>\$48,928,396</b>		

Sources: Adopted budgets of the City for Fiscal Years 2018-19 through 2021-22; audited financial statements of the City for Fiscal Years 2018-19 and 2019-20 and City for Fiscal Year 2020-21.



## Change in Fund Balance of the City General Fund

Set forth in Table 2 below are the City's audited General Fund statements of revenues, expenditures and changes in fund balance for Fiscal Years 2016-17 through 2019-20. Neither actuals nor estimates are yet available for Fiscal Year 2020-21 except for certain of the major tax revenues and fees as shown below in Table 4.

**Table 2**  
**City of National City**  
**General Fund Statement of Revenues, Expenditures and Changes in Fund Balances**

	<i>FY 2016-17</i>	<i>FY 2017-18</i>	<i>FY 2018-19</i>	<i>FY 2019-20</i>
<b>Revenues</b>				
Taxes <sup>(1)</sup>	\$43,147,199	\$44,698,296	\$48,116,544	\$48,327,441
Licenses and Permits	1,021,807	1,169,216	1,168,997	1,096,395
Fines and Forfeitures	557,298	554,211	2,829,330	2,945,717
Use of Money and Property	912,238	991,103	2,218,021	2,516,371
Intergovernmental	741,626	2,357,306	1,556,735	2,889,985
Charges for Services	2,849,983	3,283,420	2,574,008	3,101,961
Other Revenues	<u>2,392,876</u>	<u>1,770,574</u>	<u>917,369</u>	<u>971,081</u>
<b>Total Revenues</b>	<b>\$51,623,027</b>	<b>\$54,814,126</b>	<b>\$59,381,004</b>	<b>\$61,848,951</b>
<b>Expenditures</b>				
Current				
General Government	\$5,496,254	\$8,558,000	\$10,117,845	\$ 9,237,733
Public Safety	34,099,431	36,405,839	36,628,711	38,573,445
Transportation	3,123,771	3,324,708	3,544,045	3,319,634
Community Development	268,929	418,845	465,058	477,457
Health				
Culture and Leisure	3,764,416	3,852,718	3,859,145	3,666,563
Capital Outlay	4,264,238	4,006,575	4,373,137	3,343,679
Debt Service:				
Principal Retirement	215,893	672,162	365,732	342,616
Interest and Fiscal Charges	<u>27,354</u>	<u>315,419</u>	<u>213,011</u>	<u>206,224</u>
<b>Total Expenditures</b>	<b>\$51,260,286</b>	<b>\$57,554,266</b>	<b>\$59,566,684</b>	<b>\$59,167,351</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	362,741	(2,740,140)	(185,680)	2,681,600
<b>Other Financing Sources (Uses)</b>				
Proceeds from the sale of property	58,474	--	--	--
Loss on sale of land held for resale	65,966	--	--	(589,700)
Pass-through payment to other agencies	(705,115)	--	--	(631,285)
Transfers In	519,671	4,456,948	--	5,500
Transfers Out	<u>(1,972,835)</u>	--	<u>(920,863)</u>	<u>(1,553,566)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(2,033,839)</b>	<b>4,456,948</b>	<b>(920,863)</b>	<b>(2,769,051)</b>
Net Change in Fund Balances	(1,671,098)	1,716,808	(1,106,543)	(87,451)
Fund Balances – Beginning of Year, as previously reported	<u>\$50,065,188</u>	<u>\$48,394,090</u>	<u>\$50,110,898</u>	\$49,004,355
Restatements	--	--	--	11,492
Fund Balances Beginning of Year, as restated	--	--	--	<u>49,015,847</u>
<b>Fund Balances – End of Year</b>	<b>\$48,394,090</b>	<b>\$50,110,898</b>	<b>\$49,004,355</b>	<b>\$48,928,396</b>

<sup>(1)</sup> See the caption “—Tax Revenues of the City” for a breakdown of tax revenues for the past five Fiscal Years.  
Source: Audited financial statements of the City for Fiscal Years 2016-17 through 2019-20.



## General Fund Balance Sheets of the City

Set forth in Table 3 below are the City's audited General Fund balance sheets for Fiscal Years for Fiscal Years 2016-17 through 2019-20. Neither actuals nor estimates are yet available for Fiscal Year 2020-21 except for certain of the major tax revenues and fees as shown below in Table 4.

**Table 3**  
**City of National City**  
**General Fund Balance Sheet Summary**

	<i>FY 2016-17</i>	<i>FY 2017-18</i>	<i>FY 2018-19</i>	<i>FY 2019-20</i>
<b>Assets:</b>				
Cash and Investments	\$39,749,905	\$38,524,469	\$39,220,556	\$30,216,442
Receivables:				
Accounts	1,368,445	1,521,364	1,196,303	2,184,135
Taxes	4,518,646	4,988,297	5,533,083	5,198,287
Interest	123,062	209,115	358,672	131,503
Loans				
Due from other Funds	1,899,845	2,075,945	2,339,733	4,382,482
Due from other Governments	62,683	140,636	245,279	213,530
Advances to other funds	4,941,000	4,941,000		
Inventories and prepaid items	28,634	31,547	16,085	17,317
Land held for resale	<u>4,994,182</u>	<u>4,994,182</u>	4,994,182	3,909,182
Investment in Section 115 Trust	=	=	<u>1,749,740</u>	<u>9,537,721</u>
<b>Total Assets</b>	<b>\$57,686,402</b>	<b>\$57,426,555</b>	<b>\$55,653,633</b>	<b>\$55,790,599</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$2,224,757	\$2,421,877	\$2,064,921	\$2,889,110
Due to other Governments	701,957		4,293	323,647
Accrued Liabilities	1,478,819	1,352,612	1,795,843	1,727,163
Due to Other Funds	--	--	--	--
Deposits	11,419	11,419	11,419	118,052
Unearned Revenue	<u>4,875,360</u>	<u>3,529,749</u>	<u>2,772,802</u>	<u>1,804,231</u>
<b>Total Liabilities</b>	<b>\$9,292,312</b>	<b>\$7,315,657</b>	<b>\$6,649,278</b>	<b>\$6,862,203</b>
<b>Fund Balances</b>				
<b>Nonspendable:</b>	<b>\$9,963,816</b>	<b>\$9,966,729</b>	<b>\$5,010,267</b>	<b>\$3,926,499</b>
Restricted	616,253	555,168	2,304,908	10,092,890
Committed	11,585,066	11,085,066	15,150,517	11,485,066
Assigned	14,325,683	15,772,642	12,865,120	7,129,273
Unassigned	<u>11,903,272</u>	<u>12,731,298</u>	<u>13,673,543</u>	<u>16,294,668</u>
<b>Total Fund Balances</b>	<b>\$48,394,090</b>	<b>\$50,110,898</b>	<b>\$49,004,355</b>	<b>\$48,928,396</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$57,686,402</b>	<b>\$57,426,555</b>	<b>\$55,653,633</b>	<b>\$55,790,599</b>

Source: Audited financial statements of the City for Fiscal Years 2016-17 through 2019-20.

## Tax Revenues of the City

A summary of taxes and certain fees received by the City in the last four Fiscal Years and estimated for Fiscal Year 2020-21 is set forth in Table 4 below. Certain general taxes currently imposed by the City are affected by various State Constitutional provisions. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."



**Table 4**  
**City of National City**  
**General Fund Major Tax Revenues and Fees by Source**

	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2021<sup>(1)</sup></i>
Property Tax	\$2,019,235	\$2,115,739	\$2,184,321	\$2,286,721	\$2,290,000
Property Tax in Lieu of VLF	5,936,618	6,425,372	6,711,110	7,178,195	7,634,768
Sales and Use Tax	18,078,608	18,141,269	19,263,372	18,384,227	22,139,734
District Transaction & Use Tax	11,044,638	11,787,204	12,446,258	11,822,718	13,118,582
Franchise Fees	1,856,039	1,910,052	1,966,728	2,330,697	2,316,600
Residual Balance Distribution	1,210,344	1,339,064	2,370,512	3,416,651	3,087,411
Business License Taxes	708,418	521,160	512,519	542,225	532,000
Transient Occupancy Tax	1,597,957	1,660,800	1,774,843	1,522,714	1,500,000
<b>TOTAL</b>	<b>\$42,451,857</b>	<b>\$43,900,660</b>	<b>\$47,229,663</b>	<b>\$47,484,148</b>	<b>\$52,619,095</b>

<sup>(1)</sup> Reflects unaudited actual Fiscal Year 2020-21 results; subject to change.

Source: Audited financial statements of the City for Fiscal Years 2016-17 through 2019-20; City for Fiscal Year 2020-21.

### Sales Taxes

Fiscal Year 2019-20 sales tax receipts of \$18.4 million provided the largest tax revenue source for the City. Sales taxes contributed approximately 38.7% of General Fund major tax revenues and approximately 29.7% of total General Fund revenues in Fiscal Year 2019-20. Based on unaudited Fiscal Year 2020-21 results, the City estimates Fiscal Year 2020-21 sales tax receipts to be \$22.1 million.

A sales tax is imposed on retail sales or consumption of personal property and collected and distributed by the California Department of Tax and Fee Administration (the “CDTFA”). The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current sales tax rate in the City is 8.75%, which includes a 1% district transaction & use tax. Fiscal year 2020 was the fourteenth full year of collection of the City’s 1% district transaction & use tax. The tax measure (“Proposition ‘D’”) was approved by National City voters in June 2006 and became effective in October 2006. The initial measure was effective for a period of ten years; however, in November 2014, voters approved a measure to extend the tax for an additional twenty years. Fiscal Year 2019-20 receipts were \$11.8 million and based on unaudited results for Fiscal Year 2020-21, the City estimates Fiscal Year 2020-21 district tax receipts to be \$13.1 million. The district transaction & use tax is the second largest tax revenue source for the City, contributing approximately 24.9% of General Fund major tax revenues and approximately 19.1% of total General Fund revenues in Fiscal Year 2019-20.

Additional information relating to sales tax receipts by the City is set forth in Appendix B.

The City’s Fiscal Year 2021-22 Budget reflects the receipt of approximately \$20.4 million in sales and use tax revenues and \$12.6 million in transactions and use tax revenues, an increase of \$5.6 million for the combined amounts compared to the Fiscal Year 2020-21 budget, but \$2.2 million less than the unaudited results for Fiscal Year 2020-21.

### Property Taxes

Fiscal Year 2019-2020 property tax receipts of \$2.3 million provided the sixth-largest tax revenue source for the City’s General Fund in Fiscal Year 2019-20. Property taxes contributed approximately 4.8% of General Fund tax revenues and approximately 3.7% of total General Fund revenues in Fiscal Year 2019-20. Based on unaudited actual Fiscal Year 2021 results, the City estimates Fiscal Year 2020-21 property tax receipts for the General Fund to be \$2.3 million. The property tax receipts reported in the General Fund represent about 55% of the total property tax revenues received by the City. Since the passage of Proposition 13 in 1978, the



City's practice has been to automatically allocate 45% of the property taxes apportioned to the City to the Library and Parks Maintenance funds.

Property in the State which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on the secured property, regardless of the time of the creation of other liens.

The exclusive means of compelling the payment of delinquent taxes with respect to secured property is the sale of the property securing the taxes for the amount of taxes that are delinquent. The taxing authority has three methods of collecting unsecured personal property taxes: (1) filing a civil action against the taxpayer; (2) obtaining a judgment lien on certain property of the taxpayer from the county clerk or county recorder; and (3) seizing and selling personal property, improvements or possessory interests belonging or taxable to the assessee.

A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1.5% per month on the amount delinquent. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

State law also provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year.

For a number of years, the State Legislature shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund ("**ERAF**"). In Fiscal Years 1993 and 1994, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over \$3 billion of property taxes from cities, counties, and special districts to schools and community college districts pursuant to ERAF shifts. The Fiscal Year 2005 State Budget included an additional \$1.3 billion shift of property taxes from certain local agencies, including the City, in Fiscal Years 2005 and 2006.

On November 2, 2010, State voters approved Proposition 22, which: (i) prohibits the State of California from shifting or delaying the distribution of funds from special districts to schools and community colleges; (ii) eliminates the authority to shift property taxes temporarily during a severe financial hardship of the State; and (iii) restricts the State's authority to use fuel tax revenues to pay debt service on transportation bonds, to borrow or change the distribution of fuel tax revenues or to use vehicle license fee revenues to reimburse local governments for state-mandated costs.

Despite the passage of Proposition 22, there can be no assurance that 1% *ad valorem* property tax revenues which the City currently expects to receive will not be temporarily shifted from the City or reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of its share of 1% property tax revenues by the City.



Set forth in the table below are the secured and unsecured assessed valuations for property in the City for the Fiscal Years 2016-17 through 2021-22.

**Table 5**  
**City of National City**  
**Assessed Valuation History**

<i>Fiscal Year</i>	<i>Secured Value</i>	<i>Unsecured Value</i>	<i>Total Assessed Value</i>
2016-17	\$3,387,351,133	\$202,882,492	\$3,590,233,625
2017-18	3,672,726,251	211,412,407	3,884,138,658
2018-19	3,829,026,571	230,130,428	4,059,156,999
2019-20	4,095,333,248	235,795,668	4,331,128,916
2020-21	4,362,850,380	247,956,350	4,610,806,730
2021-22	4,545,841,241	206,807,294	4,752,648,535

Source: San Diego County Auditor Controller.

The California Redevelopment Law (Part 1 of Division 24 of the Health and Safety Code of the State) authorized the redevelopment agency of any city or county to receive an allocation of tax revenues resulting from increases in assessed values of properties within designated project areas (the “**Incremental Value**”) occurring after the year the project area was formed. In effect, local taxing authorities, such as the City, realized tax revenue solely on the assessed value of such property at the time the redevelopment project was created for the duration of such redevelopment project. Although Assembly Bill No. 26 (“**AB X126**”), enacted on June 29, 2011 as Chapter 5 of the Statutes of 2011, statutorily dissolved redevelopment agencies continue to be paid from property taxes derived from Incremental Value until enforceable obligation are paid in full in accordance with Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code (as such statutory provisions may be amended from time to time, the “**Dissolution Act**”).

The City had formed several redevelopment projects prior to the State’s enactment of the Dissolution Act. Set forth in Table 6 below are the total assessed valuations and redevelopment agency incremental values for the Fiscal Years 2016-17 through 2021-22.

**Table 6**  
**City of National City**  
**Assessed Valuation History**

<i>Fiscal Year</i>	<i>Total Assessed Value<sup>(1)</sup></i>	<i>Redevelopment Agency Incremental Value</i>	<i>Net Value</i>	<i>Percent Change in Net Value</i>
2016-17	\$3,590,233,625	\$1,668,801,510	\$1,921,432,115	3.87%
2017-18	3,884,138,658	1,861,350,938	2,022,787,720	5.28%
2018-19	4,059,156,999	1,999,520,350	2,059,636,649	1.82%
2019-20	4,331,128,916	2,154,500,478	2,176,628,438	5.68%
2020-21	4,610,806,730	2,424,064,109	2,186,742,621	0.46%
2021-22	4,752,648,535	2,487,277,877	2,265,370,658	3.60%

<sup>(1)</sup> Includes redevelopment incremental valuation  
Source: San Diego County Auditor & Controller.

In the first year after redevelopment agencies were statutorily dissolved, the Dissolution Act established a process for determining the liquid assets that redevelopment agencies should have shifted to their successor



agencies when they were dissolved, and the amount that should be available for remittance by the successor agencies to their respective county auditor-controller for distribution to affected taxing entities within the project areas of the former redevelopment agencies. This determination process is commonly known as the “due diligence review process” and was required to be completed through the final step (review by the State Department of Finance) by November 9, 2012 with respect to affordable housing funds and by April 1, 2013 with respect to non-housing funds. Generally, redevelopment agencies were required to remit to their respective county auditor-controller the amount of unobligated balances determined by the State Department of Finance. In turn, such remitted unobligated balances were distributed to taxing entities within the applicable redevelopment project area (including the City with respect to its redevelopment projects) in proportion to such taxing entity’s share of property tax revenues in the tax rate area for the applicable fiscal year.

The Dissolution Act also provides for proceeds of the sale of land owned by redevelopment agencies at the time of their statutory dissolution to be remitted to the applicable county auditor-controller for distribution to the affected taxing entities within the applicable redevelopment project area (including the City with respect to its redevelopment projects) in proportion to such taxing entity’s share of property tax revenues in the tax rate area for the applicable fiscal year.

Further, under the Dissolution Act, taxing entities with jurisdictions within a redevelopment project, such as the City, are to receive distributions (in proportion to such taxing entity’s share of property tax revenues in the tax rate area for the applicable fiscal year) of residual amounts of property taxes attributable to Incremental Value of such redevelopment projects on each June 1 and January 2, after payment of: (i) tax sharing obligations established previously pursuant to the Community Redevelopment Law, (ii) enforceable obligations of the successor agency to the former redevelopment agency, and (iii) an administrative cost allowance to such successor agency. As enforceable obligations of the former redevelopment agency and its successor agency are paid and retired, residual amounts of property tax revenues attributable to redevelopment project area Incremental Value are expected to increase over time. In Fiscal Year 2019-20 the City received \$3.4 million in residual balance revenues and estimates that it will receive \$3.1 million in Fiscal Year 2020-21. It accounted for 7.2% of tax revenues for the General Fund, the fourth largest source, and for 5.5% of overall General Fund revenues.

Set forth in Table 7 below are property tax collections (including amounts that do not constitute General Fund money) and delinquencies in the City as of June 30 for Fiscal Years 2015-16 through 2019-20. The County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (known as the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the Revenue and Taxation Code of the State (under which the County pays the City 100% of property taxes due to the City regardless of actual collections). The County bills and collects property taxes and remits them to the City according to a payment schedule established by the County. The City participates in the Teeter Plan.



**Table 7  
City of National City  
Property Tax Levies and Collections**

<i>Fiscal Year Ended June 30</i>	<i>Taxes Levied for the Fiscal Year<sup>(1)</sup></i>	<i>Collections within the Fiscal Year of Levy</i>	<i>Percent of Levy Collected within the Fiscal Year of Levy</i>	<i>Collections in Subsequent Years<sup>(2)</sup></i>	<i>Total Collections to Date</i>	<i>Percent of Levy Collected to Date</i>
2016	\$3,205,191	\$3,195,983	99.71%	\$1,564	\$3,197,547	99.76%
2017	3,335,753	3,333,476	99.93	1,465	3,334,941	99.98
2018	3,619,238	3,601,115	99.50	2,008	3,603,123	99.55
2019	3,687,359	3,667,444	99.46	1,948	3,669,393	99.51
2020	3,896,676	3,890,504	99.84	1,868	3,892,372	99.89

<sup>(1)</sup> Levy amounts do not include supplemental taxes

<sup>(2)</sup> Collection amounts represent delinquencies collected for all prior years during the current tax year. Total delinquent collections are reduced by any funds processed from prior year tax collections

Source: Audited financial statements of the City for Fiscal Years 2015-16 through 2019-20.

The 10 largest secured and unsecured taxpayers in the City as shown on the Fiscal Year 2019-20 tax roll, the assessed valuation and the percentage of the City’s total property tax revenues attributable to each are set forth in Table 8 below.

**Table 8  
City of National City  
Principal Property Taxpayers**

<i>Rank</i>	<i>Property Owner</i>	<i>Fiscal Year 2019-20 Assessed Valuation</i>	<i>% of Total<sup>(1)</sup></i>
1.	Plaza Bonita LLC	\$ 272,841,155	6.29%
2.	Pasha Automotive Services	79,314,317	1.83
3.	P V H R LLC	65,512,758	1.51
4.	H G Fenton Property Company	54,779,580	1.26
5.	Costco Wholesale Corporation	47,165,953	1.08
6.	National City Investment LP	44,477,100	1.02
7.	R O I C California LLC	43,018,387	0.99
8.	M G P X I U S Properties LLC	37,350,360	0.86
9.	M R T of National City California S N F	35,804,484	0.82
10.	MPT of Paradise Valley L P	<u>33,948,384</u>	<u>0.78</u>
<b>TOTAL</b>		<b>\$ 714,212,478</b>	<b>16.49%</b>

<sup>(1)</sup>Total Fiscal Year 2019-20 Assessed Valuation of \$4,331,128,916

Source: Audited financial statements of the City for Fiscal Year 2019-20.

The City is currently projecting no increase in overall property tax revenues in Fiscal Year 2021-22 above the Fiscal Year 2020-21 budgeted amount. The projection will be reevaluated as the fiscal year progresses. However, an extended recession caused by the COVID-19 outbreak could impact assessed values within the City and result in decreased property tax revenues. See the captions “THE CITY—COVID-19 Pandemic” and “RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City.”



## **Other Taxes and Other Revenues**

### *Property Tax in Lieu of Vehicle License Fees*

Property Tax in Lieu of VLF is revenue distributed to California local governments to replace those that, prior to fiscal year 2005, were distributed from the State's Vehicle License Fee revenues. Property Tax in Lieu of VLF revenue is calculated by the County Auditor and Controller by applying the year-over-year rate of growth or reduction in net taxable assessed property values (secured and unsecured) to the prior year's Property Tax in Lieu of VLF revenue and distributed from the San Diego County ERAF. Fiscal Year 2019-2020 property tax in lieu of VLF receipts of \$7,178,195 provided 15.1% of the General Fund's major tax revenues and 11.6% of the General Fund's total revenues and was the third-largest tax revenue source for the City's General Fund. The City estimates that Fiscal Year 2020-21 revenues from this funding source will total \$7.6 million.

### *Franchise Taxes*

Fiscal Year 2019-20 franchise taxes, which are levied on cable television, electricity, natural gas, and refuse services was \$2,330,697 and provided the fifth-largest tax revenue source for the City in Fiscal Year 2019-20. Franchise taxes contributed approximately 4.9% of General Fund tax revenues and approximately 3.8% of total General Fund revenues in Fiscal Year 2019-20. Based on unaudited actual Fiscal Year 2020-21 results, the City estimates Fiscal Year 2020-21 franchise tax receipts to be \$2.3 million.

### *Transient Occupancy Taxes*

Fiscal Year 2019-20 transient occupancy taxes, which are levied on all hotel, motel and campsite operators providing lodging in the City, was \$1,522,714 and provided the seventh-largest tax revenue source for the City in Fiscal Year 2019-20. Transient occupancy taxes contributed approximately 3.2% of General Fund tax revenues and approximately 2.5% of total General Fund revenues in Fiscal Year 2019-20. Based on unaudited actual Fiscal Year 2020-21 results, the City estimates Fiscal Year 2020-21 transient occupancy tax receipts to be \$1.5 million.

For each occupancy in any hotel, including but not limited to facilities utilized for dwelling, lodging or sleeping purposes, and includes any inn, tourist home or house, motel, studio hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, any mobile home, house trailer or recreational vehicle located at a fixed location, or any other similar structure or portion thereof used for temporary occupancy (each individually and collectively a "hotel"), such occupancy is subject to and shall pay a tax in the amount of ten percent of the rent charged by the operator for each day of the first thirty days of occupancy. The tax is due for each full or partial consecutive period of occupancy by that transient. Said tax constitutes a debt owed by the transient to the City, which is extinguished only by payment to the operator or to the City. The transient shall pay the tax to the operator of the hotel at the time the rent is paid. If the rent is paid in installments, a proportionate share of the tax shall be paid with each installment. The unpaid tax shall be due upon the transient's ceasing to occupy space in the hotel. If for any reason the tax due is not paid to the operator of the hotel, the tax administrator may require that such tax shall be paid directly to the tax administrator.

### *Business License Taxes*

Business license taxes provided \$542,225 in revenue in Fiscal Year 2019-20. Business licenses are required for the privilege of conducting business within the City limits and receiving the benefits of various City services. The City estimates that total revenues in this category for Fiscal Year 2020-21 will be \$532,000. Different businesses have been affected in both positive and negative ways by the COVID-19 pandemic and the City cannot predict the long-term impact on this funding source.



*Other Revenues*

The City receives other non-tax revenues including charges for various services rendered or permits issued by the planning, building and engineering departments, for participation in certain recreational programs, and for police and fire services provided to other entities. In addition, the City receives revenue from sources such as investment earnings, parking citations, and rental of City owned property.

**Other Indebtedness**

**General Fund-Supported Obligations.** The obligations set forth in Table 9 below are payable from the City’s general revenues. The City may issue other obligations payable from its general revenues at any time. See the caption “RISK FACTORS—City Obligations.”

**Table 9**  
**City of National City**  
**Summary of General Fund-Supported Obligations**

<i>Obligation</i>	<i>Outstanding Amount<sup>(1)</sup></i>	<i>Fiscal Year of Maturity</i>
Section 108 Bonds	\$2,175,000	2023-24
2017 Clean Energy Bonds	1,800,000	2036-37
2017 Lease Revenue Bonds	3,273,024	2036-37
Notes Payable	803,972	2025-26
Capital Leases	<u>768,283</u>	2024-25
<b>TOTAL</b>	<b>\$ 8,820,279</b>	

(1) As of June 30, 2020.

Source: City.

Certain of the obligations that are summarized in the above table are described in further detail below.

*Section 108 Bonds.* The City issued \$6,900,000 of HUD 108 Bonds, Series A on August 7, 2003 to provide fund for the construction of a fire station. Such bonds mature annually through 2024. Interest on the bonds is payable semi-annually on each February 1 and August 1, commencing February 1, 2004. The City has historically allocated Community Development Block Grant funds to pay debt service on these bonds.

*2017 Lease Revenue Bonds and 2017 Clean Energy Bonds.* In July 2017, the National City Joint Powers Financing Authority (“NCJPFA”) pursuant to a facilities lease and facilities sublease with the City, issued \$1,800,000 of taxable clean renewable energy bonds (the “2017 Clean Energy Bonds”) under Section 54C(a) of the Code and \$3,723,602 of tax-exempt lease revenue bonds (the “2017 Lease Revenue Bonds”) to finance the cost of an energy efficiency and renewable energy program under an Energy Services Agreement with Ameresco, Inc. The 2017 Clean Energy Bonds and the 2017 Lease Revenue Bonds were purchased by Banc of America Leasing & Capital, LLC. Principal and interest payments on such bonds are the responsibility of the City and are payable semi-annually on each December 1 and June 1, commencing December 1, 2017. A portion of the interest payment on the 2017 Clean Energy Bonds is offset by a credit payment from the IRS.

*Capital Lease Obligations.* The City has entered into the following capital lease obligations:

- *Honeywell Lease.* A fifteen-year contract was entered into on March 16, 2010 by the City for various energy efficiency improvements, such as the installation of a new cooling tower with variable speed fans, boiler replacement, and rooftop package unit replacement. The final payment will be made in 2025. The balance at June 30, 2020 was \$759,495.



- *Enterprise Car Lease.* A ten-year contract was entered into during 2015 with Enterprise Fleet Management, Inc. to lease approximately 74 vehicles for City-use with each vehicle having a five-year payment plan. The balance at June 30, 2020 was \$8,789.

See Note 6 to the City’s audited financial statements set forth in Appendix A for further information with respect to General Fund-supported obligations.

**Short-Term Debt.** The City currently has no short-term debt outstanding.

### **City Investment Policy**

**General.** The City’s Investment Policy and Guidelines (the “**Investment Policy**”) is intended to provide guidelines for the prudent investment of the City’s cash balances, and outline policies to assist in maximizing the efficiency of the City’s cash management system, while meeting daily cash flow demands of the City. The City’s investment practices and policies are based upon State law and prudent money management and the Investment Policy applies to all financial assets of the City. Investments are made in the following order of priority (i) safety; (ii) liquidity and (iii) return on investments. Safety of principal is the foremost objective of the investment program. Investments of the City are undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated and to maintain compliance with any indenture agreement, as applicable. The City’s investment portfolio is designed with the objective of attaining market-average rate of return throughout budgetary and economic cycles (market interest rates), within the Investment Policy’s risk parameters and the City’s cash flow needs.

Under the City’s Investment Policy and in accordance with California Government Code Section 53600, *et. seq.*, the City may invest in the following types of investments subject to certain limitations on maturity and amount:

Bankers’ Acceptances, Negotiable Certificates of Deposits, Commercial Paper, State and Local Agency Bonds, U.S. Treasury Obligations, U.S. Agency Securities, Repurchase Agreements, Reverse-Purchase Agreements, Medium-Term Corporate Notes, Federally Insured Time Deposits, Money Market Mutual Funds, Local Agency Investment Funds (LAIF), Investment Trust of California (CalTrust), San Diego County Pool Money Fund, Asset Backed Securities (ABS) and Supranationals.



**Summary of Investments.** A summary of the City’s investments as of August 31/September 30, 2021, is set forth in the below table. General Fund investments (based on market values) were equal to approximately \$60.3 million of the total investment portfolio as of September 30, 2021.

**Table 10**  
**City of National City**  
**Summary of Investments as of August 31/September 30, 2021<sup>(1)</sup>**

Investments	
LAIF	\$ 28,650,025
Money Market Funds	33,921
San Diego County Investment Pool	36,414,000
Supranationals	1,602,045
Asset-Backed Securities	2,392,168
U.S. Corporate	5,814,867
U.S. Treasury Obligations	9,916,208
U.S. Agency Securities	12,510,277
Investment in Section 115 Trust	10,948,476
Total	\$108,281,987

<sup>(1)</sup> Reflects market values as of latest statements available. Totals may not add due to rounding.  
Source: City.

See Note 2 in Appendix A for further information with respect to City investments.

**Other Post-Employment Benefits**

**OPEB Benefit Plan.** The City provides postemployment health benefits through a single employer defined benefit plan administered by the City. The City provides a fixed dollar contribution towards retiree health benefits for approximately 70 retirees. In addition, 294 employees are currently working and earning service credit for eligibility for a City contribution for retiree health benefits. To be eligible for a City contribution, an employee must retire from the City and commence pension benefits under CalPERS on or after age 50 with at least 20 years of service (five years for management and executive employees) with the City. The City provides a fixed dollar monthly contribution equal to \$10 (\$20 for management, executive, and safety employees) times years of service. Employees may receive the contribution to use toward non-City health insurance if evidence of coverage is provided. The City’s contribution is payable to Medicare eligibility for non-management and non-executive employees. Management and executive employees are eligible for the City’s contribution during their lifetime.

Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 20 years of service. Membership of the plan consists of the following at June 30, 2020, the date of the latest actuarial valuation:

Active	294
Retirees	<u>70</u>
Total	364

The City’s net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:



**Table 11**  
**City of National City**  
**Actuarial Assumptions for OPEB Benefit Plan**

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Contribution Policy	No pre-funding.
Discount Rate	2.66%
Inflation	2.50%
Salary Increases	3.00%
Expected long-term investment rate of return	n/a
Mortality, Termination and Disability	CalPERS 1997-2014 Experience Study
Mortality Improvement Scale	Modified MP-2014, which converge to ultimate mortality improvement rates in 2022
Pre-retirement turnover	Ranging from 0.01% to 17.42% based on termination rates under CalPERS pension plan
Healthcare Trend Rate	An annual healthcare cost trend rate of 6.5% initially reduced by decrements to an ultimate of 5.0% therefore.

Source: Audited financial statements of the City for Fiscal Year 2019-20.

Changes in the net liability for the City’s OPEB Benefit plan for Fiscal Year 2019-20 were as follows.

**Table 12**  
**City of National City**  
**Changes in OPEB Benefit Plan Liability**

	<i>Increase (Decrease)</i>
	<i>Total OPEB Liability</i>
Balance at June 30, 2019	\$ 5,302,749
Changes Recognized for the Measurement Period:	
Service Cost	\$ 190,082
Interest	169,175
Changes in assumptions	267,125
Benefit Payments	<u>(244,418)</u>
Net Changes	\$ 381,964
Balance at June 30, 2020 (Measurement Date)	\$ 5,684,713

Source: Audited financial statements of the City for Fiscal Year 2019-20.

Table 13 below presents the net liability of the City’s OPEB Benefit plan, calculated using the discount rate applicable to Fiscal Year 2019-20 (2.66%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

**Table 13**  
**City of National City**  
**Sensitivity of the OPEB Benefit Plan Net Liability to Changes in the Discount Rate**

<i>Current Discount Rate</i>	<i>Current Discount Rate</i>	<i>Current Discount Rate</i>
<i>- 1% (1.66%)</i>	<i>(2.66%)</i>	<i>+ 1% (3.66%)</i>
\$6,177,295	\$5,684,713	\$5,045,290



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Source: Audited financial statements of the City for Fiscal Year 2019-20.

The City's practice has been to budget and pay for the annual OPEB benefits out of current revenues (pay-go basis). In recognition of this long-term liability, however, the City has established an OPEB Section 115 trust with an initial contribution during Fiscal Year 2019-20 of \$3,100,000. As of June 30, 2021, the balance was approximately \$3.5 million. The City may in the future use investment earnings in the trust to pay for the OPEB benefits. Future changes in funding policies and assumptions, including those related to assumed rates of investment return and healthcare cost inflation, could trigger increases in the City's annual required OPEB Benefit plan contributions, and such increases could be material to the finances of the City. No assurance can be provided that such expenses will not increase significantly in the future. The City does not expect that any increased funding of OPEB Benefits will have a material adverse effect on the ability of the City to pay the Bonds.

For additional information relating to the City's OPEB Benefit plan, see Note 11 to the City's audited financial statements set forth in Appendix A.

### **City Financial Statements**

A copy of the most recent audited financial statements of the City (the "**Financial Statements**") for the Fiscal Year ended June 30, 2020, prepared by The Pun Group, LLP, San Diego, California (the "**Auditor**"), are included as Appendix A to this Official Statement. The Auditor's letter dated February 25, 2021 is set forth therein. The Financial Statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit analysis of the financial condition of the City, nor has the Auditor reviewed or audited this Official Statement.

Certain financial information that is set forth in this Official Statement is derived from the Financial Statements and the City's audited financial statements for prior years (excluding certain non-cash items and after certain other adjustments) and is qualified in its entirety by reference to such statements, including the notes thereto. The Auditor has not reviewed or audited such financial information or any other portion of this Official Statement.

In the Financial Statements, data relating to governmental funds such as the General Fund focus on current financial resources. Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the City's balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances (which is set forth under the caption "—Change in Fund Balance of the City General Fund"), presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

## **STATE OF CALIFORNIA BUDGET INFORMATION**

### **General**

Information about the State budget is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the State Department of Finance (the "**DOF**"), <http://www.dof.ca.gov>, under the heading "California Budget." An impartial analysis of the budget is posted by the Legislative Analyst's Office (the "**LAO**") at <http://www.lao.ca.gov>. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on cities in the State, may be found at the website of the State Treasurer, <http://www.treasurer.ca.gov>. The information referred to is prepared by the respective State agency maintaining each website and not by the City, and the City takes no responsibility for the continued accuracy of these Internet addresses or for the



accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

## **Budget for State Fiscal Year 2021-22**

On July 16, 2021, the Governor signed a series of bills representing the State budget for State Fiscal Year 2022 (the “**2021-22 Budget**”). The Governor’s signing followed negotiations between the Governor and the State Legislature regarding the final provisions of the 2021-22 Budget, including the expenditure of a large projected State general fund surplus. The State Legislature passed temporary budgetary legislation in June 2021 to meet the required State Constitutional budget deadline. The following is drawn from the DOF summary of the 2021-22 Budget.

The 2021-22 Budget indicates that revenues are up significantly from the forecast included in the Governor’s proposed State budget for State Fiscal Year 2022, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021 (as discussed under the caption “THE CITY—COVID-19 Pandemic”), continued stock market appreciation and a significantly upgraded economic forecast from the prior State fiscal year. The 2021-22 Budget also reports that the State has received approximately \$285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For State Fiscal Year 2021, the 2021-22 Budget projects total general fund revenues and transfers of \$188.8 billion and authorizes expenditures of \$166.1 billion. The State is projected to end State Fiscal Year 2021 with total available reserves of \$39.8 billion, including \$25.1 billion in the traditional general fund reserve, \$12.3 billion in the State’s Budget Stabilization Account (the “**BSA**”), \$1.9 billion in the Public School System Stabilization Account and \$450 million in the Safety Net Reserve Fund. For State Fiscal Year 2022, the 2021-22 Budget projects total general fund revenues and transfers of \$175.3 billion and authorizes expenditures of \$196.4 billion. The State is projected to end State Fiscal Year 2022 with total available reserves of \$25.2 billion, including \$4 billion in the traditional general fund reserve, \$15.8 billion in the BSA, \$4.5 billion in the Public School System Stabilization Account and \$900 million in the Safety Net Reserve Fund.

The 2021-22 Budget sets the Proposition 98 minimum funding guarantee for State Fiscal Year 2022 at \$93.7 billion. This results in per-pupil funding of \$13,976 from Proposition 98 funding, growing to \$21,555 when accounting for all funding sources. The 2021-22 Budget also makes retroactive increases to the minimum school funding guarantee in Fiscal Years 2020 and 2021, setting them at \$79.3 billion and \$93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of \$47 billion from the level projected by the 2020-21 Budget.

Other significant features of the 2021-22 Budget include the following:

- **General Apportionments** – An increase of \$395 million in ongoing Proposition 98 funding for general apportionments, comprised of (i) \$371.2 million to fund a 5.07% cost of living adjustment, and (ii) \$23.8 million to fund 0.50% enrollment growth.
- **Deferrals** – \$1.453 billion in Proposition 98 funding to repay apportionment deferrals, of which \$144.6 million is from State Fiscal Year 2020, \$1.1 billion is from State Fiscal Year 2021 and \$229.8 million is from State Fiscal Year 2022.
- **Student Assistance** – \$250 million in one-time ARP Act funds to support emergency student financial assistance grants. The 2021-22 Budget also provides \$160 million in Proposition 98 funding for student assistance, comprised of \$100 million in one-time funding available over three years to address student basic



needs including food and housing insecurity, \$30 million in ongoing funding to support student mental health services and \$30 million in ongoing funding for colleges to establish basic needs centers and hire basic needs coordinators.

- Workforce Programs – \$42.4 million in ongoing Proposition 98 funding to increase program funding and enable community college districts to support work-based learning opportunities. The 2021-22 Budget also provides \$20 million in one-time Proposition 98 funding to support community college participation in High Road Training Partnerships and regional partnerships developed by the California Workforce Development Board.

- Facilities –\$581.4 million in State general obligation bond funding, including \$8.2 million to start nine new capital outlay projects and \$573.2 million for the construction phase of 32 projects anticipated to complete design by spring 2022. In addition, the 2021-22 Budget provides \$511 million in one-time Proposition 98 funding to address deferred maintenance.

For additional information regarding the 2021-22 Budget, see the DOF and LAO websites. The information presented on such websites is not incorporated herein by reference.

*None of the websites or webpages that are referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The City and the Underwriter make no representation whatsoever as to the accuracy or completeness of any of the information on such websites.*

There can be no assurance that additional legislation will not be enacted in the future to implement provisions relating to the State budget, address the COVID-19 outbreak or otherwise that may affect the City or its General Fund revenues.

### **Potential Impact of State Financial Condition on the City**

Currently, the COVID-19 pandemic is materially adversely impacting the financial condition of the State and has caused a recession which will likely result in significant increases in unfunded liabilities of the two main retirement systems managed by State entities, CalPERS and the CalSTRS. The State also has a significant unfunded liability with respect to other post-employment benefits.

Current and future State budgets will be significantly affected by the COVID-19 pandemic and other factors over which the City has no control. The City cannot determine what actions will be taken in the future by the State Legislature and the Governor to deal with the COVID-19 pandemic, the current recession and resulting changing State revenues and expenditures. There can be no assurance that, as a result of the COVID-19 pandemic or otherwise, the State will not significantly reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of its efforts to address State financial conditions. Although the State is not a significant source of City revenues, there can be no assurance that State actions to respond to the COVID-19 pandemic will not materially adversely affect the financial condition of the City.

### **Future State Budgets**

No prediction can be made by the City as to whether the State will continue to encounter budgetary problems in future years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on City finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. There can be no assurance that actions taken by the State to address its financial condition will not materially adversely affect the financial condition of the City. Current and future State budgets will be



affected by national and State economic conditions and other factors, including the current COVID-19 pandemic and associated economic downturn, over which the City has no control.

## **RISK FACTORS**

*Prospective purchasers of the Bonds should carefully consider all possible factors that may affect the ability of the City to pay principal of and interest on the Bonds. The Bonds may not be a suitable investment for all prospective purchasers.*

*The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Bonds and there can be no assurance that other risk factors will not become material in the future. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.*

### **City Obligations**

The City has other obligations payable from its General Fund and other lawfully available funds of the City, including but not limited to debt obligations, lease obligations and certain other liabilities. The Trust Agreement does not prohibit the City from incurring additional debt, lease or other obligations payable from the City's General Fund and other lawfully available funds in the future (including Additional Bonds to finance Pension Liability), which may reduce City moneys available to pay the Bonds.

In addition, although the Bonds are payable from all lawfully available funds of the City, the City has no obligation to levy taxes in order to raise sufficient revenues to pay the Bonds. See the caption "CITY FINANCIAL INFORMATION—Other Indebtedness" for a description of the City's current obligations.

### **Certain Risks Associated with Sales Tax and Other Local Tax Revenues**

For the past several Fiscal Years, sales tax revenues have been a significant source of General Fund revenues to the City.

Sales and use tax revenues are based upon the gross receipts of retail sales of tangible goods and products by retailers with taxable transactions in the City, which could be impacted by a variety of factors. For example, during an economic recession, the gross receipts of retailers often decline, and such a decline would cause the sales tax revenues received by the City to decline. An economic recession would also be expected to affect hotel occupancy within the City, and consequently, the City's receipt of transient occupancy taxes. See the caption "THE CITY—COVID-19 Pandemic," "CITY FINANCIAL INFORMATION—Sales Taxes" and "CITY FINANCIAL INFORMATION—Other Taxes and Other Revenues."

In addition, changes or amendments in the laws applicable to the City's receipt of sales tax revenues or other local taxes, whether implemented by State legislative action or voter initiative, including any initiative by City voters under Article XIII C of the California Constitution to repeal the Proposition D Sales Tax, could have an adverse effect on sales tax revenues received by the City. See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

Finally, many categories of transactions are exempt from the Statewide sales tax, and additional categories could be exempted in the future. Currently, most sales of food products for human consumption are exempt; this exemption, however, does not apply to liquor or to restaurant meals. The rate of sales tax levied on taxable transactions in the City or the fee charged by the CDTFA for administering the City's sales tax could also be changed.



## Assessed Value of Taxable Property

Property taxes are an important source of the City's General Fund revenues. Natural and economic forces can affect the assessed value of taxable property within the City. The City is located in a seismically active region, and damage from an earthquake in or near the area could cause extensive damage to taxable property. Other natural or manmade disasters, such as flood, fire, wildfire, ongoing drought, toxic dumping, erosion or acts of terrorism, could cause a reduction in the assessed value of taxable property within the City. See the captions "—Natural Disasters" and "—Hazardous Substances."

In addition, economic and market forces, such as a downturn in the regional economy, could affect assessed values, particularly as these forces might reverberate in the residential housing and commercial property markets as has been experienced in the past. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Reductions in the market values of taxable property may cause property owners to appeal assessed values and may also be associated with an increase in delinquency rates for property taxes. Section 2(b) of Article XIII A of the State Constitution and Section 51 of the State Revenue and Taxation Code, which were adopted pursuant to Proposition 8, which was adopted in 1978, require the County assessor to annually enroll either a property's adjusted base year value (the "**Proposition 13 Value**") or its current market value, whichever is less. When the current market value replaces the higher Proposition 13 Value on the assessor's roll, such lower value is referred to as the "**Proposition 8 Value**."

Although the annual increase for a Proposition 13 Value is limited to no more than 2%, the same restriction does not apply to a Proposition 8 Value. The Proposition 8 Value of a property is reviewed annually as of January 1; the current market value must be enrolled as long as the Proposition 8 Value falls below the Proposition 13 Value. Thus, any subsequent increase or decrease in market value is enrolled regardless of any percentage increase or decrease. Only when a current Proposition 8 Value exceeds the Proposition 13 Value attributable to a piece of property (adjusted for inflation) does a county assessor reinstate the Proposition 13 Value.

Decreases in the assessed value of taxable property within the City resulting from a natural disaster or other calamity, economic recession, reclassification by ownership or use or as a result of the implementation of Proposition 8 all may have an adverse impact on property tax collections by the City, and consequently, the General Fund revenues that are available to make debt service payments on the Bonds.

## Increasing Retirement-Related Costs

The City is required to make contributions to CalPERS and to the OPEB Benefit plan for City employees and retirees. Such obligations are a significant financial obligation of the City and could increase in the future. Actual contribution rates will depend on a variety of factors, including but not limited to actual investment returns and future changes to benefits or actuarial assumptions. The City notes that pension contributions in future years may increase as a result of losses in CalPERS' portfolio resulting from stock market declines. See the captions "THE CITY—COVID-19 Pandemic" and "RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City." There can be no assurances that actual increases in required contributions will not be greater than the amounts which are currently projected to be required by the City. See the captions "CITY PENSION PLANS—Potential Impacts of Future Required Contributions" and "CITY FINANCIAL INFORMATION—Other Post-Employment Benefits."



## **Dependence on State for Certain Revenues**

A number of the City's revenues are collected and dispersed by the State (primarily sales taxes) or allocated in accordance with State law (most importantly, property taxes and property tax in lieu of VLF). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, including as a result of the COVID-19 outbreak that is discussed under the captions "THE CITY—COVID-19 Pandemic" and "RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City," there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties. See the caption "STATE OF CALIFORNIA BUDGET INFORMATION."

## **No Reserve Fund**

The City has not funded a reserve fund in connection with the issuance of the Bonds.

## **Litigation**

The City may be or become a party to litigation that has an impact on the General Fund. Although the City maintains certain insurance policies that provide liability coverage under certain circumstances and with respect to certain types of incidents (as discussed under the caption "THE CITY—Risk Management"), the City cannot predict what types of liabilities may arise in the future. See the caption "LITIGATION."

## **Natural Disasters**

[TO BE UPDATED] The occurrence of any natural disaster in the City, including, without limitation, earthquake, wildfire, drought, high winds, landslide or flood, which results in significant damage within the City or otherwise significantly impacts the economy of the City could materially adversely affect the financial condition of the City.

See the caption "THE CITY—Risk Management."

The City is located in a seismically active region and could be impacted by a major earthquake originating from the numerous faults in the area. Traces of the potentially active La Nacion fault zone are known to cross the City in a generally north-south direction within the central portion of the City. The nearest active faults are the Rose Canyon fault located approximately 14 miles northwest of the City, and the Coronado Bank fault, located approximately 30 miles from the City. Other active faults in the region are located more than 60 miles from the City. Seismic hazards encompass potential surface rupture, ground shaking, liquefaction and landslides.

Strong vibrations due to earthquakes can cause liquefaction of certain soil types. Areas of the City in close proximity to San Diego Bay and the Sweetwater and Otay River Valley have shallow groundwater tables and poorly consolidated granular sediments potentially subject to seismically-induced liquefaction. A portion of the City is also subject to landslides in the event of an earthquake.

A major earthquake could cause widespread destruction and significant loss of life in a populated area such as the City. If an earthquake were to substantially damage or destroy taxable property within the City, a reduction in taxable values of property in the City and a reduction in revenues available to the General Fund would likely occur. The City carries no earthquake insurance on City facilities.

Portions of the City are located in a 100-year flood plain. Portions of the City are located along the Pacific Ocean and the City could be subject to the impacts from tsunamis in the event of an earthquake off-shore. If either a flood or a tsunami were to substantially damage or destroy taxable property within the City, a reduction



in taxable values of property in the City and a reduction in revenues available to the General Fund would likely occur. The City carries no flood insurance on City facilities.

The State, including the City, is periodically subject to wildfires. The last major wildfire in the vicinity of the City was the Harris Fire in October 2007. During the Harris Fire, as a precaution, the City established emergency shelters; however, no significant damage was sustained to property within the City.

When wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding.

In January 2017 the City was affected by severe wind, rainstorm and flooding which resulted in property damage to facilities owned by the City.

The occurrence of natural disasters in the City could result in substantial damage to the City which, in turn, could substantially affect the City's economy and reduce General Fund revenues, which could affect the payment of the principal of and interest on the Bonds. In particular, if a natural disaster were to result in reduced assessed valuations of property within the City, the amount of property tax revenues could be reduced. See the caption "CITY FINANCIAL INFORMATION—Property Taxes."

The City maintains commercial general liability, fire, lightning and special extended coverage insurance. See the caption "THE CITY—Risk Management." However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

### **Climate Change**

The State has historically been susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels.

Since 2000, the City has been implementing a "Climate Action Plan" to address the threat of climate change impacts to the local community. The most recent plan is the 2017 Climate Action Plan ("CAP") which was adopted by City Council on September 26, 2017, includes new goals and policies to strengthen the City's climate action efforts. Implementing the CAP facilitates achieving numerous community co-benefits such as utility savings, better air quality, reduced traffic congestion, local economic development, and improved quality of life. The CAP brings together City's climate plan efforts including the original Carbon Dioxide Reduction Plan (2000), the mitigation plan (2008) and the adaptation plan (2011). The City regularly conducts greenhouse gas emission inventories to help guiding the execution of the CAP as well as to monitor and evaluate the progress.

The future fiscal impact of climate change on the City is difficult to predict, but it could be significant and it could have a material adverse effect on the General Fund by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of City residents and business establishments.

### **Hazardous Substances**

The discovery of any hazardous substance that would limit the beneficial use of a property within the City could result in a reduction in the assessed value of affected parcels. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and



Liability Act of 1980, sometimes referred to as “CERCLA” or the “Superfund Act,” is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator had anything to do with creating or handling the hazardous substance. The effect, therefore, should any substantial amount of property within the City be affected by a hazardous substance, would be to reduce the marketability and value of the property by the costs of, and any liability incurred by, remedying the condition, since a purchaser, upon becoming an owner, will become obligated to remedy the condition just as is the seller. Such reduction could adversely impact the property tax revenues received by the City, which could significantly and adversely affect the operations and finances of the City and the City’s ability to pay the Bonds. See the caption “—Assessed Value of Taxable Property.”

The City has not independently verified, but is not aware of, the presence of any hazardous substances in the City except in connection with everyday business activities such as gas stations and dry cleaning establishments having a material adverse effect on property values in the City. Hazardous substance liabilities may arise in the future with respect to any of the property in the City resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Additionally, such liabilities may arise from the method of handling such substance. These possibilities could significantly affect the value of a parcel.

### **Cybersecurity**

[TO BE UPDATED] Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cybersecurity incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore’s 911 system, an attack on the Colorado Department of Transportation’s computers and an attack that resulted in the temporary closure of the Port of Los Angeles’ largest terminal.

The City recently deployed an all new, highly segmented network infrastructure which employs a multi-level network security protection scheme that includes network firewalls, server- and personal computer- level advanced malware/anti-virus software, endpoint security, email protection as well as next generation intrusion protection and domain name system filtering software. The City retains the services of a professional network maintenance company to ensure updates/patches to the network address known vulnerabilities. To date, the City has not experienced an attack on its computer operating systems. There can be no assurance that a future attack or attempted attack would not result in disruption of City operations, particularly given that employee access of City computer systems from home in light of the COVID-19 pandemic may increase the risks of intrusion by third parties.

### **Limitation on Sources of Revenues**

Although the Bonds are payable from all lawfully available funds of the City, the City has no obligation to levy taxes, assessments, fees or charges in order to raise sufficient revenues to pay the Bonds. In the event that the City were to choose to do so, the State Constitution contains significant limitations and imposes significant procedural requirements which affect the City’s ability to increase City revenues. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

In addition, under the State Constitution, voters of the State have the ability to initiate legislation and require a public vote on legislation passed by the State Legislature through the powers of initiative and referendum, respectively. The City is unable to predict whether any such initiatives or referenda might be submitted to or approved by the voters, the nature of such initiatives or referenda or their potential impact on the City and its operations.



## Economy of City and State

A deterioration in the level of economic activity in the City, the State or the United States, including as a result of the COVID-19 outbreak that is discussed under the caption “THE CITY—COVID-19 Pandemic,” could have a material adverse effect on the City’s general revenues and on the ability of the City to pay principal of and interest on the Bonds. See the caption “STATE OF CALIFORNIA BUDGET INFORMATION” for information about the State’s economy and State budget.

## Limitation on Remedies; Bankruptcy

**General.** The enforcement of any remedies that are provided for in the Trust Agreement could prove both expensive and time consuming. The rights and remedies that are provided in the Trust Agreement may be limited by and are subject to: (i) the limitations on legal remedies against cities in the State, including State Constitutional limits on expenditures and limitations on the enforcement of judgments against funds that are needed to serve the public welfare and interest; (ii) federal bankruptcy laws, as now or later enacted, as discussed in detail under the caption “—Bankruptcy” below; (iii) applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or later in effect; (iv) equity principles which may limit the specific enforcement under State law of certain remedies; (v) the exercise by the United States of America of the powers delegated to it by the Constitution; and (vi) the reasonable and necessary exercise, in certain exceptional situations, of the police powers that are inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The legal opinions that will be delivered concurrently with the delivery of the Bonds will be qualified, as to the enforceability of the Bonds, the Trust Agreement and other related documents, by bankruptcy, insolvency, reorganization, moratorium, arrangement, fraudulent conveyance and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities in the State.

Failure by the City to pay principal of or interest on the Bonds or failure to observe and perform any other terms, covenants or conditions of the Trust Agreement for a period of 60 days after written notice of such failure and request that it be remedied has been given to the City by the Trustee, constitute events of default under the Trust Agreement and permit the Trustee to pursue the remedies that are described in the Trust Agreement. In the event of a default, there is no right under any circumstances to accelerate payment of the Bonds or otherwise declare any Bonds that are not then in default to be immediately due and payable.

Any suit for money damages against the City would be subject to limitations on legal remedies against cities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest.

**Bankruptcy.** Enforceability of the rights and remedies of the Owners of the Bonds, and the obligations incurred by the City, may become subject to the provisions of Title 11 of the United States Code (the “**Bankruptcy Code**”) and applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or later in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the federal Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the Owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.



Under Chapter 9 of the Bankruptcy Code, which governs the bankruptcy proceedings for public agencies such as the City, involuntary petitions are not permitted. If the City were to file a petition under Chapter 9 of the Bankruptcy Code, the Owners of the Bonds and the Trustee could be prohibited from taking any steps to enforce their rights under the Trust Agreement or from taking any steps to collect amounts due from the City on the Bonds.

In particular, if the City were to become a debtor under the Bankruptcy Code, the City would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 case. Among the adverse effects of such a bankruptcy might be: (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the City or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the City, and which could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment that is superior to that of Owners of the Bonds; and (iv) the possibility of the adoption of a plan (an “**Adjustment Plan**”) for the adjustment of the City’s various obligations over the objections of the Trustee or all of the Owners of the Bonds and without their consent, which Adjustment Plan may restructure, delay, compromise or reduce the amount of any claim of the Owners if the Bankruptcy Court finds that such Adjustment Plan is “fair and equitable” and in the best interests of creditors.

The Bonds are not secured by any property other than the funds that the City has actually deposited with the Trustee. If the City is in bankruptcy, it may not be obligated to make any further deposits with the Trustee, it may not be obligated to make any further allocations to the Bonds and it may not be obligated to turn over to the Trustee any moneys that have been allocated to the Bonds in the City treasury. As a result, the Bonds would likely be treated as unsecured obligations of the City in the bankruptcy case. Under such circumstances, the Owners of the Bonds could suffer substantial losses.

The Adjustment Plans approved by the bankruptcy courts in connection with the bankruptcies of the cities of Stockton and San Bernardino, among others, resulted in significant reductions in the amounts payable by such city under pension obligation bonds that were substantially identical or similar to the Bonds. Specifically, in the Stockton bankruptcy, the court held that CalPERS was an unsecured creditor of the city with a claim on parity with those of other unsecured creditors. Additionally, in the San Bernardino bankruptcy, the court held that in the event of a municipal bankruptcy, payments on pension obligation bonds, such as the Bonds, were unsecured obligations and not entitled to the same priority of payments made to CalPERS. The City can provide no assurances about the outcome of the bankruptcy cases of other municipalities or the nature of any Adjustment Plan if it were to file for bankruptcy.

The City may be able, without the consent and over the objection of the Trustee or the Owners of the Bonds, to alter the priority, interest rate, payment terms, maturity dates, payment sources, covenants and other terms or provisions of the Trust Agreement and the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable.

There may be delays in payments on the Bonds while the court considers any of these issues. There may be other possible effects of a bankruptcy of the City that could result in delays or reductions in payments on the Bonds, or result in losses to the Owners of the Bonds. Regardless of any specific adverse determinations in a City bankruptcy proceeding, the fact that a City bankruptcy proceeding has occurred could have an adverse effect on the liquidity and value of the Bonds.

### **Limitation on Trustee’s Obligations**

The Trustee has no obligation to advance its own funds to pursue any remedies. As a consequence, the Trustee’s willingness and ability to pursue any of the remedies provided in the Trust Agreement may be dependent upon the availability of funds from an interested party. There can be no assurance that the Trustee will be willing and able to perform its duties under the Trust Agreement.



## Limited Secondary Market

Investment in the Bonds poses certain economic risks which may not be appropriate for certain investors, and only persons with substantial financial resources who understand the risks of investment in the Bonds should consider such investment. There can be no guarantee that there will be a secondary market for purchase or sale of the Bonds or, if a secondary market exists, that the Bonds can or could be sold for any particular price.

Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing in connection with a particular issue is suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

In addition, the City will enter into a continuing disclosure undertaking pursuant to Rule 15c2-12 in connection with the issuance of the Bonds. Any material failure to comply with such undertaking and Rule 15c2-12 in the future may adversely affect the liquidity of the affected Bonds and their market price in the secondary market. See the caption "CONTINUING DISCLOSURE."

## Changes in Law

There can be no assurance that the electorate of the State will not adopt additional initiatives or that the State Legislature will not enact legislation that will amend the laws or the Constitution of the State in a manner that results in a reduction of General Fund revenues of the City and consequently, has an adverse effect on the security for the Bonds.

## CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

### Article XIII A of the State Constitution

On June 6, 1978, State voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution. The amendment, which added Article XIII A to the State Constitution, among other things affects the valuation of real property for the purpose of taxation in that it defines the full cash property value to mean "the county assessor's valuation of real property as shown on the 1975/76 tax bill under 'full cash value', or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to 1% of the full cash value, except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to December 1, 1978 and bonded indebtedness for the acquisition or improvement of real property approved on or after December 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition (55% in the case of certain school facilities). Property taxes that are subject to Proposition 13 are a significant source of the City's General Fund revenues. See the caption "CITY FINANCIAL INFORMATION—Property Taxes."

Legislation enacted by the State Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. Tax rates for voter approved bonded indebtedness are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (for new construction, change of ownership or 2% annual value growth) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts share the growth of "base"



revenue from the tax rate area. Each year's growth allocation becomes part of each agency's allocation the following year. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII A has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in certain other limited circumstances.

### **Proposition 19**

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"), which amends Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The City cannot make any assurance as to what effect Proposition 19 will have on City revenues or the assessed valuation of real property located within the City.

### **Article XIII B of the State Constitution**

On November 6, 1979, State voters approved an initiative entitled "Limitation on Government Appropriations," which added Article XIII B to the State Constitution. Under Article XIII B, State and local government entities have an annual "appropriations limit" which limits the ability to spend certain moneys which are called "appropriations subject to limitation" (consisting of tax revenues and investment proceeds thereof, certain State subventions and regulatory license fees, user charges and user fees to the extent that the proceeds thereof exceed the costs of providing such services, together called "proceeds of taxes," and certain other funds) in an amount higher than the "appropriations limit." Article XIII B does not affect the appropriation of moneys which are excluded from the definition of "appropriations limit," including debt service on indebtedness existing or authorized as of October 1, 1979 or bonded indebtedness subsequently approved by the voters. In general terms, the "appropriations limit" is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in the consumer price index, population and services provided by these entities. Among other provisions of Article XIII B, if those entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. Increases in appropriations by a governmental entity are permitted: (i) if financial responsibility for providing services is transferred to a governmental entity; or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced accordingly to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIII B of the State Constitution.

### **Proposition 62**

On November 4, 1986, State voters approved an initiative ("**Proposition 62**") which: (a) requires that any tax for general governmental purposes imposed by local governmental entities be approved by resolution or



ordinance adopted by two-thirds vote of the governmental agency's legislative body and by a majority of the electorate of the governmental entity; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters within the jurisdiction; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax is imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax that is imposed by a local governmental entity on or after August 1, 1985 be ratified by a majority vote of the electorate within two years of the adoption of the initiative or be terminated by November 15, 1988. The requirements imposed by Proposition 62 were upheld by the State Supreme Court in *Santa Clara County Local Transportation Authority v. Guardino*, 11 Cal.4th 220 (1995).

Following the *Guardino* decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. In 2001, the State Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.*, 25 Cal.4th 809 (2001). In *La Habra*, the court held that a public agency's continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

The City believes that all of the taxes that the City currently collects comply with the requirements of Proposition 62. However, the requirements of Proposition 62 are largely subsumed by the requirements of Proposition 218 for the imposition of any taxes or the effecting of any tax increases after November 5, 1996. See the caption "—Proposition 218" below.

### **Proposition 218**

On November 5, 1996, State voters approved Proposition 218, an initiative measure entitled the "Right to Vote on Taxes Act." Proposition 218 added Articles XIII C and XIII D to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments (meaning any levy or charge upon real property for a special benefit conferred upon the real property) and property-related fees and charges. Proposition 218 states that all taxes which are imposed by local governments are deemed to be either general taxes or special taxes. Special purpose districts, including school districts, have no power to levy general taxes. No local government may impose, extend or increase any general tax unless and until such tax is submitted to the electorate and approved by a majority vote. No local government may impose, extend or increase any special tax unless and until such tax is submitted to the electorate and approved by a two-thirds vote.

Proposition 218 also provides that no tax, assessment, fee or charge may be assessed by any agency upon any parcel of property or upon any person as an incident of property ownership except: (a) the *ad valorem* property tax imposed pursuant to Articles XIII and XIII A of the State Constitution; (b) any special tax receiving a two-thirds vote pursuant to the State Constitution; and (c) assessments, fees and charges for property-related services as provided in Proposition 218. Proposition 218 then goes on to add voter requirements for assessments and fees and charges imposed as an incident of property ownership, other than fees and charges for sewer, water, and refuse collection services. In addition, all assessments and fees and charges imposed as an incident of property ownership, including sewer, water and refuse collection services, are subjected to various additional procedures, such as hearings and stricter and more individualized benefit requirements and findings. The effect of such provisions is to increase the difficulty a local agency will have in imposing, increasing or extending such assessments, fees and charges.

In the case of assessments, fees and charges, in most instances, in the event that the City is unable to collect revenues relating to specific programs as a consequence of Proposition 218, the City will curtail such



services rather than use amounts in the General Fund to finance such programs. However, no assurance can be given that the City may or will be able to reduce or eliminate such services to avoid new costs for the City General Fund in the event that the assessments, fees or charges which presently finance them are reduced or repealed.

Proposition 218 also extends the initiative power to reducing or repealing any local taxes, assessments, fees and charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and is not limited to property-related taxes or other charges, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the City’s General Fund.

Although a portion of the City’s General Fund revenues are derived from general taxes purported to be governed by Proposition 218, as discussed under the caption “CITY FINANCIAL INFORMATION,” the City believes that all of such taxes were imposed in accordance with the requirements of Proposition 218.

### **Unitary Property**

Some amount of property tax revenue of the City is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“**unitary property**”). Under the State Constitution, such property is assessed by the SBE as part of a “going concern” rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the City) according to a statutory formula that is generally based on the distribution of taxes in the prior year.

### **Proposition 1A**

As part of former Governor Schwarzenegger’s agreement with local jurisdictions, Senate Constitutional Amendment No. 4 was enacted by the State Legislature and subsequently approved by the voters as Proposition 1A (“**Proposition 1A**”) at the November 2, 2004 general election. Proposition 1A amended the State Constitution to, among other things, reduce the State Legislature’s authority over local government revenue sources by placing restrictions on the State’s access to local governments’ property, sales, and VLF revenues as of November 3, 2004. Beginning with Fiscal Year 2008-09, the State was entitled to borrow up to 8% of local property tax revenues, but only if the Governor proclaimed that such action was necessary due to a severe State fiscal hardship and two-thirds of both houses of the State Legislature approved the borrowing. The amount borrowed was required to be paid back within three years with interest. The State also was not able to borrow from local property tax revenues for more than two Fiscal Years within a period of ten Fiscal Years. In addition, the State could not reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the Statewide local sales tax.

The Fiscal Year 2009-10 State budget included a Proposition 1A diversion of \$1.935 billion in local property tax revenues from cities, counties, and special districts to the State to offset State General Fund spending. Such diverted revenues were required to be repaid, with interest, by no later than June 30, 2013. Many provisions of Proposition 1A were superseded by Proposition 22. See the caption “—Proposition 22.”



## Proposition 22

On November 2, 2010, State voters approved Proposition 22, which eliminates the State's ability to borrow or shift local revenues and certain State revenues that fund transportation programs. It restricts the State's authority over a broad range of tax revenues, including property taxes allocated to cities (including the City), counties and special districts, the VLF, State excise taxes on gasoline and diesel fuel, the State sales tax on diesel fuel and the former State sales tax on gasoline. It also makes a number of significant other changes, including restricting the State's ability to use motor vehicle fuel tax revenues to pay debt service on voter-approved transportation bonds. Proposition 22 superseded certain provisions of Proposition 1A. See the captions "— Proposition 1A" and "CITY FINANCIAL INFORMATION—Property Taxes."

## Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amended Article XIII C of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs of a local government for issuing licenses and permits, performing investigations, inspections and audits, enforcing agricultural marketing orders and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

## Future Initiatives

Articles XIII A and XIII B and Propositions 62, 218, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. The limitations imposed upon the City by these provisions hinder the City's ability to raise revenues through taxes or otherwise and may therefore prevent the City from meeting increased expenditure requirements. From time to time other initiative measures could be adopted, further affecting the City's current revenues or its ability to raise and expend revenues. Any such future initiatives could have a material adverse effect on the City's financial condition.

## TAX MATTERS

In the opinion of Kutak Rock LLP, Irvine, California ("**Bond Counsel**"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Bonds is *not* excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), but is exempt from State of California personal income tax.

With certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue



price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Beneficial Owner of a Bond will increase the Beneficial Owner's basis in the Bond. Beneficial Owners of the Bonds should consult their own tax advisors with respect to taking into account any original issue discount on the Bonds.

The amount by which a Bond Beneficial Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Beneficial Owner of a Bond may elect to amortize under Section 171 of the Code; such amortizable bond premium reduces the Bond Beneficial Owner's basis in the applicable Bond (and the amount of taxable interest received with respect to the Bonds), and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Bond Beneficial Owner realizing a taxable gain when a Bond is sold by the Beneficial Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Beneficial Owner. The Beneficial Owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect such premium under Section 171 of the Code.

In the event of a legal defeasance of the Bonds, such Bonds might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Beneficial Owner generally equal to the difference between the amount deemed realized from the deemed prepayment and reissuance and the Beneficial Owner's adjusted tax basis in such Bond.

The tax discussion set forth above is included for general information only and may not be applicable depending upon a Bond Owner's particular situation. The ownership and disposal of the Bonds and the accrual or receipt of interest on the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. **BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE BONDS AND THE TAXPAYER'S PARTICULAR CIRCUMSTANCES.**

A copy of the proposed form of opinion of Bond Counsel with respect to the Bonds is set forth in Appendix D.

## **VALIDATION**

On December 10, 2020, the City, acting pursuant to the provisions of Section 860 *et seq.* of the California Code of Civil Procedure, filed the Validation Petition in the Court seeking judicial validation of the transactions relating to the CalPERS Contract and the Bonds and certain other matters. On June 15, 2021, the court entered the Validation Judgment to the effect, among other things that: (i) the Trust Agreement will be a valid, legal and binding obligation of the City and the approval thereof was in conformity with applicable provisions of law; and (ii) the City has the authority under State law to provide for the refunding of its Pension Liability by issuing the Bonds and applying the proceeds of the Bonds to the retirement of its Pension Liability. Pursuant to Section 870 of the California Code of Civil Procedure, the last day to timely file a notice of appeal to the Validation Judgment was July 15, 2021. On July 15, 2021, the judgment became binding and conclusive in accordance with State law. The City is unaware of any threatened challenge to the Validation Judgment. In issuing its approving opinion, Bond Counsel will rely, among other things, upon the Validation Judgment.

## **CERTAIN LEGAL MATTERS**

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is set forth in Appendix D. Certain additional matters will be passed upon by Kutak Rock LLP, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by its City Attorney, for the Underwriter by its counsel, Stradling Yocca



Carlson & Rauth, a Professional Corporation, and for the Trustee by its counsel. Bond Counsel has not undertaken any responsibility to the owners of the Bonds for the accuracy, completeness or fairness of this Official Statement or other offering materials relating to the Bonds, and expresses no opinion relating thereto.

Bond Counsel and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the Bonds. Counsel to the Underwriter will receive compensation contingent upon the issuance of the Bonds.

## LITIGATION

To the best knowledge of the City there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the execution and delivery or the issuance of the Bonds or the execution and delivery of the Trust Agreement, or in any way contesting or affecting the validity of any of the foregoing or any proceedings of the City taken with respect to any of the foregoing.

There are a number of lawsuits and claims pending against the City. In the opinion of the City Attorney, such other lawsuits and claims which are presently pending will not have a material adverse effect on the ability of the City to pay the principal of and interest on the Bonds.

## RATING

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("**S&P**") has assigned the Bonds the rating of "\_\_\_\_\_."

A rating is not a recommendation to buy, sell or hold securities. Future events, including the impacts of the COVID-19 pandemic that is described under the caption "THE CITY—COVID-19 Pandemic," could have an adverse impact on the rating of the Bonds, and there is no assurance that any credit rating that is given to the Bonds will be maintained for any period of time or that a rating may not be qualified, downgraded, lowered or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant, nor can there be any assurance that the criteria required to achieve the rating on the Bonds will not change during the period that the Bonds remain outstanding.

Any qualification, downward revision, lowering or withdrawal of the ratings on the Bonds may have an adverse effect on the market price of the Bonds. Such ratings reflect only the current views of S&P (which could change at any time), and an explanation of the significance of such ratings may be obtained from S&P. Generally, S&P bases its ratings on information and materials furnished to them (which may include information and material from the City that is not included in this Official Statement) and on investigations, studies and assumptions by S&P.

The City has covenanted in the Continuing Disclosure Certificate to file notices of any rating changes on the Bonds with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. See the caption "CONTINUING DISCLOSURE" and Appendix E. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from S&P prior to such information being provided to the City and prior to the date by which the City is obligated to file a notice of rating change. Purchasers of the Bonds are directed to S&P and its website and official media outlets for the most current ratings with respect to the Bonds after the initial issuance of the Bonds.

## CONTINUING DISCLOSURE

The City has covenanted in a Continuing Disclosure Certificate, dated the date of issuance of the Bonds (the "**Continuing Disclosure Certificate**"), for the benefit of the Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the City by not later than each [March 31] following the end of the City's Fiscal Year (currently its Fiscal Year ends on June 30) (the "**Annual Report**"),



and to provide notices of the occurrence of certain enumerated events. The Annual Report and the notices of enumerated events will be filed by the City with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events is set forth in Appendix E. These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12, as amended.

### UNDERWRITING

The Bonds are being purchased by Hilltop Securities Inc. (the "**Underwriter**"), pursuant to a purchase agreement, dated the date hereof, by and between the City and the Underwriter. The Underwriter will purchase the Bonds from the City at an aggregate purchase price of \$\_\_\_\_\_, representing the principal amount of the Bonds less \$\_\_\_\_\_ of Underwriter's discount.

The initial public offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

### MUNICIPAL ADVISOR

The City has retained NHA Advisors LLC, San Rafael, California (the "**Municipal Advisor**") as its municipal advisor in connection with the sale of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained herein.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

### MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Bonds and the Trust Agreement and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies of the Trust Agreement, in reasonable quantities, may be obtained during the offering period from the Underwriter and thereafter upon request to the principal corporate trust office of the Trustee. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement has been duly authorized by the City. This Official Statement is not to be construed as a contract or an agreement between the City and the purchasers or owners of any of the Bonds.

CITY OF NATIONAL CITY

By: \_\_\_\_\_  
City Manager



**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020**



## APPENDIX B

### ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF NATIONAL CITY

*This Appendix sets forth general information about the City of National City (the “City”) including information with respect to its finances. The following information concerning the, the County of San Diego (the “County”) and the State of California (the “State”) is included only for general background purposes. It is not intended to suggest that the Bonds are payable from any source other than the moneys that are described herein.*

*Most of the information in this Appendix is dated prior to the onset of the COVID-19 pandemic, which has had a significant adverse impact on the nation, State and local economy, including, but not limited to, a dramatic increase in unemployment levels. See the captions “THE CITY—COVID-19 Pandemic” and “RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City.”*

#### General Information

The City is located in southwestern San Diego County, bordered by the City of San Diego to the north and east, San Diego Bay to the west, and the City of Chula Vista to the South. The City encompasses approximately 9.2 square miles has an estimated 2021 population of 62,749.

The City was incorporated in 1887 and functions as a general law city and operates under a Council/Manager form of government. The City is governed by a five-member Council and a Mayor, who serves four-year overlapping terms, and, in addition to the City Treasurer and City Clerk, is elected on a citywide basis.

The City Council appoints the City Manager and the City Attorney. Municipal services provided include a full range of services including general government, public safety (police, fire, disaster preparedness and building inspection), construction and maintenance of the City’s infrastructure, economic development, affordable housing, cultural and recreational programs, library and literacy programs, and senior and nutrition services.

#### Population

The City has an estimated current population of 62,749. The table below sets forth recent total population information for the City, the County of San Diego and the State of California (the “State”).

**Table B-1**  
**City of National City, County of San Diego and State of California**  
**Population**

<i>January 1</i>	<i>City of National City</i>	<i>County of San Diego</i>	<i>State of California</i>
2016	61,437	3,283,009	39,103,587
2017	61,802	3,303,366	39,352,398
2018	62,673	3,321,118	39,519,535
2019	62,701	3,333,319	39,605,361
2020	62,496	3,331,279	39,648,938
2021	62,749	3,315,404	39,466,855

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and State, 2011-2021, with 2010 Census Benchmark.



## Employment and Industry

The table below summarizes recent civilian labor force, civilian employment and civilian unemployment figures in the City, the County, the State and the United States.

**Table B-2**  
**City of National City, County of San Diego, State of California and United States**  
**Labor Force, Employment and Unemployment Yearly Average**

<i>Year and Area</i>	<i>Civilian Labor Force</i>	<i>Civilian Employment<sup>(1)</sup></i>	<i>Civilian Unemployment<sup>(2)</sup></i>	<i>Civilian Unemployment Rate<sup>(3)</sup></i>
2015				
National City	24,500	22,900	1,600	6.6%
San Diego County	1,548,600	1,468,100	80,500	5.2
California	18,828,800	17,660,700	1,168,100	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
National City	24,700	23,100	1,600	6.3%
San Diego County	1,563,000	1,489,100	73,900	4.7
California	19,021,200	17,980,100	1,041,100	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
National City	24,700	23,300	1,400	5.5%
San Diego County	1,572,800	1,509,600	63,200	4.0
California	19,176,400	18,257,100	919,300	4.8
United States	160,381,000	153,861,000	6,520,000	4.1
2018				
National City	24,700	23,600	1,100	4.6%
San Diego County	1,581,500	1,528,100	53,500	3.4
California	19,280,800	18,460,700	820,100	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
National City	24,700	23,700	1,100	4.3%
San Diego County	1,590,600	1,539,900	50,700	3.2
California	19,411,600	18,627,400	784,200	4.0
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
National City	24,700	21,600	3,100	12.6%
San Diego County	1,538,000	1,396,500	141,800	9.2
California	18,821,200	16,913,100	1,908,100	10.1
United States	160,742,000	147,795,000	12,947,000	8.1

(1) Includes persons involved in labor-management trade disputes.

(2) Includes all persons without jobs who are actively seeking work.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: California Employment Development Department. March 2020 Benchmark. U.S. Department of Labor, Bureau of Labor Statistics.



The table below sets forth recent industry employment and labor force for the San Diego-Carlsbad MSA Metropolitan Statistical Area (the “MSA”). Annual industry employment information is not compiled by sector for the City.

**Table B-3**  
**San Diego-Carlsbad MSA**  
**Industry Employment and Labor Force**  
**Annual Average**

<i>Type of Employment</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Total Farm	9,100	8,900	8,700	9,300	9,700	9,200
Mining and Logging	300	300	300	300	300	200
Construction	69,900	76,300	79,500	83,700	84,000	82,000
Manufacturing	106,600	108,400	109,400	112,300	115,700	113,800
Wholesale Trade	44,100	43,700	43,800	43,800	44,000	41,000
Retail Trade	146,800	147,500	149,000	148,000	145,800	134,200
Transportation, Warehousing and Utilities	28,400	29,700	32,000	33,300	34,300	33,300
Information	23,400	23,200	23,400	23,600	23,500	22,100
Financial Activities	71,400	73,000	74,600	76,000	76,500	74,300
Professional and Business Services	229,500	234,700	239,100	249,000	255,700	247,700
Educational and Health Services	192,700	198,700	204,300	208,900	216,600	210,200
Leisure and Hospitality	182,400	190,400	195,600	199,600	201,700	144,900
Other Services	53,200	54,400	55,000	55,500	56,400	44,500
Government	<u>236,200</u>	<u>242,200</u>	<u>246,300</u>	<u>248,100</u>	<u>248,600</u>	<u>237,100</u>
Total, All Industries	<u>1,393,900</u>	<u>1,431,500</u>	<u>1,461,000</u>	<u>1,491,500</u>	<u>1,512,900</u>	<u>1,394,500</u>

Note: The “Total All Industries” data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, San Diego-Carlsbad MSA Industry Employment & Labor Force - by Annual Average, March 2020 Benchmark.



## Major Employers

The table below sets forth the principal employers in the City as of June 30, 2021.

**Table B-4**  
**City of National City**  
**Principal Employers**

<i>Employer</i>	<i>Number of Employees</i>
Paradise Valley Hospital	1,000-4,999
City of National City	250-499
Intercontinental Hotels Group	250-499
Macy's	250-499
MDI Interviewing Svc	250-499
Nms Management	250-499
Walmart Supercenter	250-499
A&E Industries	100-249
Ball Auto Group	100-249
Builders First Source	100-249
Costco Wholesale	100-249
Cumming Chevrolet	100-249
Frank Toyota	100-249
Mossy Nissan National City	100-249
National City Middle School	100-249
Nova Commercial	100-249
Paradise Valley Healthcare	100-249
Perry Ford	100-249
Sweetwater High School	100-249
Westcott Mazda	100-249

Source: Data Axel Reference Solutions.

## Commercial Activity

The table below presents taxable sales for the years 2016 through 2020 for the City.

**Table B-5**  
**City of National City**  
**Total Taxable Transactions and Number of Sales Permits<sup>(1)</sup>**

<i>Year</i>	<i>Retail and Food Permits</i>	<i>Retail and Food Taxable Transactions</i>	<i>Total Permits</i>	<i>Total Outlets Taxable Transactions</i>
2016	1,329	1,378,115,414	1,887	1,567,636,997
2017	1,359	1,385,901,457	1,907	1,583,925,169
2018	1,382	1,408,863,323	1,985	1,614,530,295
2019	1,416	1,422,249,421	2,046	1,654,200,673
2020	1,516	1,248,214,675	2,231	1,461,106,645

<sup>(1)</sup> Reflects latest information available.

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2016-2020.



**Table B-6  
City of National City  
Taxable Retail Sales<sup>(1)</sup>**

<i>Type of Business</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020</i>
Motor Vehicle & Parts Dealers	\$1,199,586	\$1,150,287	\$1,111,110	\$1,131,771	\$1,089,893
Home Furnishings & Appliance Stores	68,332	67,218	67,419	62,289	46,157
Building Materials & Garden Equipment & Supplies	109,294	143,487	161,718	119,876	140,734
Food & Beverage Stores	76,279	78,420	80,561	83,362	91,420
Gasoline Stations	130,533	138,889	169,870	190,157	137,039
Clothing & Clothing Accessories Stores	350,229	356,381	361,322	365,682	234,133
General Merchandise Stores	321,565	319,741	327,085	332,791	283,841
Food Services & Drinking Places	345,284	357,860	393,768	415,495	350,095
Other Retail Group	155,130	159,520	144,874	143,075	123,118
Retail Stores Totals	2,756,231	2,771,803	2,817,727	2,844,499	2,496,429
All Other Outlets	379,043	396,047	411,334	463,903	425,784
Total All Outlets	\$3,135,274	\$3,167,850	\$3,229,061	\$3,308,401	\$2,922,213

<sup>(1)</sup> Reflects latest information available.

<sup>(2)</sup> Dollar amounts are in thousands.

Source: California State Board of Equalization. CDTFA

**Building Activity**

The table below summarizes recent building activity in the City, reflecting the latest available information.

**Table B-7  
City of National City  
Building Permit Valuations  
(in thousands of dollars)**

<i>Type</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
<u>Valuation (\$000's)</u>					
Residential:	\$	\$	\$	\$	\$
Non-Residential:					
Total Valuation:	\$	\$	\$	\$	\$

*New Housing Units:*

Single Family  
Multi Family  
Total Units:

Note: Totals may not add to sums because of independent rounding.

Source: Construction Industry Research Board.



## APPENDIX C

### SUMMARY OF CERTAIN PROVISIONS OF THE TRUST AGREEMENT

*The following is a summary of certain provisions of the Trust Agreement that are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the applicable document for a full and complete statement of the provisions thereof.*



**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

[Closing Date]

City Council  
City of National City  
National City, California

Re:     \$ \_\_\_\_\_ *City of National City 2021 Taxable Pension Obligation Bonds*

Ladies and Gentlemen:

We have examined certified copies of proceedings of the City of National City (the “City”) relative to the issuance and sale by the City of its 2021 Taxable Pension Obligation Bonds in the aggregate principal amount of \$ \_\_\_\_\_ (the “Bonds”), and such other information and documents as we consider necessary to render this opinion.

The Bonds have been issued pursuant to the authority contained in Articles 10 and 11 of Chapter 3 of Division 2 of Title 5 of the Government Code of the State of California, as now in effect and as it may from time to time hereafter be amended or supplemented, and the Trust Agreement, dated as of \_\_\_\_\_ 1, 2021 (the “Trust Agreement”), by and between the City and \_\_\_\_\_ as trustee (the “Trustee”).

The Bonds have been issued for the purpose of refunding the City’s obligations to the California Public Employees Retirement System (“CalPERS”) evidenced by the contract between the Board of Administration of CalPERS and the City Council of the City, effective October 1, 1948, as such contract has been amended from time to time, to pay unamortized, unfunded accrued liability with respect to pension benefits under the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code.

In such connection, we have reviewed the Trust Agreement, certificates of the City, the Trustee, and others, opinions of City Attorney and counsel to the Trustee, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. In rendering this opinion, we have relied upon certain representations of fact and certifications made by the City, the initial purchasers of the Bonds and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions, including the default judgment entered on June 15, 2021 by the Superior Court of the County of San Diego in the action City of National City, California v. All Persons Interested et al. (Case No. 37-2020-00045564-CU-MC-CTL) and cover certain matters that are not directly addressed by such authorities. The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as to the Bonds terminates as of the date of issuance of the Bonds.

The Bonds are dated the date hereof, and mature on the dates and bear interest at the rates per annum set forth in the Trust Agreement. The Bonds are registered bonds in the forms set forth in the Trust Agreement, redeemable in the amounts, at the times and in the manner provided for in the Trust Agreement. All terms which are not defined herein have the meanings ascribed to those terms in the Trust Agreement.



Based upon our examination of all of the foregoing, and in reliance thereon and on all matters of fact as we deem relevant under the circumstances, and upon consideration of applicable laws, we are of the opinion that:

1. The Trust Agreement has been duly authorized, executed and delivered by the City and, assuming due authorization, execution and delivery by the Trustee, constitutes the valid and binding obligation of the City enforceable in accordance with its terms.

2. The Bonds have been duly authorized and issued by the City and are valid and binding obligations of the City enforceable in accordance with their terms. The Bonds do not constitute a debt of the City, the State of California or any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and do not constitute an obligation for which the City, the State of California or any political subdivision thereof is obligated to levy or pledge any form of taxation or for which the City, the State of California or any political subdivision thereof has levied or pledged any form of taxation.

3. Upon issuance and authentication of the Bonds in accordance with the Trust Agreement, the Bonds will be entitled to the benefits of the Trust Agreement.

4. Interest on the Bonds is exempt from State of California personal income tax.

The opinions that are expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement with respect to the Bonds terminates on the date of their issuance. The Trust Agreement permits certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

Our opinion is limited to matters governed by the laws of the State of California. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions that are expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Trust Agreement and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State; provided, however, that we express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the Bonds or the Trust Agreement.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds and expressly disclaim any duty to advise the Owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,



## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

*Upon issuance of the Bonds, the City proposes to enter into a Continuing Disclosure Certificate in substantially the following form:*

This Continuing Disclosure Certificate (the “**Disclosure Certificate**”) is executed and delivered by the City of National City (the “**City**”) in connection with the issuance by the City of its \$\_\_\_\_\_ 2021 Taxable Pension Obligation Bonds (the “**Bonds**”). The Bonds are being issued pursuant to a Trust Agreement, dated as of \_\_\_\_\_, 2021 (the “**Trust Agreement**”), by and between the City and \_\_\_\_\_, as trustee (the “**Trustee**”). The City covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions that are set forth in the Trust Agreement, which apply to any capitalized term that is used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Financial Obligation. The term “Financial Obligation” means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of June of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated \_\_\_\_\_, 2021 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.



3. Provision of Annual Reports.

(a) The City shall provide not later than each [March 31] following the end of its Fiscal Year (commencing [March 31], 2022 with the Fiscal Year 2020-21 Annual Report) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate.

(b) If the City is unable to provide to EMMA an Annual Report by the date required in subsection (a), the City shall send in a timely manner to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the City for the prior Fiscal Year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) To the extent not included in the audited financial statements provided pursuant to the foregoing Section 4(a), the Annual Report shall contain the following information:

(i) Major Revenues and Fees by Source [for the current fiscal year], which may be in the form of Table 4 set forth under the caption "CITY FINANCIAL INFORMATION—Tax Revenues of the City" in the Official Statement;

(ii) Total property assessed values within the City for the current fiscal year, which may be in the form of Table 5 set forth under the caption "CITY FINANCIAL INFORMATION—Property Taxes" in the Official Statement;

(iii) Property tax levies and collections [for the current fiscal year], which may be in the form of Table 7 set forth under the caption "CITY FINANCIAL INFORMATION—Property Taxes" in the Official Statement;

(iv) Top ten secured taxpayers within the City [for the current fiscal year], which may be in the form of Table 8 set forth under the caption "CITY FINANCIAL INFORMATION—Property Taxes" in the Official Statement; and

(v) Summary of General Fund-Supported Obligations as of the end of the prior Fiscal Year, which may be in the form of Table 9 set forth under the caption "CITY FINANCIAL INFORMATION—Other Indebtedness."

The items described above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the City shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.



(a) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings. Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person; and
10. default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5, the City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not more than ten (10) Business Days after occurrence:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. Bond calls;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;



7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material.

(c) If the City determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

6. Termination of Obligation. The City's obligations under this Disclosure Certificate with respect to the Bonds shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If any such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if the City has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

9. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Holders or Beneficial Owners of at least 50% aggregate principal amount of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the City satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the City shall have refused to comply therewith within a reasonable time.

10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: \_\_\_\_\_, 2021

CITY OF NATIONAL CITY

By: \_\_\_\_\_  
Its: City Manager



## APPENDIX F

### BOOK-ENTRY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the City and the Underwriter believe to be reliable, but none of the City or the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, premium, if any, accreted value, if any, and interest on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered bond will be issued for each annual maturity of the Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.



Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Bond Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Trustee's DTC account. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.



**RESOLUTION NO. 2021-**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, APPROVING THE FORM AND AUTHORIZING THE EXECUTION OF AN OFFICIAL STATEMENT AND CONTINUING DISCLOSURE CERTIFICATE RELATING TO THE ISSUANCE OF TAXABLE PENSION OBLIGATION BONDS AND APPROVING ADDITIONAL ACTIONS RELATED THERETO**

**WHEREAS**, the City of National City (the “City”) has previously adopted Resolution No. 2020-201 on October 20, 2020 approving the issuance of the City of National City 2021 Taxable Pension Obligation Bonds in an aggregate principal amount not to exceed \$135,000,000 (the “Bonds”), approving the form and authorizing the execution of a Trust Agreement by and between the City and a trustee to be selected by the City (the “Trustee”) and a Bond Purchase Agreement by and between the City and an underwriter or underwriters to be selected by the City, and authorizing the filing of judicial validation proceedings relating to the issuance of the Bonds and approving additional actions related thereto; and

**WHEREAS**, the City desires to approve the form of and authorize the execution of an Official Statement and Continuing Disclosure Certificate relating to the Bonds.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NATIONAL CITY, CALIFORNIA, DOES RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

**Section 1.** The City Council does hereby find and declare that the above recitals are true and correct.

**Section 2.** The form of the Preliminary Official Statement, presented to the City Council at this meeting and on file with the City Clerk, is hereby approved. The City Manager, the Assistant City Manager, the Administrative Services Director, or their written designees (the “Authorized Officers”) are hereby authorized to make such changes to the Preliminary Official Statement as are necessary to make it final as of its date and are authorized and directed to execute and deliver a certificate deeming the Preliminary Official Statement final as of its date in accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934. Each of the Authorized Officers is hereby authorized and directed to execute, approve and deliver the final Official Statement, in the form of the Preliminary Official Statement with such changes, insertions and omissions as the Authorized Officer executing said document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof by one or more of the Authorized Officers.

///



**Section 3.** The form of the Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), presented to the City Council at this meeting and on file with the City Clerk, is hereby approved. Each of the Authorized Officers is hereby authorized and directed, for and in the name and on behalf of the City, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Officer executing such document may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

**Section 4.** The Authorized Officers are, and each of them hereby is, authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereby.

**Section 5.** This Resolution shall take effect from and after the date of approval and adoption hereof.

**Section 6:** The City Clerk shall certify the passage and adoption of this Resolution and enter it into the book of original Resolutions

**PASSED and ADOPTED this 19th day of October, 2021.**

\_\_\_\_\_  
Alejandra Sotelo-Solis, Mayor

**ATTEST:**

\_\_\_\_\_  
Luz Molina, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Charles E. Bell Jr., City Attorney



The following page(s) contain the backup material for Agenda Item: [City Manager Report.  
\(City Manager\)](#)

Please scroll down to view the backup material.



Item # \_\_\_\_  
10/19/21

**City Manager Report**

**(City Manager)**



The following page(s) contain the backup material for Agenda Item: [Proposal to name new park Dolores Huerta Park and Community Garden.](#)  
Please scroll down to view the backup material.



**Item # \_\_\_\_**  
**10/19/21**

**Proposal to name new park**  
**Dolores Huerta Park and Community Garden**





## CITY COUNCIL ITEM REQUEST

The City Council Item Request Form is for members of the City Council to submit written requests to the City Manager's Office for inclusion of an item on a future City Council Meeting Agenda. At the meeting where the initial written request is heard, discussion should be limited to whether the item should be added to an agenda and a date, not the merit of the item. A majority vote of the City Council is required for the item to be added to a future City Council Meeting Agenda for action.

Requesting Member of City Council: Mayor Sotelo-Solis

Today's Date: October 12, 2021

Is this matter considered Time-Sensitive by another entity deadline? Yes

### **WRITTEN REQUEST**

I, Mayor Sotelo-Solis, hereby request that the following item be placed on the City of National City – City Council meeting agenda for consideration.

Proposal to name new park Dolores Huerta Park and Community Garden

Dolores Huerta is a American Labor Leader and Civil Rights Activist who, with Cesar Chavez, is a co-founder of the National Farmworkers Association aka United Farm Workers. I would like the City Council to consider naming the new park along Paradise Creek the Dolores Huerta Park in her honor. This request is time-sensitive as I would like to be able to announce this decision at the November 6 ribbon cutting ceremony. To initiate, with City Council consensus to direct staff prepare a November 2 staff report to discuss the details.