



CITY COUNCIL  
HOUSING AUTHORITY AND  
SUCCESSOR AGENCY TO THE EL CAJON  
REDEVELOPMENT AGENCY

Council Chamber  
200 Civic Center Way  
El Cajon, CA 92020

## Agenda

NOVEMBER 10, 2020, 3:00 p.m.

**Please note that, pursuant to the State of California Governor's Executive Order N-29-20, and in the interest of the public health and safety, members of the City Council and Staff may attend the meeting telephonically.**

**Further, Orders from the San Diego County Health Officer prevent persons other than City officials and essential employees to be physically present.**

**In accordance with the Executive Order, and in compliance with the County Health Officer's Orders, the public may view the meeting on the City's website. Please visit <https://www.cityofelcajon.us/videostreaming> for more details.**

**To submit comments on an item on this agenda, or a Public Comment, please visit the City's website at <https://www.cityofelcajon.us/videostreaming>. Comments will be accepted up to the conclusion or the vote of each item. Comments will be limited to 300 words and will be entered into the official Council Meeting Record. The City Council will endeavor to include all comments prior to taking action.**

**If you find that you are unable to submit a comment through the website, please contact the City Clerk's Office at (619) 441-1763, not later than 2:30 p.m. prior to the start of the City Council Meeting.**

**Should technical difficulties arise, they will be resolved as soon as possible.**

Bill Wells, Mayor  
Phil Ortiz, Deputy Mayor  
Steve Goble, Councilmember  
Gary Kendrick, Councilmember  
Bob McClellan, Councilmember

Graham Mitchell, City Manager  
Vince DiMaggio, Assistant City Manager  
Morgan Foley, City Attorney  
Angela Cortez, City Clerk

**CALL TO ORDER: Mayor Bill Wells**

**ROLL CALL: City Clerk Angela Cortez**

**PLEDGE OF ALLEGIANCE TO FLAG AND MOMENT OF SILENCE**

**POSTINGS:** The City Clerk posted Orders of Adjournment of the October 27, 2020, Meeting and the Agenda of the November 10, 2020, Meeting in accordance to State Law and Council/Authority/Successor Agency to the Redevelopment Agency Policy.

**PRESENTATIONS:**

**AGENDA CHANGES:**

**CONSENT ITEMS:**

Consent Items are routine matters enacted by one motion according to the RECOMMENDATION listed below. With the concurrence of the City Council, a Council Member or person in attendance may request discussion of a *Consent Item* at this time.

1. Minutes of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meeting

**RECOMMENDATION:**

That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency approves Minutes of the October 27, 2020, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

2. Warrants

RECOMMENDATION:

That the City Council approves payment of Warrants as submitted by the Finance Department.

3. Approval of Reading Ordinances by Title Only

RECOMMENDATION:

That the City Council approves the reading by title and waives the reading in full of all Ordinances on the Agenda.

4. Approve a Temporary Reduction in the Franchise Fees Charged to Commercial Accounts as Provided in the Collection Services Agreement and Franchise for the Provision of Residential and Commercial Garbage, Recyclable Materials, and Organic Waste Collection Services

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to:

1. Authorize a temporary reduction of the franchise fees charged to commercial accounts as provided in the Collection Services Agreement and Franchise for the Provision of Residential and Commercial Garbage, Recyclable Materials and Organic Waste Collection Services between the City of El Cajon and EDCO Disposal Corporation; and
2. Direct EDCO Disposal Corporation to make such adjustments as approved by the City Council.

5. July – September 2020 Quarterly Treasurer’s Reports

RECOMMENDATION:

That the City Council receives the Treasurer’s Reports for the quarter ending September 30, 2020.

6. Reject and Re-Bid of Bid No. 012-21 – Debris Collection Services

RECOMMENDATION:

That the City Council adopts the next Resolutions, in order, to:

1. Reject all bids and authorize re-bidding the project with revised specifications; and
2. Extend the current agreement with the East County Transitional Living Center for three months in the amount of \$19,500.

7. Acceptance of Public Improvements for Tentative Subdivision Map (TSM) 653; 619 and 623 South Lincoln Avenue.

**RECOMMENDATION:**

That the City Council accepts the improvements and authorizes the City Clerk to release the security guaranteeing the improvements in accordance with the subdivision agreement, and requires the developer to maintain insurance in force until the release of all bonds for the project.

8. El Cajon Police Officers' Association Side Letter Agreement: Field Training Officer Incentive Pay

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to approve and authorize the terms and conditions of the Field Training Officer (FTO) Pay Side Letter Agreement between the City and the El Cajon Police Officers' Association (POA).

9. Acceptance of Improvements for Tentative Subdivision Map (TSM) 502 - Park Avenue Subdivision.

**RECOMMENDATION:**

That the City Council accepts the improvements and authorizes the City Clerk to release the security guaranteeing the improvements in accordance with the subdivision agreement, and requires the developer to maintain insurance in force until the release of all bonds for the project.

**PUBLIC COMMENT:**

At this time, any person may address a matter within the jurisdiction of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency that is not on the Agenda. Comments relating to items on today's docket are to be taken at the time the item is heard. State law prohibits discussion or action on items not on the Agenda; however, Council, Authority and Agency Members may briefly respond to statements or questions. An item may be placed on a future Agenda.

**WRITTEN COMMUNICATIONS:**

## **PUBLIC HEARINGS:**

10. First Amendment to FY 2020-21 One-Year Action Plan to Reallocate Available CDBG Funds (Crisis House, Inc.)

### **RECOMMENDATION:**

That the City Council:

1. Opens the public hearing and accepts public testimony for the 1<sup>st</sup> Amendment to the FY 2020-21 One-Year Action Plan;
2. Closes the public hearing; and
3. Adopts the next Resolution, in order, Amending the FY 2020-21 One-Year Action Plan to:
  - a. Re-allocate and appropriate \$700,000 in identified Community Development Block Grant (CDBG) Funds to Crisis House, Inc., for assistance with property acquisition to provide CDBG-eligible services to East County residents; and
  - b. Authorize the City Manager, or designee, to enter into an agreement with Crisis House, Inc., for the use of funds for real property acquisition, make the necessary changes to the One-Year Action Plan, and submit all required documentation to the U.S. Department of Housing and Urban Development.

## **ADMINISTRATIVE REPORTS:**

11. Approval of Pension Obligation Bonds

### **RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to approve the Preliminary Official Statement prepared for the issuance of Pension Obligation Bonds, approve the issuance of the Pension Obligation Bonds, and approve associated documents.

12. Main Street Green Street – Project Update

### **RECOMMENDATION:**

That the City Council receives the Main Street Green Street Project update and provides feedback on the proposed project.

13. El Cajon Boulevard Streetscape Improvements - Project Update

### **RECOMMENDATION:**

That the City Council receives the El Cajon Boulevard Streetscape Improvements project update and provides feedback on the proposed project.

14. Cal OES Type III Brush Engine Assignment

RECOMMENDATION:

That the City Council adopts the next Resolution, in order, to;

1. Authorize the City Manager or designee to accept assignment of vehicular equipment for the purpose of responding to incidents in furtherance of the California Fire Service Rescue Emergency Mutual Aid Plan; and
2. To execute any documents and agreements necessary to obtain the vehicular equipment assignment.

15. COVID-19 Status Report

RECOMMENDATION:

No action required.

16. Extending COVID-19 Relief Measures

RECOMMENDATION:

That the City Council considers extending COVID-19 relief measures to businesses and residents.

**COMMISSION REPORTS:**

**ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:**

SANDAG (San Diego Association of Governments) Board of Directors; SANDAG – Audit Committee, San Diego Division; Heartland Fire Training JPA – Alternate; League of California Cities, San Diego Division; LAFCO.

17. Council Activity Report

**ACTIVITIES REPORTS/COMMENTS OF COUNCILMEMBERS:**

18. **COUNCILMEMBER GARY KENDRICK**

METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA.; East County Advanced Purification JPA.

19. **COUNCILMEMBER BOB MCCLELLAN**

MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate

20. **COUNCILMEMBER STEVE GOBLE**  
SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Advanced Purification JPA - Alternate.
21. **DEPUTY MAYOR PHIL ORTIZ**  
East County Economic Development Council.

**JOINT COUNCILMEMBER REPORTS:**

22. Regain Local Control from State Legislature

**RECOMMENDATION:**

That the City Council concurs to unite with California Cities for Local Control and directs staff to prepare a resolution expressing support to strengthen local democracy, authority, and control as related to land use, housing and zoning issues.

**GENERAL INFORMATION ITEMS FOR DISCUSSION:**

**ORDINANCES: FIRST READING**

**ORDINANCES: SECOND READING AND ADOPTION**

**CLOSED SESSIONS:**

**ADJOURNMENT:** The Regular Joint Meeting of the El Cajon City Council/ El Cajon Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 10th day of November 2020, is adjourned to Tuesday, December 8, 2020, at 3:00 p.m.



City Council  
Agenda Report

Agenda Item 1.

**DATE:** November 10, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Angela Cortez, City Clerk

**SUBJECT:** Minutes of the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meeting

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**RECOMMENDATION:**

That the City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency approves Minutes of the October 27, 2020, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

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Attachments

10-27-20 DRAFT minutes - 3PM

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# JOINT MEETING OF THE EL CAJON CITY COUNCIL/HOUSING AUTHORITY/SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY



## MINUTES

### CITY OF EL CAJON EL CAJON, CALIFORNIA

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#### October 27, 2020

An Adjourned Regular Joint Meeting of the El Cajon City Council/Housing Authority/ Successor Agency to the El Cajon Redevelopment Agency, held Tuesday, October 27, 2020, was called to order by Deputy Mayor/Chair Ortiz at 3:00 p.m., in the Council Chambers, 200 Civic Center Way, El Cajon, California.

#### ROLL CALL

Council/Agencymembers via virtual platform: Goble, Kendrick and McClellan  
Council/Agencymembers absent: None  
Deputy Mayor/Vice Chair via virtual platform: Ortiz  
Mayor/Chair absent via virtual platform: Wells  
Other Officers present via virtual platform: Mitchell, City Manager/Executive Director  
DiMaggio, Assistant City Manager  
Foley, City Attorney/General Counsel  
Cortez, City Clerk/Secretary

**PLEDGE OF ALLEGIANCE TO FLAG led by Deputy Mayor Ortiz and MOMENT OF SILENCE.** (The Courts have concluded that sectarian prayer, as part of City Council Meetings, is not permitted under the Constitution).

**POSTINGS:** The City Clerk posted Orders of Adjournment of the October 13, 2020, Meeting and the Agenda of the October 27, 2020, Meeting in accordance with State Law and El Cajon City/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Policy.

**PRESENTATIONS:**

North Marshall Dog Park Virtual ribbon Cutting

**AGENDA CHANGES:** None

**CONSENT ITEMS: (1 – 5)**

1. Minutes of El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency Meetings

Approves Minutes of the October 13, 2020, Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency.

2. Warrants

Approves payment of Warrants as submitted by the Finance Department.

3. Approval of Reading Ordinances by Title only

Approves the reading by title and waives the reading in full of all Ordinances on the Agenda.

4. El Cajon Police Officers' Association Management Group (ECPOA-MG) 2017-2019 Memorandum of Understanding (MOU) Contract Amendment driven by CalPERS Compliance Review findings.

Approves the contract amendment for the ECPOA-MG 2017-2019 MOU.

**PULLED FOR DISCUSSION:**

5. 2020 Investment Policy Update

Adopts Resolution No. 107-20 adopting the City of El Cajon Investment Policy and delegating investment authorities to the Director of Finance/Authority Treasurer.

**CONSENT ITEMS: (Item 5 – Continued)**

**DISCUSSION**

Councilmember Goble suggested creating a policy to prohibit using city finances to invest in alcohol, tobacco and marijuana bonds.

City Manager Mitchell recommended accepting the Investment Policy, as presented, and staff will research, prepare, and present a policy for Council review by March 2021.

**MOTION BY GOBLE, SECOND BY ORTIZ, to APPROVE Consent Items 1 to 5.**

**MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT (WELLS – Absent).**

**PUBLIC COMMENT:**

Stephanie Harper submitted an online comment stating people should be represented by someone who lives in the same district. Ms. Harper asked what local laws are in effect to prevent district misrepresentation.

In answer to a question by Deputy Mayor Ortiz, City Attorney Foley stated that in the City of El Cajon Charter amendment, as voted on by El Cajon citizens, it is specified that the person selected for a district must live within the same district. Mr. Foley added that if someone is elected and is in fact not a resident of the district, an individual, a group or even the Council could challenge the win with the Attorney General.

In addition, City Manager Mitchell shared the current verification process for anyone running for a district election. Mr. Mitchell added that City Clerk Cortez is currently reviewing information that other cities have shared to have more extensive requirements to prove residency. More information will be provided to Council in the upcoming months.

**WRITTEN COMMUNICATIONS:** None

**PUBLIC HEARINGS:** None

**ADMINISTRATIVE REPORTS:**

6. Adoption of a Pension Funding Policy

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to approve a Pension Funding Policy.

**DISCUSSION**

City Manager Mitchell provided detailed information on the Item.

Finance Director, Clay Schoen, provided a detailed Pension Status Report.

Julio Morales, Managing Director of Urban Futures, Inc., and Municipal Advisor, provided detailed information on Pension Obligation Bonds.

Discussion ensued among Council and Staff concerning the following:

- Interest rates for pension obligation bonds;
- Implementation, timing, amounts to be used, are determined by staff;
- Concerns for a recession; and
- Factors that determine the credit rating a city would receive.

No comments were received for this Item.

**MOTION BY McCLELLAN, SECOND BY GOBLE, to ADOPT Resolution No. 108-20 to approve a Pension Funding Policy.**

**MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT (WELLS – Absent).**

7. Cooperative Agreement - Citywide Enterprise Resource Planning (ERP) Software

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to enter into an agreement for an Enterprise Resource Planning software program with Tyler Technologies, Inc., in the amount of \$1,867,266 for service through June 30, 2026, with the option to renew for five additional five-year terms.

**ADMINISTRATIVE REPORTS: (Item 7 – Continued)**

**DISCUSSION**

Information Technology Director, Sara Diaz, provided detailed information on the Item.

No comments were received for this Item.

**MOTION BY McCLELLAN, SECOND BY GOBLE, to ADOPT Resolution No. 109-20 to enter into an agreement for an Enterprise Resource Planning software program with Tyler Technologies, Inc., in the amount of \$1,867,266 for service through June 30, 2026, with the option to renew for five additional five-year terms.**

**MOTION CARRIED BY UNANIMOUS VOTE OF THOSE PRESENT (WELLS – Absent).**

8. COVID-19 Status Report

RECOMMENDATION:

No action required.

**DISCUSSION**

City Manager Mitchell provided detailed information on the Item.

Discussion ensued among Council and Staff concerning the following:

- Continuation of no late fees assessed on business licenses or sewer services;
- Continuation of outdoor dining;
- Hospital capacity; and
- Consideration of reformatting the downtown area to provide more outdoor seating, or outdoor business activities.

No comments were received for this Item.

**COMMISSION REPORTS: None**

**ACTIVITIES REPORTS/COMMENTS OF MAYOR WELLS:**

SANDAG (San Diego Association of Governments) Board of Directors; SANDAG – Audit Committee; League of California Cities, San Diego Division; Heartland Fire Training JPA – Alternate; League of California Cities, San Diego Division; LAFCO.

9. Council Activities Report/Comments

Report as stated.

**ACTIVITIES REPORTS OF COUNCILMEMBERS:**

10. COUNCILMEMBER GARY KENDRICK

METRO Commission/Wastewater JPA; Heartland Communications; Heartland Fire Training JPA; East County Advance Water Purification Joint Powers Authority Board.

Council Activities Report/Comments.

Report as stated.

11. COUNCILMEMBER BOB MCCLELLAN

MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate.

Council Activities Report/Comments.

Report as stated.

12. COUNCILMEMBER STEVE GOBLE

SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Advance Water Purification Joint Powers Authority Board – Alternate.

Council Activities Report/Comments.

Report as stated.

**ACTIVITIES REPORTS OF COUNCILMEMBERS: (Continued)**

21. DEPUTY MAYOR PHIL ORTIZ  
East County Economic Development Council.

Council Activities Report/Comments.

Report as stated.

**JOINT COUNCILMEMBER REPORTS:** None

**GENERAL INFORMATION ITEMS FOR DISCUSSION:** None

**ORDINANCES: FIRST READING -** None

**ORDINANCES: SECOND READING AND ADOPTION -** None

**CLOSED SESSIONS:** None

**Adjournment:** Deputy Mayor Ortiz adjourned the Adjourned Regular Joint Meeting of the El Cajon City Council/Housing Authority/Successor Agency to the El Cajon Redevelopment Agency held this 27<sup>th</sup> day of October, 2020, at 4:44 p.m., to Tuesday, November 10, 2020, at 3:00 p.m.

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ANGELA L. CORTEZ, CMC  
City Clerk/Secretary



City Council  
Agenda Report

Agenda Item 4.

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Yazmin Arellano, Director of Public of Works  
**SUBJECT:** Approve a Temporary Reduction in the Franchise Fees Charged to Commercial Accounts as Provided in the Collection Services Agreement and Franchise for the Provision of Residential and Commercial Garbage, Recyclable Materials, and Organic Waste Collection Services

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**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to:

1. Authorize a temporary reduction of the franchise fees charged to commercial accounts as provided in the Collection Services Agreement and Franchise for the Provision of Residential and Commercial Garbage, Recyclable Materials and Organic Waste Collection Services between the City of El Cajon and EDCO Disposal Corporation; and
2. Direct EDCO Disposal Corporation to make such adjustments as approved by the City Council.

**BACKGROUND:**

The City relies on a franchise waste hauler to provide garbage and recycling services to its residents and businesses. Earlier this year, a competitive process was utilized to select our next franchise waste hauler. The competitive process required the new waste hauler to include State of California unfunded mandates regarding waste collection and recycling.

On May 12, 2020, the City entered into a Collection Services Agreement and Franchise for the Provision of Residential and Commercial Garbage, Recyclable Materials, and Organic Waste Collection Services with EDCO Disposal Corporation (Agreement), effective January 1, 2021. The Agreement considers a Franchise Fee percentage of 20 percent for all customer accounts, estimated as the average reasonable costs incurred by the City arising out of (1) the City's need to oversee and manage solid waste services by a third party, (2) meeting State mandates for collection, recycling, and disposal of solid waste, and (3) addressing and mitigating the physical impacts on the City's roads, storm water facilities, and other infrastructure caused by the waste hauler's operations.

In implementing the Agreement, staff realized that commercial rates saw a higher than expected increase compared to residential rates. As such, staff considered options to facilitate the transition in cost by implementing a temporary reduction of the Franchise Fee for commercial accounts over the next five years and at the same time consider certain factors that might support a reduction only as it relates to commercial accounts. The time period of five years will allow staff to analyze the reasonable costs incurred by the City due to commercial



accounts requiring technical assistance with State-mandated program participation, "right-sizing" service levels, and infrastructure impacts. It will also allow staff to perform an analysis to determine if the commercial Franchise Fee should equal the residential Franchise Fee because commercial operators may implement sustainable waste management solutions.

Section 2.06.1 of the Agreement establishes the Franchise Fee at 20 percent but allows the City to adjust the Fee at its sole discretion.

Therefore, City staff recommends temporarily reducing the Franchise Fee of twenty percent for commercial accounts over the next five years as follows:

<b>PERIOD</b>	<b>FRANCHISE FEE (%)</b>	<b>FEE REDUCTION (%)</b>
January 1, 2021 to December 31, 2021	15	5
January 1, 2022 to December 31, 2022	16	4
January 1, 2023 to December 31, 2023	17	3
January 1, 2024 to December 31, 2024	18	2
January 1, 2025 to December 31, 2025	19	1

This temporary reduction is for commercial accounts only and would not apply to residential, multi-family, or construction and demolition rates.

**FISCAL IMPACT:**

The temporary reduction in Franchise Fees for commercial accounts is estimated to be approximately \$2.4 million less in revenues over the proposed five-year discount period. This assumes a Consumer Price Index (CPI) increase adjustment of 3% in the years 2023 through 2026.

Prepared By: Yazmin Arellano, Acting Director of Public Works

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

**Attachments**

Resolution

Proposed Rates

RESOLUTION NO. \_\_-20

A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF EL CAJON APPROVING  
A TEMPORARY REDUCTION OF FRANCHISE FEES CHARGED  
TO COMMERCIAL ACCOUNTS FOR A PERIOD  
NOT TO EXCEED FIVE YEARS AS PROVIDED IN THE  
FRANCHISE AGREEMENT BETWEEN THE CITY AND  
EDCO DISPOSAL CORPORATION

WHEREAS, the City of El Cajon (the "City") relies on a franchise waste hauler to provide garbage and recycling services to its residents and businesses, and earlier this year, a competitive process was utilized to select EDCO Disposal Corporation ("EDCO") as the City' next franchise waste hauler; and

WHEREAS, the competitive process required the waste hauler to include State of California (the "State") unfunded mandates regarding waste collection and recycling; and

WHEREAS, on May 12, 2020, the City Council authorized City staff to enter into a Collection Services Agreement and Franchise for the Provision of Residential and Commercial Garbage, Recyclable Materials and Organic Waste Collection Services (the "Agreement") with EDCO, effective January 1, 2021; and

WHEREAS, section 2.06.1 establishes a franchise fee in the amount of twenty percent (20%) for each account, which fee is estimated as the reasonable costs incurred by the City arising out of (1) the City's need to oversee and manage solid waste services by a third party, (2) meeting State mandates for collection, recycling, and disposal of solid waste, and (3) addressing and mitigating the physical impacts on the City's roads, storm water facilities, and other infrastructure caused by the waste hauler's operations, and is calculated with the assumption that all accounts should share in the fee on an equivalent basis; and

WHEREAS, in implementing the Agreement, staff realized that commercial rates saw a higher than expected increase compared to residential rates, and as such, staff considered options to facilitate the transition in cost by implementing a temporary reduction of the franchise fee for commercial accounts over the next five (5) years; and

WHEREAS, said time will allow staff to analyze the reasonable costs incurred by the City due to commercial accounts requiring technical assistance with State-mandated program participation, "right-sizing" service levels, and infrastructure impacts, as well as allowing staff to perform an analysis to determine if the commercial franchise fee should equal the residential franchise fee because commercial operators may implement sustainable waste management solutions; and

WHEREAS, City staff therefore recommends temporarily reducing the franchise fee of twenty percent (20%) for commercial accounts, while gradually re-establishing the approved fee over the next five years as follows:

January 1, 2021, through December 31, 2021: franchise fee of 15%  
(reduction of 5%)  
January 1, 2022, through December 31, 2022: franchise fee of 16%  
(reduction of 4%)  
January 1, 2023, through December 31, 2023: franchise fee of 17%  
(reduction of 3%)  
January 1, 2024, through December 31, 2024: franchise fee of 18%  
(reduction of 2%)  
January 1, 2025, through December 31, 2025: franchise fee of 19%  
(reduction of 1%)

WHEREAS, this temporary reduction is for commercial accounts only and would not apply to residential, multi-family, or construction and demolition rates; and

WHEREAS, the temporary reduction in franchise fees for commercial accounts will reduce the City's revenue by approximately \$2.4 million over the five-year reduction period, assuming a Consumer Price Index ("CPI") of three percent (3%) in 2023-2026; and

WHEREAS, staff recommends that the City Council approves a temporary reduction in the franchise fee for commercial accounts only, through December 31, 2025, at which point it is restored to the approved rate of twenty percent (20%) effective on January 1, 2026; and

WHEREAS, City Council finds that it is in the City's best interest to approve a temporary reduction in the franchise fee for commercial accounts only, through December 31, 2025.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby approves a temporary reduction of the collection of franchise fees charged to commercial accounts as follows:

January 1, 2021, through December 31, 2021: franchise fee of 15%  
(reduction of 5%)  
January 1, 2022, through December 31, 2022: franchise fee of 16%  
(reduction of 4%)  
January 1, 2023, through December 31, 2023: franchise fee of 17%  
(reduction of 3%)  
January 1, 2024, through December 31, 2024: franchise fee of 18%  
(reduction of 2%)  
January 1, 2025, through December 31, 2025: franchise fee of 19%  
(reduction of 1%)

3. Unless otherwise provided by the City Council, the franchise fee of twenty percent (20%) on commercial accounts shall be restored effective January 1, 2026.

4. The City Council hereby authorizes the City Manager to direct EDCO, as the franchise holder under the Agreement, to this temporary reduction in franchise fees for commercial accounts, and to execute any such documents necessary to memorialize this adjustment by the City Council.

11/10/20 CC Agenda

Reso – Approve Temporary Reduction EDCO Commercial Franchise Fees 110520

**City of El Cajon**  
**Rate Schedule Effective 1/1/2021**

Service Descriptions	Frequency	Exhibit 1 Rate 20% FF		Proposed Rate 15% FF	
		Bundled Rate	Additional Container Rate	Bundled Rate	Additional Container Rate
<b>Commercial Service Rates</b>					
<b>Trash</b>					
1 Cubic Yard Container					
	1 pickup per week	per month	\$ 177.76	\$ 91.15	\$ 167.30 \$ 85.79
	2 pickup per week	per month	\$ 247.09	\$ 159.44	\$ 232.56 \$ 150.06
	3 pickup per week	per month	\$ 312.20	\$ 224.95	\$ 293.84 \$ 211.72
	4 pickup per week	per month	\$ 375.13	\$ 289.63	\$ 353.06 \$ 272.59
	5 pickup per week	per month	\$ 436.42	\$ 353.95	\$ 410.75 \$ 333.13
	6 pickup per week	per month	\$ 496.04	\$ 418.33	\$ 466.86 \$ 393.72
	7 pickup per week	per month	\$ 567.29	\$ 489.13	\$ 533.92 \$ 460.36
1.5 Cubic Yard Container					
	1 pickup per week	per month	\$ 187.12	\$ 95.94	\$ 176.11 \$ 90.30
	2 pickup per week	per month	\$ 260.10	\$ 167.84	\$ 244.80 \$ 157.97
	3 pickup per week	per month	\$ 328.63	\$ 236.80	\$ 309.30 \$ 222.87
	4 pickup per week	per month	\$ 394.88	\$ 304.87	\$ 371.65 \$ 286.94
	5 pickup per week	per month	\$ 459.39	\$ 372.58	\$ 432.37 \$ 350.66
	6 pickup per week	per month	\$ 522.14	\$ 440.34	\$ 491.43 \$ 414.44
	7 pickup per week	per month	\$ 597.14	\$ 514.87	\$ 562.01 \$ 484.58
2 Cubic Yard Container					
	1 pickup per week	per month	\$ 199.60	\$ 102.34	\$ 187.86 \$ 96.32
	2 pickup per week	per month	\$ 277.44	\$ 179.02	\$ 261.12 \$ 168.49
	3 pickup per week	per month	\$ 350.54	\$ 252.58	\$ 329.92 \$ 237.72
	4 pickup per week	per month	\$ 421.20	\$ 325.19	\$ 396.42 \$ 306.06
	5 pickup per week	per month	\$ 490.02	\$ 397.42	\$ 461.20 \$ 374.04
	6 pickup per week	per month	\$ 556.95	\$ 469.69	\$ 524.19 \$ 442.06
	7 pickup per week	per month	\$ 636.95	\$ 549.20	\$ 599.48 \$ 516.89
3 Cubic Yard Container					
	1 pickup per week	per month	\$ 249.49	\$ 127.92	\$ 234.81 \$ 120.40
	2 pickup per week	per month	\$ 346.80	\$ 223.78	\$ 326.40 \$ 210.62
	3 pickup per week	per month	\$ 438.17	\$ 315.73	\$ 412.40 \$ 297.16
	4 pickup per week	per month	\$ 526.50	\$ 406.49	\$ 495.53 \$ 382.58
	5 pickup per week	per month	\$ 612.52	\$ 496.77	\$ 576.49 \$ 467.55
	6 pickup per week	per month	\$ 696.19	\$ 587.12	\$ 655.24 \$ 552.58
	7 pickup per week	per month	\$ 796.19	\$ 686.50	\$ 749.36 \$ 646.12
4 Cubic Yard Container					
	1 pickup per week	per month	\$ 299.39	\$ 153.51	\$ 281.78 \$ 144.48
	2 pickup per week	per month	\$ 416.16	\$ 268.53	\$ 391.68 \$ 252.73
	3 pickup per week	per month	\$ 525.81	\$ 378.87	\$ 494.88 \$ 356.58
	4 pickup per week	per month	\$ 631.80	\$ 487.79	\$ 594.64 \$ 459.10
	5 pickup per week	per month	\$ 735.03	\$ 596.12	\$ 691.79 \$ 561.05
	6 pickup per week	per month	\$ 835.43	\$ 704.54	\$ 786.29 \$ 663.10
	7 pickup per week	per month	\$ 955.43	\$ 823.80	\$ 899.23 \$ 775.34
6 Cubic Yard Container					
	1 pickup per week	per month	\$ 436.62	\$ 223.87	\$ 410.94 \$ 210.70
	2 pickup per week	per month	\$ 606.90	\$ 391.61	\$ 571.20 \$ 368.57
	3 pickup per week	per month	\$ 766.80	\$ 552.52	\$ 721.69 \$ 520.02
	4 pickup per week	per month	\$ 921.38	\$ 711.37	\$ 867.18 \$ 669.52
	5 pickup per week	per month	\$ 1,071.92	\$ 869.35	\$ 1,008.87 \$ 818.21
	6 pickup per week	per month	\$ 1,218.33	\$ 1,027.45	\$ 1,146.66 \$ 967.01
	7 pickup per week	per month	\$ 1,393.33	\$ 1,201.37	\$ 1,311.37 \$ 1,130.70
Extra Pick-up		per occurrence	\$ 124.75	\$ 124.75	\$ 117.41 \$ 117.41
Roll Out 20 feet					
	1 pickup per week	per month	\$ 12.77	\$ 12.77	\$ 12.02 \$ 12.02
	2 pickup per week	per month	\$ 25.53	\$ 25.53	\$ 24.03 \$ 24.03
	3 pickup per week	per month	\$ 38.30	\$ 38.30	\$ 36.05 \$ 36.05
	4 pickup per week	per month	\$ 51.06	\$ 51.06	\$ 48.06 \$ 48.06
	5 pickup per week	per month	\$ 63.83	\$ 63.83	\$ 60.08 \$ 60.08
	6 pickup per week	per month	\$ 76.60	\$ 76.60	\$ 72.09 \$ 72.09
	7 pickup per week	per month	\$ 89.36	\$ 89.36	\$ 84.10 \$ 84.10
Roll Out 25 feet					
	1 pickup per week	per month	\$ 15.97	\$ 15.97	\$ 15.03 \$ 15.03
	2 pickup per week	per month	\$ 31.94	\$ 31.94	\$ 30.06 \$ 30.06
	3 pickup per week	per month	\$ 47.92	\$ 47.92	\$ 45.10 \$ 45.10
	4 pickup per week	per month	\$ 63.89	\$ 63.89	\$ 60.13 \$ 60.13
	5 pickup per week	per month	\$ 79.86	\$ 79.86	\$ 75.16 \$ 75.16
	6 pickup per week	per month	\$ 95.83	\$ 95.83	\$ 90.19 \$ 90.19
	7 pickup per week	per month	\$ 111.80	\$ 111.80	\$ 105.22 \$ 105.22
Roll Out 50 feet					
	1 pickup per week	per month	\$ 31.92	\$ 31.92	\$ 30.04 \$ 30.04
	2 pickup per week	per month	\$ 63.85	\$ 63.85	\$ 60.09 \$ 60.09
	3 pickup per week	per month	\$ 95.77	\$ 95.77	\$ 90.14 \$ 90.14
	4 pickup per week	per month	\$ 127.69	\$ 127.69	\$ 120.18 \$ 120.18
	5 pickup per week	per month	\$ 159.62	\$ 159.62	\$ 150.23 \$ 150.23
	6 pickup per week	per month	\$ 191.54	\$ 191.54	\$ 180.27 \$ 180.27
	7 pickup per week	per month	\$ 223.48	\$ 223.48	\$ 210.33 \$ 210.33
Roll Out 75 feet					

Service Descriptions	Frequency	Exhibit 1 Rate 20% FF		Proposed Rate 15% FF		
	1 pickup per week	per month	\$ 47.89	\$ 47.89	\$ 45.07	\$ 45.07
	2 pickup per week	per month	\$ 95.77	\$ 95.77	\$ 90.14	\$ 90.14
	3 pickup per week	per month	\$ 143.66	\$ 143.66	\$ 135.21	\$ 135.21
	4 pickup per week	per month	\$ 191.54	\$ 191.54	\$ 180.27	\$ 180.27
	5 pickup per week	per month	\$ 239.44	\$ 239.44	\$ 225.36	\$ 225.36
	6 pickup per week	per month	\$ 287.32	\$ 287.32	\$ 270.42	\$ 270.42
	7 pickup per week	per month	\$ 335.21	\$ 335.21	\$ 315.49	\$ 315.49
Roll Out 100 feet						
	1 pickup per week	per month	\$ 63.84	\$ 63.84	\$ 60.08	\$ 60.08
	2 pickup per week	per month	\$ 127.67	\$ 127.67	\$ 120.16	\$ 120.16
	3 pickup per week	per month	\$ 191.51	\$ 191.51	\$ 180.24	\$ 180.24
	4 pickup per week	per month	\$ 255.35	\$ 255.35	\$ 240.33	\$ 240.33
	5 pickup per week	per month	\$ 319.19	\$ 319.19	\$ 300.41	\$ 300.41
	6 pickup per week	per month	\$ 383.03	\$ 383.03	\$ 360.50	\$ 360.50
	7 pickup per week	per month	\$ 446.87	\$ 446.87	\$ 420.58	\$ 420.58
<b>Compactor</b>						
2 Cubic Yard Container						
	1 pickup per week	per month	\$ 299.39	\$ 299.39	\$ 281.78	\$ 281.78
	2 pickup per week	per month	\$ 416.16	\$ 416.16	\$ 391.68	\$ 391.68
	3 pickup per week	per month	\$ 525.81	\$ 525.81	\$ 494.88	\$ 494.88
	4 pickup per week	per month	\$ 631.80	\$ 631.80	\$ 594.64	\$ 594.64
	5 pickup per week	per month	\$ 735.03	\$ 735.03	\$ 691.79	\$ 691.79
	6 pickup per week	per month	\$ 835.43	\$ 835.43	\$ 786.29	\$ 786.29
	7 pickup per week	per month	\$ 955.43	\$ 955.43	\$ 899.23	\$ 899.23
3 Cubic Yard Container						
	1 pickup per week	per month	\$ 374.24	\$ 374.24	\$ 352.23	\$ 352.23
	2 pickup per week	per month	\$ 520.20	\$ 520.20	\$ 489.60	\$ 489.60
	3 pickup per week	per month	\$ 657.26	\$ 657.26	\$ 618.60	\$ 618.60
	4 pickup per week	per month	\$ 789.76	\$ 789.76	\$ 743.30	\$ 743.30
	5 pickup per week	per month	\$ 918.79	\$ 918.79	\$ 864.74	\$ 864.74
	6 pickup per week	per month	\$ 1,044.29	\$ 1,044.29	\$ 982.86	\$ 982.86
	7 pickup per week	per month	\$ 1,194.29	\$ 1,194.29	\$ 1,124.04	\$ 1,124.04
4 Cubic Yard Container						
	1 pickup per week	per month	\$ 621.24	\$ 621.24	\$ 584.70	\$ 584.70
	2 pickup per week	per month	\$ 863.53	\$ 863.53	\$ 812.73	\$ 812.73
	3 pickup per week	per month	\$ 1,091.05	\$ 1,091.05	\$ 1,026.87	\$ 1,026.87
	4 pickup per week	per month	\$ 1,310.99	\$ 1,310.99	\$ 1,233.87	\$ 1,233.87
	5 pickup per week	per month	\$ 1,525.19	\$ 1,525.19	\$ 1,435.47	\$ 1,435.47
	6 pickup per week	per month	\$ 1,733.51	\$ 1,733.51	\$ 1,631.54	\$ 1,631.54
	7 pickup per week	per month	\$ 1,982.51	\$ 1,982.51	\$ 1,865.89	\$ 1,865.89
<b>Recycling</b>						
96 Gallon Container						
	1 pickup per week	per month	\$ 30.23	\$ 30.23	\$ 28.45	\$ 28.45
	2 pickup per week	per month	\$ 54.09	\$ 54.09	\$ 50.91	\$ 50.91
	3 pickup per week	per month	\$ 77.97	\$ 77.97	\$ 73.38	\$ 73.38
Extra Recycling Pick-Up		per occurrence	\$ 50.00	\$ 50.00	\$ 47.06	\$ 47.06
1 Cubic Yard Container						
	1 pickup per week	per month	\$ 63.00	\$ 63.00	\$ 59.29	\$ 59.29
	2 pickup per week	per month	\$ 126.00	\$ 126.00	\$ 118.59	\$ 118.59
	3 pickup per week	per month	\$ 189.00	\$ 189.00	\$ 177.88	\$ 177.88
	4 pickup per week	per month	\$ 252.00	\$ 252.00	\$ 237.18	\$ 237.18
	5 pickup per week	per month	\$ 315.00	\$ 315.00	\$ 296.47	\$ 296.47
	6 pickup per week	per month	\$ 378.00	\$ 378.00	\$ 355.76	\$ 355.76
	7 pickup per week	per month	\$ 441.00	\$ 441.00	\$ 415.06	\$ 415.06
1.5 Cubic Yard Container						
	1 pickup per week	per month	\$ 63.00	\$ 63.00	\$ 59.29	\$ 59.29
	2 pickup per week	per month	\$ 126.00	\$ 126.00	\$ 118.59	\$ 118.59
	3 pickup per week	per month	\$ 189.00	\$ 189.00	\$ 177.88	\$ 177.88
	4 pickup per week	per month	\$ 252.00	\$ 252.00	\$ 237.18	\$ 237.18
	5 pickup per week	per month	\$ 315.00	\$ 315.00	\$ 296.47	\$ 296.47
	6 pickup per week	per month	\$ 378.00	\$ 378.00	\$ 355.76	\$ 355.76
	7 pickup per week	per month	\$ 441.00	\$ 441.00	\$ 415.06	\$ 415.06
2 Cubic Yard Container						
	1 pickup per week	per month	\$ 69.05	\$ 69.05	\$ 64.99	\$ 64.99
	2 pickup per week	per month	\$ 139.05	\$ 139.05	\$ 130.87	\$ 130.87
	3 pickup per week	per month	\$ 209.05	\$ 209.05	\$ 196.75	\$ 196.75
	4 pickup per week	per month	\$ 279.05	\$ 279.05	\$ 262.64	\$ 262.64
	5 pickup per week	per month	\$ 349.05	\$ 349.05	\$ 328.52	\$ 328.52
	6 pickup per week	per month	\$ 419.05	\$ 419.05	\$ 394.40	\$ 394.40
	7 pickup per week	per month	\$ 489.05	\$ 489.05	\$ 460.28	\$ 460.28
3 Cubic Yard Container						
	1 pickup per week	per month	\$ 70.00	\$ 70.00	\$ 65.88	\$ 65.88
	2 pickup per week	per month	\$ 140.00	\$ 140.00	\$ 131.76	\$ 131.76
	3 pickup per week	per month	\$ 210.00	\$ 210.00	\$ 197.65	\$ 197.65
	4 pickup per week	per month	\$ 280.00	\$ 280.00	\$ 263.53	\$ 263.53
	5 pickup per week	per month	\$ 350.00	\$ 350.00	\$ 329.41	\$ 329.41
	6 pickup per week	per month	\$ 420.00	\$ 420.00	\$ 395.29	\$ 395.29
	7 pickup per week	per month	\$ 490.00	\$ 490.00	\$ 461.18	\$ 461.18
4 Cubic Yard Container						
	1 pickup per week	per month	\$ 84.00	\$ 84.00	\$ 79.06	\$ 79.06

Service Descriptions	Frequency	Exhibit 1 Rate 20% FF	Proposed Rate 15% FF	
6 Cubic Yard Container	2 pickup per week	per month	\$ 154.56	\$ 145.47
	3 pickup per week	per month	\$ 231.84	\$ 218.20
	4 pickup per week	per month	\$ 309.12	\$ 290.94
	5 pickup per week	per month	\$ 386.40	\$ 363.67
	6 pickup per week	per month	\$ 463.68	\$ 436.40
	7 pickup per week	per month	\$ 540.96	\$ 509.14
	6 Cubic Yard Container	1 pickup per week	per month	\$ 150.00
2 pickup per week		per month	\$ 276.00	\$ 259.76
3 pickup per week		per month	\$ 414.00	\$ 389.65
4 pickup per week		per month	\$ 552.00	\$ 519.53
5 pickup per week		per month	\$ 690.00	\$ 649.41
6 pickup per week		per month	\$ 828.00	\$ 779.29
7 pickup per week		per month	\$ 966.00	\$ 909.18
<b>Green Waste</b>				
2 Cubic Yard Container	1 pickup per week	per month	\$ 114.65	\$ 107.91
	2 pickup per week	per month	\$ 210.96	\$ 198.55
	3 pickup per week	per month	\$ 316.45	\$ 297.84
	4 pickup per week	per month	\$ 421.93	\$ 397.11
	5 pickup per week	per month	\$ 527.41	\$ 496.39
	6 pickup per week	per month	\$ 632.89	\$ 595.66
	7 pickup per week	per month	\$ 738.38	\$ 694.95
3 Cubic Yard Container	1 pickup per week	per month	\$ 132.52	\$ 124.72
	2 pickup per week	per month	\$ 243.83	\$ 229.49
	3 pickup per week	per month	\$ 365.74	\$ 344.23
	4 pickup per week	per month	\$ 487.66	\$ 458.97
	5 pickup per week	per month	\$ 609.57	\$ 573.71
	6 pickup per week	per month	\$ 731.49	\$ 688.46
	7 pickup per week	per month	\$ 853.40	\$ 803.20
<b>Organics (Green Waste <u>and</u> Food Waste)</b>				
64 Gallon Container	1 pickup per week	per month	\$ 101.28	\$ 95.32
	2 pickup per week	per month	\$ 202.55	\$ 190.64
	3 pickup per week	per month	\$ 303.83	\$ 285.96
96 Gallon Container	1 pickup per week	per month	\$ 115.48	\$ 108.69
	2 pickup per week	per month	\$ 230.97	\$ 217.38
	3 pickup per week	per month	\$ 346.45	\$ 326.07
2 Cubic Yard Container	1 pickup per week	per month	\$ 192.59	\$ 181.26
	2 pickup per week	per month	\$ 385.19	\$ 362.53
	3 pickup per week	per month	\$ 577.78	\$ 543.79
	4 pickup per week	per month	\$ 751.12	\$ 706.94
	5 pickup per week	per month	\$ 924.46	\$ 870.08
	6 pickup per week	per month	\$ 1,097.79	\$ 1,033.21
	7 pickup per week	per month	\$ 1,253.79	\$ 1,180.04
<b>Split Bins (3 Cubic Yards Only)</b>				
1.5 Cubic Yard <u>Trash</u> Container	1 pickup per week	per month	\$ 178.21	\$ 167.73
	2 pickup per week	per month	\$ 308.03	\$ 289.91
	3 pickup per week	per month	\$ 402.21	\$ 378.55
	4 pickup per week	per month	\$ 498.75	\$ 469.41
	5 pickup per week	per month	\$ 575.25	\$ 541.41
	6 pickup per week	per month	\$ 748.48	\$ 704.45
	7 pickup per week	per month	\$ 873.23	\$ 821.86
1.5 Cubic Yard <u>Recycling</u> Container	1 pickup per week	per month	\$ 56.00	\$ 52.71
	2 pickup per week	per month	\$ 112.00	\$ 105.41
	3 pickup per week	per month	\$ 168.00	\$ 158.12
	4 pickup per week	per month	\$ 224.00	\$ 210.82
	5 pickup per week	per month	\$ 280.00	\$ 263.53
	6 pickup per week	per month	\$ 336.00	\$ 316.24
	7 pickup per week	per month	\$ 392.00	\$ 368.94



## City Council Agenda Report

Agenda Item 5.

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Clay Schoen, Director of Finance  
**SUBJECT:** July – September 2020 Quarterly Treasurer’s Reports

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### RECOMMENDATION:

That the City Council receives the Treasurer’s Reports for the quarter ending September 30, 2020.

### BACKGROUND:

Per the City’s investment policy, the latest quarterly Treasurer’s Reports are presented for Council receipt and approval.

Investment Trends/Economy – The Federal Open Market Committee (FOMC) summarized its position on the economy with the following comments from their September 16, 2020 Monetary Policy release.

“The COVID-19 pandemic is causing tremendous human and economic hardship across the United States and around the world. Economic activity and employment have picked up in recent months but remain well below their levels at the beginning of the year. Weaker demand and significantly lower oil prices are holding down consumer price inflation. Overall financial conditions have improved in recent months, in part reflecting policy measures to support the economy and the flow of credit to U.S. households and businesses.

The path of the economy will depend significantly on the course of the virus. The ongoing public health crisis will continue to weigh on economic activity, employment, and inflation in the near term, and poses considerable risks to the economic outlook over the medium term.”

The October 29, 2020 release from the Bureau of Economic Analysis reported an increase in Gross Domestic Product in the third quarter of 2020 of a restorative 33.1% annual rate. This is a significant rebound from the second quarter decrease of 31.4%. The report explains that “The increase in third quarter GDP reflected continued efforts to reopen businesses and resume activities that were postponed or restricted due to COVID-19.”

Citing the October 2, 2020 release from the Bureau of Labor Statistics, the national unemployment continued to improve in September to 7.9%. This is down from April’s high of 14.7%. For comparison, unemployment rates prior to the start of the current public health crisis were 3.5% in February and 4.4% in March.



U.S. Treasuries – As of September 30, 2020, the yield was 0.13% for a 2-year Treasury and 0.28% for a 5-year Treasury. Compared to the prior year, the 2-year Treasuries decreased 149 basis points and the 5-year Treasuries decreased 127 basis points.

U.S. Government Agencies – At quarter end, the yield was 0.17% for a 2-year and 0.41% for a 5-year Federal Agency investment. The City’s investment portfolio, in large part, is comprised of U.S. Government Agency securities because they typically offer a slightly higher return than U.S. Treasuries.

LAIF, County, and CAMP Pools – The quarter to date yield for the first quarter of fiscal year 2021 was 0.80% and 1.40% for LAIF and County Pools, respectively. The CAMP cash pool yielded 0.31% during the same period.

Outlook & Strategy – The current economic environment presents challenges to investing public funds. The current strategy is to maintain flexibility in order to maximize investment opportunities when they materialize. As they become available, and the City’s cash flow needs are met, investing funds in securities will continue with the City’s investment advisors, Public Financial Management (PFM). The CAMP pool is currently rated AAA. No rating is provided for LAIF, but it is expected it would also achieve an AAA rating.

Report Presentation – This report is presented in the following sections:

Operating Cash – The Union Bank Master Account is the City’s main checking account. The City also utilizes a merchant account with U.S. Bank for receiving credit card payments. Funds are automatically transferred daily from U.S. Bank to the City’s main checking account at Union Bank.

Operating Investments – The City’s operating investments are invested in CAMP portfolio investments (89.86%) earning 1.85%, LAIF (6.38%) earning 0.80%, and the County pool (3.63%) earning 1.40%. The remainder in the CAMP investment pool (0.12%) earning 0.31%. The investment portfolio make-up of LAIF and CAMP are attached. In addition to maximizing yield, these investments provide for safety and liquidity in meeting the City’s operational needs.

Successor Agency Investments – The Successor Agency no longer holds operating investments. The Bank of New York Mellon is the Trustee, the required bond accounts have a combined market value of \$4,489,491.

**FISCAL IMPACT:**

Interest earned for the first quarter of the fiscal year, on a cash basis, was \$543,791.

Prepared By: Clay Schoen, Director of Finance

Reviewed By: N/A

Approved By: Graham Mitchell, City Manager

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Attachments

July - Sept 2020 Treasurers Report

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# CITY OF EL CAJON TREASURER'S REPORT AS OF SEPTEMBER 30, 2020

Cash Basis

	Balance as of <u>September 30, 2020</u>	Quarter to Date		Fiscal Year to Date Interest Earnings	Market Value*
		Yield/Interest Rate	Interest Earnings		
<b>Operating Cash</b>					
UBOC Checking (Master)	\$ 2,942,086	0.25%	\$ 6,715	\$ 6,715	\$ 2,942,086
US Bank (Merchant Processing)	31,596	n/a	-	-	31,596
Worker's Compensation (Imprest Account)	125,000	n/a	-	-	125,000
Petty Cash	4,845	n/a	-	-	4,845
<b>Total Operating Cash</b>	<b>\$ 3,103,527</b>		<b>\$ 6,715</b>	<b>\$ 6,715</b>	<b>\$ 3,103,527</b>
<b>Operating Investments</b>					
LAIF <sup>(1)</sup> - City Pool	\$ 5,195,793	0.80%	\$ 71,034	\$ 71,034	\$ 5,217,171
County <sup>(2)</sup> - Investment Pool	2,958,031	1.40%	21,458	21,458	2,989,503
CAMP <sup>(3)</sup> Cash Management	100,151	0.31%	249	249	100,151
CAMP Managed Portfolio	73,158,738	1.85%	444,302	444,302	75,667,389
<b>Total Operating Investments</b>	<b>\$ 81,412,713</b>		<b>\$ 537,043</b>	<b>\$ 537,043</b>	<b>\$ 83,974,214</b>
<b>Total Operating Cash and Investments</b>	<b>\$ 84,516,240</b>		<b>\$ 543,758</b>	<b>\$ 543,758</b>	<b>\$ 87,077,741</b>
<b>Successor Agency Investments</b>					
The Bank of New York Mellon Trust Co.:					
Bond Reserve Fund	1,305,840	1.00%	33	33	1,305,840
Bond Debt Service Fund	663,260	0.00%	-	-	663,260
Tax Allocation Refunding Bond Debt Service Fund	2,520,222	0.07%	-	-	2,520,222
Interest Ac Fund	169	0.08%	-	-	169
<b>Total Successor Agency</b>	<b>\$ 4,489,491</b>		<b>\$ 33</b>	<b>\$ 33</b>	<b>\$ 4,489,491</b>
<b>Grand Total Cash and Investments</b>	<b>\$ 89,005,731</b>		<b>\$ 543,791</b>	<b>\$ 543,791</b>	<b>\$ 91,567,232</b>

I certify that all investments under the management of the City are in compliance with the City's adopted investment policy, and I certify the City's investments plus projected revenues, are sufficiently liquid to meet the City's next six (6) months cash flow requirements per the adopted budget.

Clay Schoen, Director of Finance and Treasurer

October 31, 2020

Date

\*Source: Bank and Trustee Statements

Note (1): The Local Agency Investment Fund (LAIF) is a voluntary investment alternative for California's local governments and special districts authorized by the California Government Code. LAIF is managed by the State Treasurer's Office with oversight by the Local Agency Investment Advisory Board. All securities in LAIF are purchased under the authority of Government Code Sections 16430 and 16480.8. LAIF is part of the State Treasurer's Pooled Money Investment Account (PMIA). The PMIA Investment Policy is guided by the goals of portfolio safety/diversification, liquidity, and yield.

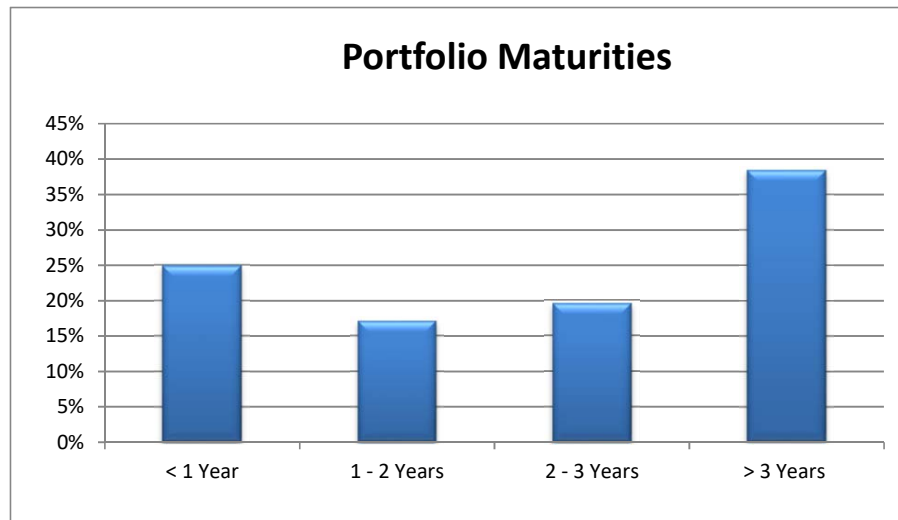
Note (2): The San Diego County Investment Pool (Pool) is a local government money fund originally created in 1853 by the County Board of Supervisors to invest the assets of the County, 42 K-12 school districts, 5 community colleges, and over 160 other public agencies located within the County. The Pool is managed by the County's Treasurer's Office in accordance with State law and is reviewed by a ten-member Oversight Committee. The Pool limits investments to fixed-income securities and maintains liquidity needs through maturity requirements.

Note (3): The California Asset Management Program (CAMP) is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

**CITY OF EL CAJON**  
**OPERATING INVESTMENTS PORTFOLIO MATURITIES BY DATE AND TYPE (AT PAR)**  
**AS OF SEPTEMBER 30, 2020**

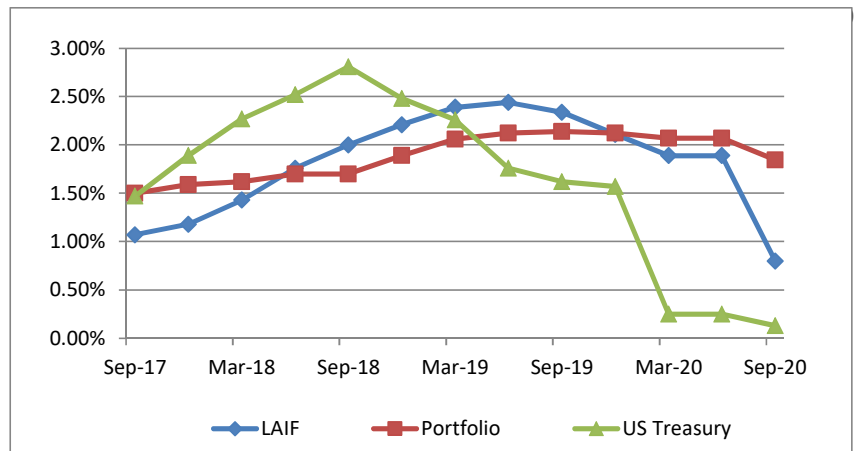
Type of Investment	< 1 Year	1 - 2 Years	2 - 3 Years	> 3 Years
LAIF - City Pool	5,195,793	-	-	-
County - Investment Pool	2,958,031	-	-	-
CAMP Cash Management	100,151	-	-	-
CAMP Managed Portfolio:				
FHLMC Notes	1,000,000	-	-	-
FMCC Global Notes	-	-	4,995,000	1,850,000
FNMA Benchmark/Global Notes	-	3,000,000	7,395,000	18,010,000
FHLB Notes/Global Bonds	-	1,815,000	-	2,650,000
US Treasury Notes	7,790,000	5,370,000	1,070,000	7,060,000
Corporate Bonds/Notes/CD	4,350,000	4,495,000	3,290,000	3,430,000
Commercial Paper	-	-	-	-
<b>Totals</b>	<b>\$ 21,393,975</b>	<b>\$ 14,680,000</b>	<b>\$ 16,750,000</b>	<b>\$ 33,000,000</b>

<b>Portfolio Percentage</b>	<b>24.93%</b>	<b>17.10%</b>	<b>19.52%</b>	<b>38.45%</b>
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**QUARTERLY YIELD COMPARISONS**

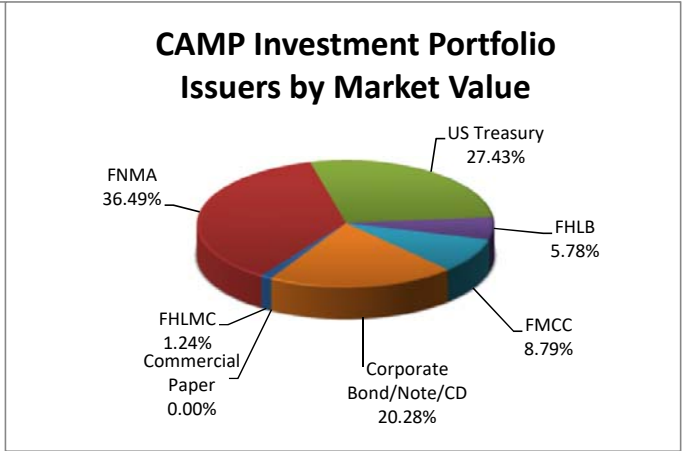
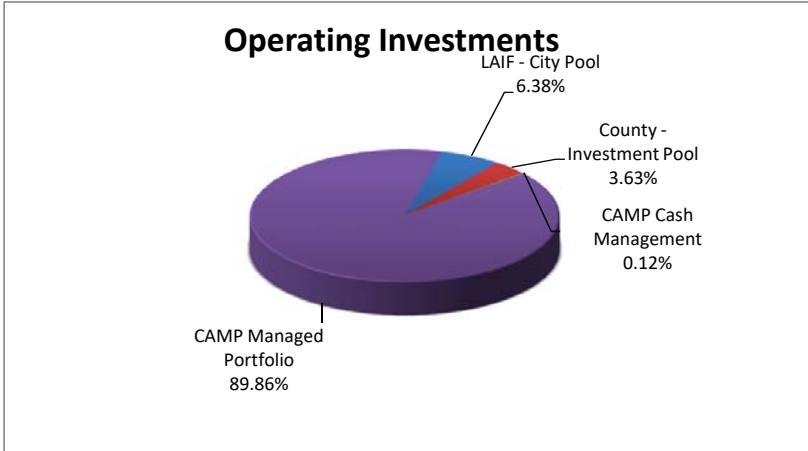
Quarter Ending	LAIF (1)	Portfolio (2)	US Treasury (3)
Sep-17	1.07%	1.50%	1.47%
Dec-17	1.18%	1.59%	1.89%
Mar-18	1.43%	1.62%	2.27%
Jun-18	1.76%	1.70%	2.52%
Sep-18	2.00%	1.70%	2.81%
Dec-18	2.21%	1.89%	2.48%
Mar-19	2.39%	2.06%	2.26%
Jun-19	2.44%	2.12%	1.76%
Sep-19	2.34%	2.14%	1.62%
Dec-19	2.11%	2.12%	1.57%
Mar-20	1.89%	2.07%	0.25%
Jun-20	1.89%	2.07%	0.25%
Sep-20	0.80%	1.85%	0.13%



- (1) per State Treasurer's Office, LAIF-PMIA Earnings Yield Rate (average quarterly return)
- (2) per CAMP Portfolio report
- (3) per U.S. Treasury 2-year daily yield curve rate

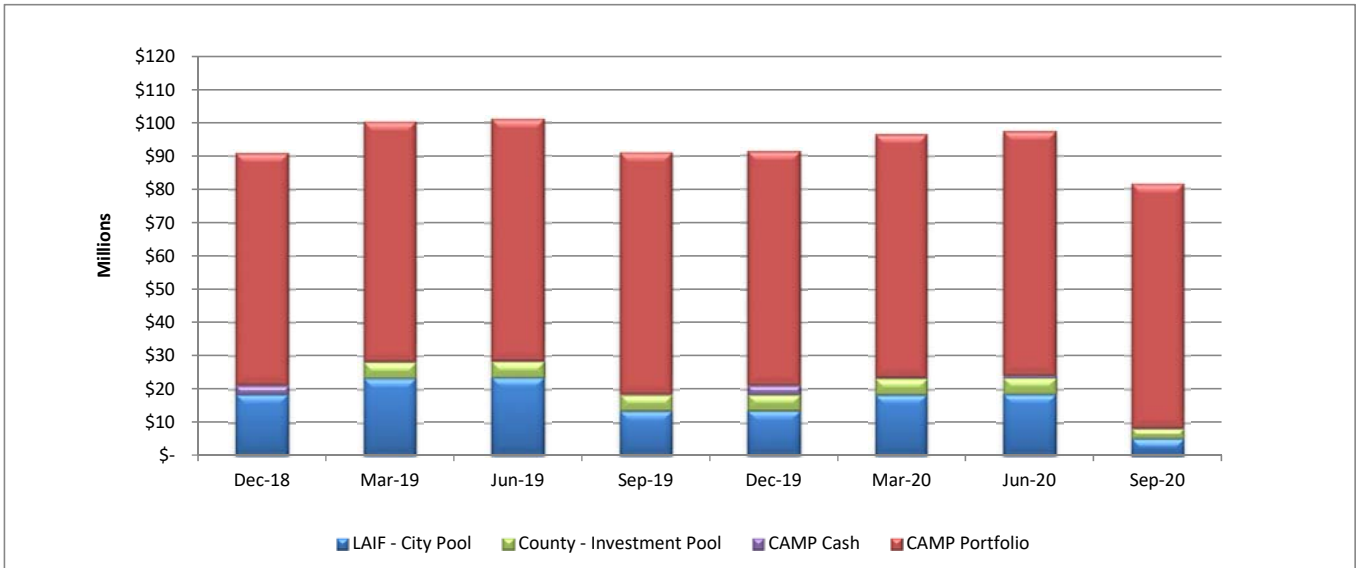
**CITY OF EL CAJON  
OPERATING INVESTMENTS COMPOSITION (AT COST)  
AS OF SEPTEMBER 30, 2020**

<u>Operating Investments</u>	<u>Type of Investment</u>	<u>Investment Amount</u>	<u>% of Total Investments</u>	<u>Prior Quarter Investment Amount</u>	<u>% Change From Prior Quarter</u>
LAIF - City Pool	(See attached graph)	\$ 5,195,793	6.38%	\$ 18,534,148	-71.97%
County - Investment Pool	(See attached graph)	2,958,031	3.63%	4,885,309	-39.45%
CAMP Cash Management	Cash Reserve Portfolio	100,151	0.12%	680,223	-85.28%
CAMP Managed Portfolio	Federal Agency & Corporate Bonds/Notes	73,158,738	89.86%	73,212,330	-0.07%
<b>Total Operating Investments</b>		<b>\$ 81,412,713</b>	<b>100.00%</b>	<b>\$ 97,312,010</b>	<b>-16.34%</b>



**HISTORICAL COMPOSITION**

	<u>Quarter Ending</u>							
	<u>Dec-18</u>	<u>Mar-19</u>	<u>Jun-19</u>	<u>Sep-19</u>	<u>Dec-19</u>	<u>Mar-20</u>	<u>Jun-20</u>	<u>Sep-20</u>
LAIF - City Pool	\$ 18,451,187	\$ 23,317,884	\$ 23,518,248	\$ 13,485,039	\$ 13,547,960	\$ 18,407,896	\$ 18,534,148	\$ 5,195,793
County - Investment Pool	-	4,783,147	4,799,339	4,804,299	4,812,828	4,849,748	4,885,309	2,958,031
CAMP Cash	2,635,252	81,645	55,168	116,029	2,704,739	183,431	680,223	100,151
CAMP Portfolio	69,709,511	72,175,228	72,678,724	72,499,490	70,149,451	73,135,748	73,212,330	73,158,738
<b>Total</b>	<b>\$ 90,795,950</b>	<b>\$ 100,357,904</b>	<b>\$ 101,051,479</b>	<b>\$ 90,904,857</b>	<b>\$ 91,214,978</b>	<b>\$ 96,576,823</b>	<b>\$ 97,312,010</b>	<b>\$ 81,412,713</b>





# PMIA/LAIF Performance Report as of 10/14/20



## PMIA Average Monthly Effective Yields<sup>(1)</sup>

Sep	0.685
Aug	0.784
Jul	0.920

## Quarterly Performance Quarter Ended 09/30/20

LAIF Apportionment Rate <sup>(2)</sup> :	0.84
LAIF Earnings Ratio <sup>(2)</sup> :	0.00002309407394024
LAIF Fair Value Factor <sup>(1)</sup> :	1.004114534
PMIA Daily <sup>(1)</sup> :	0.65%
PMIA Quarter to Date <sup>(1)</sup> :	0.80%
PMIA Average Life <sup>(1)</sup> :	169

## Pooled Money Investment Account Monthly Portfolio Composition <sup>(1)</sup> 09/30/20 \$109.2 billion

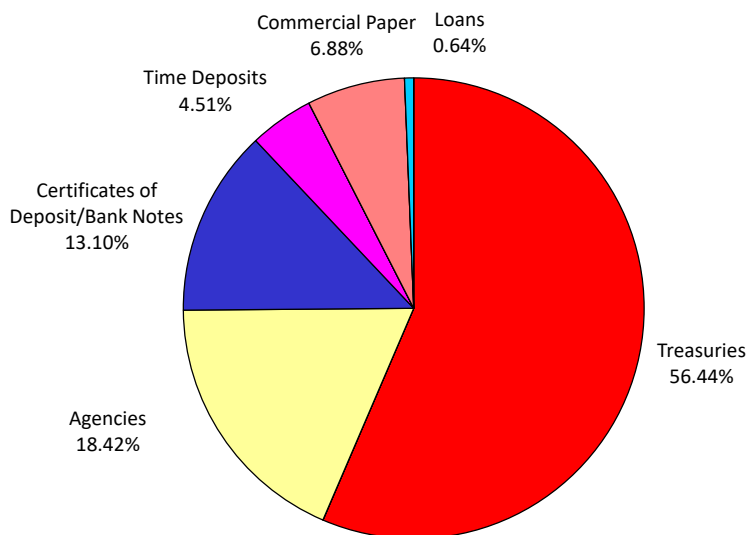


Chart does not include 0.01% of mortgages. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

<sup>(1)</sup> State of California, Office of the Treasurer

<sup>(2)</sup> State of California, Office of the Controller

# PARTICIPANT CASH BALANCES

## County of San Diego Pooled Money Fund

As of September 30, 2020

(\$000)

PARTICIPANT	FMV 07/31/20	FMV 08/31/20	FMV 09/30/20	% of Total	PARTICIPANT	FMV 07/31/20	FMV 08/31/20	FMV 09/30/20	% of Total
<b>COUNTY</b>	\$ 1,066,857	\$ 1,102,846	\$ 1,124,623	<b>10.88%</b>	Leucadia Wastewater District	4,003	6,022	6,019	
<b>COUNTY - SPECIAL TRUST FUNDS</b>	2,206,322	2,123,939	2,125,009	<b>20.55%</b>	Lower Sweetwater FPD	671	676	679	
<b>NON-COUNTY INVESTMENT FUNDS</b>	125,894	106,748	116,500	<b>1.13%</b>	Metropolitan Transit System	27,304	41,307	33,181	
<b>SCHOOLS - (K THRU 12)</b>	3,962,419	4,915,918	5,203,600	<b>50.33%</b>	Mission Resource Conservation District	100	101	101	
					North County Transit District	20,291	20,230	20,220	
<b>COMMUNITY COLLEGES</b>					North County Cemetery District	6,786	6,859	6,888	
San Diego	167,629	112,564	112,020	1.09%	North County Dispatch	4,348	4,241	5,237	
Grossmont-Cuyamaca	145,427	123,063	126,909	1.23%	North County FPD	3,382	2,793	2,394	
MiraCosta	108,379	81,584	358,531	3.47%	Otay Water District	10,641	15,664	15,657	
Palomar	230,133	216,106	212,955	2.06%	Palomar Health Care District*	0	0	0	
Southwestern	133,162	168,198	165,585	1.60%	Pomerado Cemetery District	2,080	1,991	1,972	
<b>Total Community Colleges</b>	<b>784,730</b>	<b>701,515</b>	<b>976,000</b>	<b>9.44%</b>	Public Agencies Self-Insurance System	3,546	3,543	3,542	
					Ramona Cemetery District	1,075	1,050	1,024	
<b>FIRST 5 COMMISSION</b>	45,397	38,911	39,366		Rancho Santa Fe FPD	9,692	8,640	7,548	
<b>SANCAL</b>	3,932	3,929	3,927		Resource Conservation District of Greater SD*	0	0	0	
<b>SDCERA</b>	2,183	2,176	2,174		Rincon del Diablo Municipal Water District	6,874	6,863	6,859	
					SANDAG	187,729	186,351	149,670	
<b>CITIES</b>					SD County Regional Airport Authority	266,872	268,472	268,145	
Chula Vista	29,438	34,481	34,465		San Diego Housing Commission	22,272	22,251	22,240	
Coronado	36,414	32,305	29,257		San Diego Geographic Information Source	624	933	920	
Del Mar	2,787	2,784	2,783		San Diego Law Library	3,928	3,956	4,798	
El Cajon	5,215	5,210	3,186		San Diego Local Agency Formation Comm	1,889	2,379	2,627	
Encinitas	4,226	4,222	4,220		San Diego Regional Training Center	948	977	724	
National City	36,562	36,526	36,509		San Dieguito River Park	807	1,394	1,385	
Oceanside*	0	0	0		San Marcos FPD	1	1	1	
Solana Beach*	0	0	0		San Miguel Consolidated FPD	15,279	13,453	11,678	
					Santa Fe Irrigation District	4,534	4,530	4,528	
<b>INDEPENDENT AGENCIES</b>					Serra Cooperative Library System	2	0	0	
Alpine FPD	1,547	1,317	964		Upper San Luis Rey Resource Conserv Dist	71	71	71	
Bonita-Sunnyside FPD	6,035	5,620	5,658		Vallecitos Water District	5,570	5,564	5,561	
Borrego Springs FPD	1,445	1,305	1,160		Valley Center FPD	2,187	1,768	1,476	
Canebrake County Water District	55	55	55		Valley Center Cemetery District	493	493	392	
Deer Springs FPD	12,164	12,242	12,375		Valley Center Water District	20,184	20,405	19,806	
Fallbrook Public Utility District*	0	0	0		Vista FPD	3,702	3,582	3,580	
Grossmont Healthcare District	2	2	2		Whispering Palms Community Services Distr	0	0	0	
Julian-Cuyamaca FPD	517	517	516		<b>Total Voluntary Participants</b>	<b>834,421</b>	<b>845,651</b>	<b>792,613</b>	<b>7.67%</b>
Lake Cuyamaca Rec & Park District	207	202	214						
Lakeside FPD	8,411	7,288	6,853		<b>Pooled Money Fund Total</b>	<b>\$ 8,980,644</b>	<b>\$ 9,796,617</b>	<b>\$ 10,338,346</b>	<b>100.00%</b>

\* Footnote: The Oracle ending balances for these pool participants are under \$500. Due to rounding, the FMV will show as zero even though there is an Oracle balance.



## Account Statement - Transaction Summary

For the Month Ending **September 30, 2020**

### CITY OF EL CAJON - OPERATING FUNDS - 505-00

CAMP Pool	
Opening Market Value	156,921.24
Purchases	3,049,868.16
Redemptions	(3,106,638.28)
Unsettled Trades	0.00
Change in Value	0.00

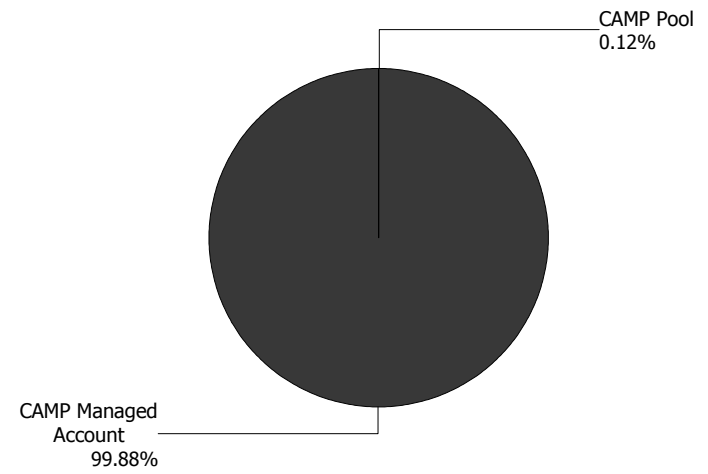
<b>Closing Market Value</b>	<b>\$100,151.12</b>
Cash Dividends and Income	50.21

CAMP Managed Account	
Opening Market Value	80,514,935.63
Purchases	3,106,199.25
Redemptions	(2,892,377.93)
Unsettled Trades	0.00
Change in Value	(87,835.13)

<b>Closing Market Value</b>	<b>\$80,640,921.82</b>
Cash Dividends and Income	214,009.06

Asset Summary		
	September 30, 2020	August 31, 2020
<b>CAMP Pool</b>	100,151.12	156,921.24
<b>CAMP Managed Account</b>	80,640,921.82	80,514,935.63
<b>Total</b>	<b>\$80,741,072.94</b>	<b>\$80,671,856.87</b>

### Asset Allocation





## Managed Account Summary Statement

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

Transaction Summary - Money Market		Transaction Summary - Managed Account		Account Total	
<b>Opening Market Value</b>	<b>\$156,921.24</b>	<b>Opening Market Value</b>	<b>\$80,514,935.63</b>	<b>Opening Market Value</b>	<b>\$80,671,856.87</b>
Purchases	3,049,868.16	Maturities/Calls	(1,905,000.00)		
Redemptions	(3,106,638.28)	Principal Dispositions	(987,377.93)		
		Principal Acquisitions	3,106,199.25		
		Unsettled Trades	0.00		
		Change in Current Value	(87,835.13)		
<b>Closing Market Value</b>	<b>\$100,151.12</b>	<b>Closing Market Value</b>	<b>\$80,640,921.82</b>	<b>Closing Market Value</b>	<b>\$80,741,072.94</b>
Dividend	50.21				

Earnings Reconciliation (Cash Basis) - Managed Account	
Interest/Dividends/Coupons Received	157,440.02
Less Purchased Interest Related to Interest/Coupons	(439.03)
Plus Net Realized Gains/Losses	57,008.07
<b>Total Cash Basis Earnings</b>	<b>\$214,009.06</b>

Cash Balance	
<b>Closing Cash Balance</b>	<b>\$0.00</b>

Earnings Reconciliation (Accrual Basis)	Managed Account	Total
Ending Amortized Value of Securities	77,885,353.48	77,985,504.60
Ending Accrued Interest	340,271.43	340,271.43
Plus Proceeds from Sales	993,593.56	4,100,231.84
Plus Proceeds of Maturities/Calls/Principal Payments	1,907,784.38	1,907,784.38
Plus Coupons/Dividends Received	148,440.01	148,440.01
Less Cost of New Purchases	(3,106,638.28)	(6,156,506.44)
Less Beginning Amortized Value of Securities	(77,625,793.45)	(77,782,714.69)
Less Beginning Accrued Interest	(371,511.97)	(371,511.97)
Dividends	0.00	50.21
<b>Total Accrual Basis Earnings</b>	<b>\$171,499.16</b>	<b>\$171,549.37</b>

Cash Transactions Summary- Managed Account	
Maturities/Calls	1,907,784.38
Sale Proceeds	993,593.56
Coupon/Interest/Dividend Income	148,440.01
Principal Payments	0.00
Security Purchases	(3,106,638.28)
Net Cash Contribution	56,820.33
Reconciling Transactions	0.00





## Portfolio Summary and Statistics

For the Month Ending **September 30, 2020**

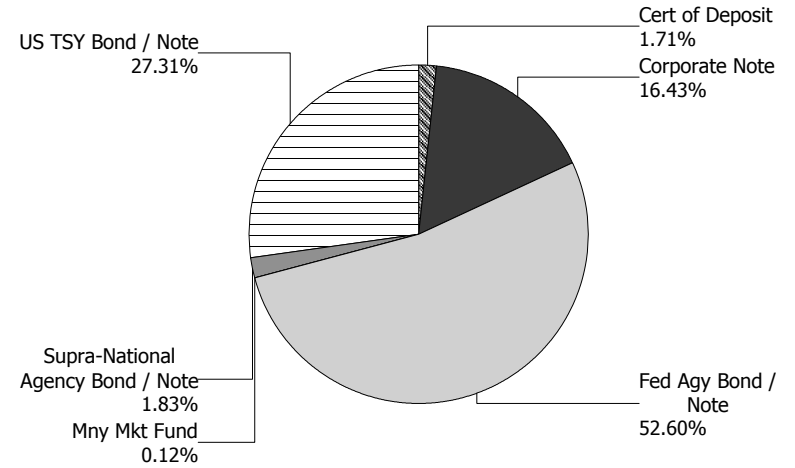
CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

### Account Summary

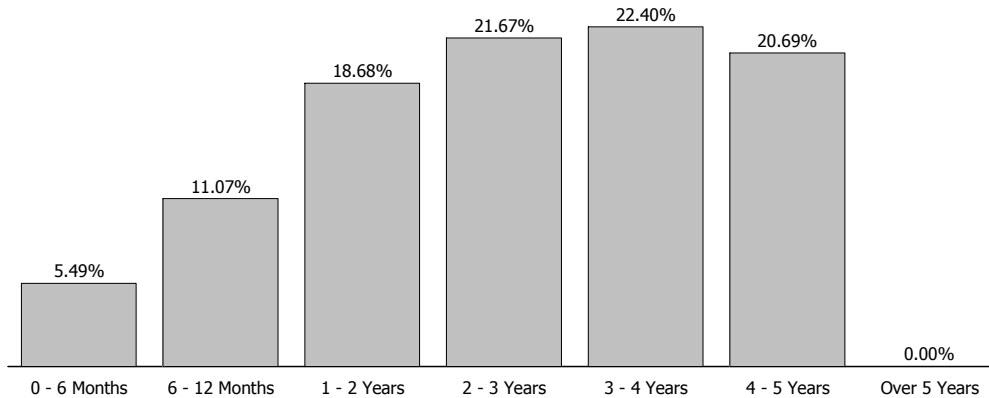
Description	Par Value	Market Value	Percent
U.S. Treasury Bond / Note	21,290,000.00	22,051,053.98	27.31
Supra-National Agency Bond / Note	1,475,000.00	1,477,537.00	1.83
Federal Agency Bond / Note	40,715,000.00	42,472,249.42	52.60
Corporate Note	12,720,000.00	13,262,450.01	16.43
Certificate of Deposit	1,370,000.00	1,377,631.41	1.71
<b>Managed Account Sub-Total</b>	<b>77,570,000.00</b>	<b>80,640,921.82</b>	<b>99.88%</b>
Accrued Interest		340,271.43	
<b>Total Portfolio</b>	<b>77,570,000.00</b>	<b>80,981,193.25</b>	
CAMP Pool	100,151.12	100,151.12	0.12
<b>Total Investments</b>	<b>77,670,151.12</b>	<b>81,081,344.37</b>	<b>100.00%</b>

**Unsettled Trades** **0.00** **0.00**

### Sector Allocation



### Maturity Distribution



### Characteristics

Yield to Maturity at Cost	1.81%
Yield to Maturity at Market	0.29%
Weighted Average Days to Maturity	971



## Managed Account Issuer Summary

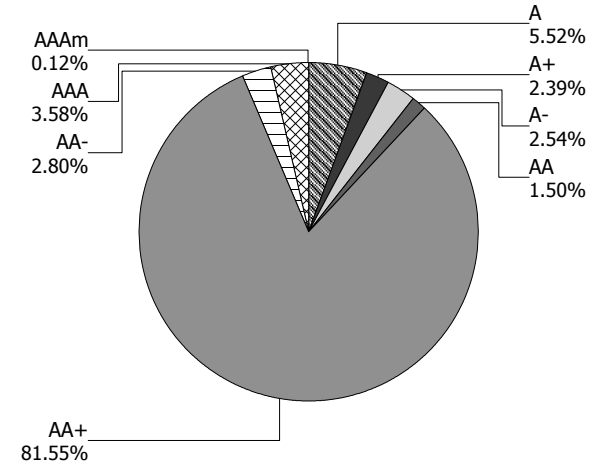
For the Month Ending **September 30, 2020**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

### Issuer Summary

Issuer	Market Value of Holdings	Percent
APPLE INC	1,317,994.31	1.63
BANK OF AMERICA CO	1,098,792.00	1.36
BLACKROCK INC	1,181,149.88	1.46
CAMP Pool	100,151.12	0.12
FANNIE MAE	25,821,239.54	31.99
FEDERAL HOME LOAN BANKS	4,738,517.48	5.87
FREDDIE MAC	11,912,492.40	14.75
IBM CORP	1,029,205.00	1.27
INTER-AMERICAN DEVELOPMENT BANK	1,477,537.00	1.83
JOHNSON & JOHNSON	1,415,440.07	1.75
JP MORGAN CHASE & CO	949,464.64	1.18
ORACLE CORP	1,019,301.00	1.26
PFIZER INC	1,078,601.00	1.34
SOCIETE GENERALE	771,976.80	0.96
SUMITOMO MITSUI FINANCIAL GROUP INC	605,654.61	0.75
THE BANK OF NEW YORK MELLON CORPORATION	1,030,003.00	1.28
TOYOTA MOTOR CORP	359,907.11	0.45
UNITED STATES TREASURY	22,051,053.98	27.31
US BANCORP	1,568,060.00	1.94
WAL-MART STORES INC	1,214,532.00	1.50
<b>Total</b>	<b>\$80,741,072.94</b>	<b>100.00%</b>

### Credit Quality (S&P Ratings)





**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	850,000.00	AA+	Aaa	11/22/16	11/23/16	852,822.26	1.67	3,759.17	850,171.33	853,453.13
US TREASURY NOTES DTD 12/31/2015 1.750% 12/31/2020	912828N48	990,000.00	AA+	Aaa	11/29/16	11/30/16	991,044.14	1.72	4,378.33	990,063.68	994,021.87
US TREASURY NOTES DTD 02/29/2016 1.125% 02/28/2021	912828P87	1,000,000.00	AA+	Aaa	03/07/17	03/08/17	970,078.13	1.91	963.40	996,911.03	1,004,218.80
US TREASURY NOTES DTD 03/31/2016 1.250% 03/31/2021	912828Q37	1,050,000.00	AA+	Aaa	11/29/16	11/30/16	1,028,466.80	1.74	36.06	1,047,536.34	1,055,906.25
US TREASURY NOTES DTD 03/31/2016 1.250% 03/31/2021	912828Q37	1,900,000.00	AA+	Aaa	05/10/17	05/12/17	1,862,074.22	1.78	65.24	1,895,162.39	1,910,687.50
US TREASURY NOTES DTD 05/31/2014 2.000% 05/31/2021	912828WN6	2,000,000.00	AA+	Aaa	01/04/17	01/05/17	2,011,796.88	1.86	13,442.62	2,001,776.51	2,025,000.00
US TREASURY NOTES DTD 01/03/2017 2.000% 12/31/2021	912828U81	1,730,000.00	AA+	Aaa	01/16/20	01/21/20	1,743,988.67	1.58	8,744.02	1,738,984.27	1,770,006.25
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	1,725,000.00	AA+	Aaa	01/16/20	01/21/20	1,736,522.46	1.56	88.86	1,732,864.08	1,769,742.19
US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	955,000.00	AA+	Aaa	11/30/17	11/30/17	940,413.87	2.10	4,223.54	949,446.29	981,859.38
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	960,000.00	AA+	Aaa	11/30/17	11/30/17	943,837.50	2.12	46.15	953,324.38	990,900.00
UNITED STATES TREASURY NOTES DTD 01/15/2020 1.500% 01/15/2023	912828Z29	1,070,000.00	AA+	Aaa	01/30/20	01/31/20	1,073,803.52	1.38	3,401.90	1,072,944.21	1,103,103.13
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	2,025,000.00	AA+	Aaa	06/20/19	06/24/19	2,048,888.67	1.75	16,948.37	2,042,619.92	2,155,675.68
US TREASURY N/B DTD 07/31/2017 2.125% 07/31/2024	9128282N9	1,000,000.00	AA+	Aaa	08/01/19	08/02/19	1,020,390.63	1.70	3,580.16	1,015,630.95	1,073,125.00
US TREASURY NOTES DTD 08/15/2014 2.375% 08/15/2024	912828D56	600,000.00	AA+	Aaa	09/11/19	09/12/19	621,585.94	1.61	1,819.97	616,966.38	650,156.28



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b>	<b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>												
US TREASURY NOTES	DTD 08/15/2014 2.375% 08/15/2024	912828D56	1,700,000.00	AA+	Aaa	09/26/19	09/27/19	1,762,156.25	1.59	5,156.59	1,749,265.10	1,842,109.46
US TREASURY N/B	DTD 11/30/2017 2.125% 11/30/2024	9128283J7	1,735,000.00	AA+	Aaa	01/07/20	01/09/20	1,776,138.47	1.62	12,390.32	1,770,014.89	1,871,089.06
<b>Security Type Sub-Total</b>			<b>21,290,000.00</b>					<b>21,384,008.41</b>	<b>1.72</b>	<b>79,044.70</b>	<b>21,423,681.75</b>	<b>22,051,053.98</b>
<b>Supra-National Agency Bond / Note</b>												
INTER-AMERICAN DEVELOPMENT BANK	DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	1,475,000.00	AAA	Aaa	10/02/17	10/10/17	1,488,671.93	1.81	12,363.37	1,475,473.54	1,477,537.00
<b>Security Type Sub-Total</b>			<b>1,475,000.00</b>					<b>1,488,671.93</b>	<b>1.81</b>	<b>12,363.37</b>	<b>1,475,473.54</b>	<b>1,477,537.00</b>
<b>Federal Agency Bond / Note</b>												
FHLMC REFERENCE NOTE	DTD 08/12/2016 1.125% 08/12/2021	3137EAEC9	1,000,000.00	AA+	Aaa	01/24/17	01/25/17	964,710.00	1.94	1,531.25	993,303.40	1,008,587.00
FEDERAL HOME LOAN BANKS NOTES	DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	1,815,000.00	AA+	Aaa	10/31/18	10/31/18	1,814,419.20	3.01	25,561.25	1,814,797.23	1,868,382.78
FANNIE MAE NOTES	DTD 01/09/2017 2.000% 01/05/2022	3135G0S38	1,000,000.00	AA+	Aaa	01/24/17	01/25/17	998,910.00	2.02	4,777.78	999,721.77	1,023,391.00
FANNIE MAE NOTES	DTD 04/10/2017 1.875% 04/05/2022	3135G0T45	1,000,000.00	AA+	Aaa	05/30/17	05/31/17	1,000,380.00	1.87	9,166.67	1,000,118.29	1,026,137.00
FANNIE MAE NOTES	DTD 04/10/2017 1.875% 04/05/2022	3135G0T45	1,000,000.00	AA+	Aaa	08/07/19	08/09/19	1,009,803.00	1.50	9,166.67	1,005,568.51	1,026,137.00
FANNIE MAE AGENCY NOTES	DTD 10/06/2017 2.000% 10/05/2022	3135G0T78	1,450,000.00	AA+	Aaa	10/26/17	10/27/17	1,440,314.00	2.14	14,177.78	1,446,059.02	1,502,751.00
FANNIE MAE NOTES	DTD 05/22/2020 0.250% 05/22/2023	3135G04Q3	1,200,000.00	AA+	Aaa	05/20/20	05/22/20	1,196,388.00	0.35	1,075.00	1,196,823.42	1,201,048.80
FREDDIE MAC NOTES	DTD 06/11/2018 2.750% 06/19/2023	3137EAEN5	2,610,000.00	AA+	Aaa	01/02/19	01/03/19	2,628,531.00	2.58	20,336.25	2,621,280.23	2,788,252.56



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Bond / Note</b>											
FREDDIE MAC NOTES DTD 06/26/2020 0.250% 06/26/2023	3137EAES4	1,090,000.00	AA+	Aaa	06/24/20	06/26/20	1,086,817.20	0.35	719.10	1,087,099.15	1,090,688.88
FANNIE MAE NOTES DTD 07/10/2020 0.250% 07/10/2023	3135G05G4	1,530,000.00	AA+	Aaa	07/08/20	07/10/20	1,526,710.50	0.32	860.63	1,526,959.84	1,530,980.73
FREDDIE MAC NOTES DTD 08/21/2020 0.250% 08/24/2023	3137EAEV7	895,000.00	AA+	Aaa	08/19/20	08/21/20	894,087.10	0.28	248.62	894,121.19	895,598.76
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,390,000.00	AA+	Aaa	11/29/18	11/30/18	1,384,606.80	2.96	2,109.13	1,386,678.26	1,497,636.04
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,825,000.00	AA+	Aaa	10/31/18	10/31/18	1,807,315.75	3.09	2,769.19	1,814,291.92	1,966,320.70
FREDDIE MAC NOTES (CALLABLE) DTD 09/28/2020 0.300% 09/28/2023	3134GWTL0	400,000.00	AA+	Aaa	09/30/20	09/30/20	400,000.00	0.30	10.00	400,000.00	400,017.60
FEDERAL HOME LOAN BANKS NOTES DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	1,000,000.00	AA+	Aaa	01/28/19	01/29/19	1,027,730.00	2.76	10,593.75	1,018,179.25	1,097,873.00
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	1,600,000.00	AA+	Aaa	02/19/19	02/20/19	1,594,656.00	2.57	6,222.22	1,596,394.05	1,717,777.60
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	3,000,000.00	AA+	Aaa	02/26/19	02/27/19	2,991,300.00	2.56	11,666.67	2,994,106.76	3,220,833.00
FHLB BONDS DTD 02/15/2019 2.500% 02/13/2024	3130AFW94	1,650,000.00	AA+	Aaa	03/26/19	03/27/19	1,667,011.50	2.28	5,500.00	1,661,728.78	1,772,261.70
FANNIE MAE NOTES DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,000,000.00	AA+	Aaa	08/05/19	08/06/19	1,006,430.00	1.61	4,326.39	1,004,915.79	1,054,516.00
FANNIE MAE NOTES DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,635,000.00	AA+	Aaa	07/18/19	07/19/19	1,623,211.65	1.90	7,073.64	1,626,077.33	1,724,133.66
FANNIE MAE NOTES DTD 10/18/2019 1.625% 10/15/2024	3135G0W66	2,825,000.00	AA+	Aaa	10/22/19	10/24/19	2,815,705.75	1.69	21,167.88	2,817,459.29	2,973,013.05
FANNIE MAE NOTES DTD 01/10/2020 1.625% 01/07/2025	3135G0X24	1,745,000.00	AA+	Aaa	01/16/20	01/21/20	1,740,131.45	1.68	6,616.46	1,740,813.53	1,839,263.16



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Bond / Note</b>											
FREDDIE MAC NOTES DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	950,000.00	AA+	Aaa	03/30/20	03/31/20	993,833.00	0.54	1,939.58	989,299.40	996,074.05
FREDDIE MAC NOTES DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	1,120,000.00	AA+	Aaa	02/26/20	02/28/20	1,133,753.60	1.24	2,286.67	1,132,113.19	1,174,318.88
FREDDIE MAC NOTES DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	1,635,000.00	AA+	Aaa	03/03/20	03/05/20	1,680,845.40	0.92	3,338.13	1,675,511.59	1,714,295.87
FANNIE MAE NOTES DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	1,300,000.00	AA+	Aaa	06/04/20	06/05/20	1,305,213.00	0.54	3,543.40	1,304,867.81	1,313,296.40
FANNIE MAE NOTES DTD 06/19/2020 0.500% 06/17/2025	3135G04Z3	1,200,000.00	AA+	Aaa	06/17/20	06/19/20	1,197,516.00	0.54	1,700.00	1,197,657.63	1,204,004.40
FREDDIE MAC NOTES DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	730,000.00	AA+	Aaa	07/21/20	07/23/20	726,364.60	0.48	517.08	726,504.12	728,148.72
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	1,120,000.00	AA+	Aaa	09/23/20	09/25/20	1,116,628.80	0.44	70.00	1,116,639.89	1,116,510.08
<b>Security Type Sub-Total</b>		<b>40,715,000.00</b>					<b>40,773,323.30</b>	<b>1.75</b>	<b>179,071.19</b>	<b>40,789,090.64</b>	<b>42,472,249.42</b>
<b>Corporate Note</b>											
APPLE INC CORP NOTES DTD 05/06/2014 2.850% 05/06/2021	037833AR1	875,000.00	AA+	Aa1	02/13/17	02/16/17	895,160.00	2.27	10,044.27	877,840.73	888,663.13
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	1,000,000.00	A	A3	02/13/17	02/16/17	1,020,940.00	2.30	6,455.56	1,003,657.64	1,019,301.00
BONY MELLON GLOBAL NOTES (CALLABLE) DTD 09/23/2011 3.550% 09/23/2021	06406HBY4	1,000,000.00	A	A1	02/13/17	02/16/17	1,044,650.00	2.52	788.89	1,008,827.11	1,030,003.00
IBM CORP BONDS DTD 01/27/2017 2.500% 01/27/2022	459200JO5	1,000,000.00	A	A2	02/13/17	02/16/17	1,005,280.00	2.39	4,444.44	1,001,412.09	1,029,205.00
US BANCORP (CALLABLE) NOTE DTD 03/02/2012 3.000% 03/15/2022	91159HHC7	1,000,000.00	A+	A1	05/28/19	05/30/19	1,011,170.00	2.58	1,333.33	1,005,652.56	1,036,184.00
BLACKROCK INC CORP NOTES DTD 05/25/2012 3.375% 06/01/2022	09247XAJ0	1,125,000.00	AA-	Aa3	04/15/19	04/17/19	1,148,861.25	2.66	12,656.25	1,137,714.85	1,181,149.88



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b>	<b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Corporate Note</b>												
APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023		037833DV9	425,000.00	AA+	Aa1	05/04/20	05/11/20	423,844.00	0.84	1,239.58	423,994.97	429,331.18
JPMORGAN CHASE & CO CORP NOTES DTD 05/18/2016 2.700% 05/18/2023		46625HRL6	740,000.00	A-	A2	09/11/19	09/13/19	751,314.60	2.26	7,381.50	748,079.45	779,486.40
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.400% 06/26/2023		931142EK5	1,125,000.00	AA	Aa2	04/15/19	04/17/19	1,155,015.00	2.72	10,093.75	1,144,349.67	1,214,532.00
BANK OF AMERICA CORP NOTES DTD 07/23/2013 4.100% 07/24/2023		06053FAA7	1,000,000.00	A-	A2	03/15/19	03/19/19	1,041,710.00	3.07	7,630.56	1,026,948.65	1,098,792.00
PFIZER INC CORP NOTES DTD 03/11/2019 2.950% 03/15/2024		717081ES8	1,000,000.00	AA-	A1	04/02/19	04/04/19	1,012,190.00	2.68	1,311.11	1,008,446.61	1,078,601.00
US BANCORP DTD 07/29/2019 2.400% 07/30/2024		91159HHX1	500,000.00	A+	A1	08/01/19	08/05/19	503,300.00	2.26	2,033.33	502,533.44	531,876.00
JPMORGAN CHASE & CO CORPORATE NOTES DTD 09/16/2020 0.653% 09/16/2024		46647PBS4	170,000.00	A-	A2	09/09/20	09/16/20	170,000.00	0.65	46.25	170,000.00	169,978.24
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025		89236TGT6	345,000.00	A+	A1	05/20/20	05/26/20	348,370.65	1.58	828.00	348,120.39	359,907.11
JOHNSON & JOHNSON CORPORATE NOTES DTD 08/25/2020 0.550% 09/01/2025		478160CN2	1,415,000.00	AAA	Aaa	09/11/20	09/15/20	1,419,570.45	0.48	778.25	1,419,529.39	1,415,440.07
<b>Security Type Sub-Total</b>			<b>12,720,000.00</b>					<b>12,951,375.95</b>	<b>2.22</b>	<b>67,065.07</b>	<b>12,827,107.55</b>	<b>13,262,450.01</b>
<b>Certificate of Deposit</b>												
SOCIETE GENERALE NY CERT DEPOS DTD 02/19/2020 1.800% 02/14/2022		83369XDL9	765,000.00	A	A1	02/14/20	02/19/20	765,000.00	1.80	1,797.75	765,000.00	771,976.80
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 07/14/2020 0.700% 07/08/2022		86565CKU2	605,000.00	A	A1	07/14/20	07/14/20	605,000.00	0.70	929.35	605,000.00	605,654.61
<b>Security Type Sub-Total</b>			<b>1,370,000.00</b>					<b>1,370,000.00</b>	<b>1.31</b>	<b>2,727.10</b>	<b>1,370,000.00</b>	<b>1,377,631.41</b>



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Managed Account Sub-Total</b>		<b>77,570,000.00</b>					<b>77,967,379.59</b>	<b>1.81</b>	<b>340,271.43</b>	<b>77,885,353.48</b>	<b>80,640,921.82</b>
<b>Money Market Mutual Fund</b>											
CAMP Pool		100,151.12	AAAm	NR			100,151.12		0.00	100,151.12	100,151.12
<b>Money Market Sub-Total</b>		<b>100,151.12</b>					<b>100,151.12</b>		<b>0.00</b>	<b>100,151.12</b>	<b>100,151.12</b>
<b>Securities Sub-Total</b>		<b>\$77,670,151.12</b>					<b>\$78,067,530.71</b>	<b>1.81%</b>	<b>\$340,271.43</b>	<b>\$77,985,504.60</b>	<b>\$80,741,072.94</b>
<b>Accrued Interest</b>											<b>\$340,271.43</b>
<b>Total Investments</b>											<b>\$81,081,344.37</b>





**Managed Account Fair Market Value & Analytics**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b>	<b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>Broker</b>	<b>Next Call Date</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Unreal G/L On Cost</b>	<b>Unreal G/L Amort Cost</b>	<b>Effective Duration</b>	<b>YTM at Mkt</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES	DTD 12/31/2015 1.750% 12/31/2020	912828N48	850,000.00	MORGANST		100.41	853,453.13	630.87	3,281.80	0.25	0.12
US TREASURY NOTES	DTD 12/31/2015 1.750% 12/31/2020	912828N48	990,000.00	CITIGRP		100.41	994,021.87	2,977.73	3,958.19	0.25	0.12
US TREASURY NOTES	DTD 02/29/2016 1.125% 02/28/2021	912828P87	1,000,000.00	BARCLAYS		100.42	1,004,218.80	34,140.67	7,307.77	0.42	0.11
US TREASURY NOTES	DTD 03/31/2016 1.250% 03/31/2021	912828Q37	1,050,000.00	MORGANST		100.56	1,055,906.25	27,439.45	8,369.91	0.50	0.12
US TREASURY NOTES	DTD 03/31/2016 1.250% 03/31/2021	912828O37	1,900,000.00	MORGAN_S		100.56	1,910,687.50	48,613.28	15,525.11	0.50	0.12
US TREASURY NOTES	DTD 05/31/2014 2.000% 05/31/2021	912828WN6	2,000,000.00	HSBC		101.25	2,025,000.00	13,203.12	23,223.49	0.66	0.12
US TREASURY NOTES	DTD 01/03/2017 2.000% 12/31/2021	912828U81	1,730,000.00	JPM_CHAS		102.31	1,770,006.25	26,017.58	31,021.98	1.23	0.15
US TREASURY NOTES	DTD 03/31/2017 1.875% 03/31/2022	912828W89	1,725,000.00	RBC		102.59	1,769,742.19	33,219.73	36,878.11	1.49	0.14
US TREASURY NOTES	DTD 06/30/2017 1.750% 06/30/2022	912828XW5	955,000.00	MERRILL		102.81	981,859.38	41,445.51	32,413.09	1.72	0.14
US TREASURY NOTES	DTD 09/30/2015 1.750% 09/30/2022	912828L57	960,000.00	HSBC		103.22	990,900.00	47,062.50	37,575.62	1.97	0.14
UNITED STATES TREASURY NOTES	DTD 01/15/2020 1.500% 01/15/2023	912828Z29	1,070,000.00	RBC		103.09	1,103,103.13	29,299.61	30,158.92	2.25	0.15
US TREASURY N/B NOTES	DTD 05/01/2017 2.000% 04/30/2024	912828X70	2,025,000.00	MORGAN_S		106.45	2,155,675.68	106,787.01	113,055.76	3.45	0.19
US TREASURY N/B	DTD 07/31/2017 2.125% 07/31/2024	9128282N9	1,000,000.00	RBC		107.31	1,073,125.00	52,734.37	57,494.05	3.70	0.21
US TREASURY NOTES	DTD 08/15/2014 2.375% 08/15/2024	912828D56	600,000.00	BNP_PARI		108.36	650,156.28	28,570.34	33,189.90	3.72	0.21
US TREASURY NOTES	DTD 08/15/2014 2.375% 08/15/2024	912828D56	1,700,000.00	MERRILL		108.36	1,842,109.46	79,953.21	92,844.36	3.72	0.21
US TREASURY N/B	DTD 11/30/2017 2.125% 11/30/2024	9128283J7	1,735,000.00	MERRILL		107.84	1,871,089.06	94,950.59	101,074.17	3.99	0.23
<b>Security Type Sub-Total</b>			<b>21,290,000.00</b>				<b>22,051,053.98</b>	<b>667,045.57</b>	<b>627,372.23</b>	<b>1.94</b>	<b>0.16</b>



**Managed Account Fair Market Value & Analytics**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b>	<b>CUSIP</b>	<b>Par</b>	<b>Broker</b>	<b>Next Call Date</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Unreal G/L On Cost</b>	<b>Unreal G/L Amort Cost</b>	<b>Effective Duration</b>	<b>YTM at Mkt</b>
<b>Supra-National Agency Bond / Note</b>										
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	1,475,000.00	HSBC		100.17	1,477,537.00	(11,134.93)	2,063.46	0.11	0.53
<b>Security Type Sub-Total</b>		<b>1,475,000.00</b>				<b>1,477,537.00</b>	<b>(11,134.93)</b>	<b>2,063.46</b>	<b>0.11</b>	<b>0.53</b>
<b>Federal Agency Bond / Note</b>										
FHLMC REFERENCE NOTE DTD 08/12/2016 1.125% 08/12/2021	3137EAEC9	1,000,000.00	GOLDMAN		100.86	1,008,587.00	43,877.00	15,283.60	0.86	0.13
FEDERAL HOME LOAN BANKS NOTES DTD 10/12/2018 3.000% 10/12/2021	3130AF5B9	1,815,000.00	MKTX		102.94	1,868,382.78	53,963.58	53,585.55	1.01	0.15
FANNIE MAE NOTES DTD 01/09/2017 2.000% 01/05/2022	3135G0S38	1,000,000.00	TD		102.34	1,023,391.00	24,481.00	23,669.23	1.25	0.15
FANNIE MAE NOTES DTD 04/10/2017 1.875% 04/05/2022	3135G0T45	1,000,000.00	GOLDMAN		102.61	1,026,137.00	25,757.00	26,018.71	1.49	0.15
FANNIE MAE NOTES DTD 04/10/2017 1.875% 04/05/2022	3135G0T45	1,000,000.00	TD		102.61	1,026,137.00	16,334.00	20,568.49	1.49	0.15
FANNIE MAE AGENCY NOTES DTD 10/06/2017 2.000% 10/05/2022	3135G0T78	1,450,000.00	NOMURA		103.64	1,502,751.00	62,437.00	56,691.98	1.97	0.19
FANNIE MAE NOTES DTD 05/22/2020 0.250% 05/22/2023	3135G04O3	1,200,000.00	CITIGRP		100.09	1,201,048.80	4,660.80	4,225.38	2.63	0.22
FREDDIE MAC NOTES DTD 06/11/2018 2.750% 06/19/2023	3137EAEN5	2,610,000.00	BARCLAYS		106.83	2,788,252.56	159,721.56	166,972.33	2.62	0.23
FREDDIE MAC NOTES DTD 06/26/2020 0.250% 06/26/2023	3137EAES4	1,090,000.00	TD		100.06	1,090,688.88	3,871.68	3,589.73	2.73	0.23
FANNIE MAE NOTES DTD 07/10/2020 0.250% 07/10/2023	3135G05G4	1,530,000.00	CITIGRP		100.06	1,530,980.73	4,270.23	4,020.89	2.77	0.23
FREDDIE MAC NOTES DTD 08/21/2020 0.250% 08/24/2023	3137EAEV7	895,000.00	CITIGRP		100.07	895,598.76	1,511.66	1,477.57	2.89	0.23
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,390,000.00	MORGAN_S		107.74	1,497,636.04	113,029.24	110,957.78	2.85	0.24
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	1,825,000.00	TD		107.74	1,966,320.70	159,004.95	152,028.78	2.85	0.24
FREDDIE MAC NOTES (CALLABLE) DTD 09/28/2020 0.300% 09/28/2023	3134GWTL0	400,000.00	KEYBANC	09/28/21	100.00	400,017.60	17.60	17.60	0.99	0.30



**Managed Account Fair Market Value & Analytics**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b>	<b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>Broker</b>	<b>Next Call Date</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Unreal G/L On Cost</b>	<b>Unreal G/L Amort Cost</b>	<b>Effective Duration</b>	<b>YTM at Mkt</b>
<b>Federal Agency Bond / Note</b>											
FEDERAL HOME LOAN BANKS NOTES	DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	1,000,000.00	WELLS_FA		109.79	1,097,873.00	70,143.00	79,693.75	3.03	0.29
FANNIE MAE NOTES	DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	1,600,000.00	WELLS_FA		107.36	1,717,777.60	123,121.60	121,383.55	3.23	0.29
FANNIE MAE NOTES	DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	3,000,000.00	AMHERST		107.36	3,220,833.00	229,533.00	226,726.24	3.23	0.29
FHLB BONDS	DTD 02/15/2019 2.500% 02/13/2024	3130AFW94	1,650,000.00	MORGAN_S		107.41	1,772,261.70	105,250.20	110,532.92	3.25	0.29
FANNIE MAE NOTES	DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,000,000.00	NOMURA		105.45	1,054,516.00	48,086.00	49,600.21	3.64	0.29
FANNIE MAE NOTES	DTD 07/08/2019 1.750% 07/02/2024	3135G0V75	1,635,000.00	JEFFERIE		105.45	1,724,133.66	100,922.01	98,056.33	3.64	0.29
FANNIE MAE NOTES	DTD 10/18/2019 1.625% 10/15/2024	3135G0W66	2,825,000.00	TD		105.24	2,973,013.05	157,307.30	155,553.76	3.90	0.32
FANNIE MAE NOTES	DTD 01/10/2020 1.625% 01/07/2025	3135G0X24	1,745,000.00	MIZUHO		105.40	1,839,263.16	99,131.71	98,449.63	4.13	0.35
FREDDIE MAC NOTES	DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	950,000.00	TD		104.85	996,074.05	2,241.05	6,774.65	4.24	0.38
FREDDIE MAC NOTES	DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	1,120,000.00	TD		104.85	1,174,318.88	40,565.28	42,205.69	4.24	0.38
FREDDIE MAC NOTES	DTD 02/14/2020 1.500% 02/12/2025	3137EAEP0	1,635,000.00	WELLS_F		104.85	1,714,295.87	33,450.47	38,784.28	4.24	0.38
FANNIE MAE NOTES	DTD 04/24/2020 0.625% 04/22/2025	3135G03U5	1,300,000.00	KEYBANC		101.02	1,313,296.40	8,083.40	8,428.59	4.49	0.40
FANNIE MAE NOTES	DTD 06/19/2020 0.500% 06/17/2025	3135G04Z3	1,200,000.00	NOMURA		100.33	1,204,004.40	6,488.40	6,346.77	4.66	0.43
FREDDIE MAC NOTES	DTD 07/23/2020 0.375% 07/21/2025	3137EAEU9	730,000.00	WELLS_F		99.75	728,148.72	1,784.12	1,644.60	4.77	0.43
FREDDIE MAC NOTES	DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	1,120,000.00	CITIGRP		99.69	1,116,510.08	(118.72)	(129.81)	4.94	0.44
<b>Security Type Sub-Total</b>			<b>40,715,000.00</b>				<b>42,472,249.42</b>	<b>1,698,926.12</b>	<b>1,683,158.78</b>	<b>3.11</b>	<b>0.28</b>

**Corporate Note**



**Managed Account Fair Market Value & Analytics**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b>	<b>CUSIP</b>	<b>Par</b>	<b>Broker</b>	<b>Next Call Date</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Unreal G/L On Cost</b>	<b>Unreal G/L Amort Cost</b>	<b>Effective Duration</b>	<b>YTM at Mkt</b>
<b>Corporate Note</b>										
APPLE INC CORP NOTES DTD 05/06/2014 2.850% 05/06/2021	037833AR1	875,000.00	US_BANCO		101.56	888,663.13	(6,496.87)	10,822.40	0.59	0.24
ORACLE CORP BONDS DTD 07/08/2014 2.800% 07/08/2021	68389XBA2	1,000,000.00	CITIGRP		101.93	1,019,301.00	(1,639.00)	15,643.36	0.77	0.30
BONY MELLON GLOBAL NOTES (CALLABLE) DTD 09/23/2011 3.550% 09/23/2021	06406HBY4	1,000,000.00	RBC	08/23/21	103.00	1,030,003.00	(14,647.00)	21,175.89	0.89	0.48
IBM CORP BONDS DTD 01/27/2017 2.500% 01/27/2022	459200JQ5	1,000,000.00	RBC		102.92	1,029,205.00	23,925.00	27,792.91	1.31	0.29
US BANCORP (CALLABLE) NOTE DTD 03/02/2012 3.000% 03/15/2022	91159HHC7	1,000,000.00	CSFB	02/15/22	103.62	1,036,184.00	25,014.00	30,531.44	1.36	0.51
BLACKROCK INC CORP NOTES DTD 05/25/2012 3.375% 06/01/2022	09247XAJ0	1,125,000.00	WELLS_FA		104.99	1,181,149.88	32,288.63	43,435.03	1.62	0.37
APPLE INC CORPORATE NOTES DTD 05/11/2020 0.750% 05/11/2023	037833DV9	425,000.00	JPM_CHA		101.02	429,331.18	5,487.18	5,336.21	2.59	0.36
JPMORGAN CHASE & CO CORP NOTES DTD 05/18/2016 2.700% 05/18/2023	46625HRL6	740,000.00	RBC		105.34	779,486.40	28,171.80	31,406.95	2.54	0.65
WAL-MART STORES INC CORP NOTES DTD 06/27/2018 3.400% 06/26/2023	931142EK5	1,125,000.00	DEUTSCHE	05/26/23	107.96	1,214,532.00	59,517.00	70,182.33	2.54	0.47
BANK OF AMERICA CORP NOTES DTD 07/23/2013 4.100% 07/24/2023	06053FAA7	1,000,000.00	MITSU		109.88	1,098,792.00	57,082.00	71,843.35	2.68	0.56
PFIZER INC CORP NOTES DTD 03/11/2019 2.950% 03/15/2024	717081ES8	1,000,000.00	TD	02/15/24	107.86	1,078,601.00	66,411.00	70,154.39	3.24	0.65
US BANCORP DTD 07/29/2019 2.400% 07/30/2024	91159HHX1	500,000.00	MKTX		106.38	531,876.00	28,576.00	29,342.56	3.68	0.71
JPMORGAN CHASE & CO CORPORATE NOTES DTD 09/16/2020 0.653% 09/16/2024	46647PBS4	170,000.00	JPM_CHA		99.99	169,978.24	(21.76)	(21.76)	3.92	0.66
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	345,000.00	CITIGRP		104.32	359,907.11	11,536.46	11,786.72	4.22	0.79
JOHNSON & JOHNSON CORPORATE NOTES DTD 08/25/2020 0.550% 09/01/2025	478160CN2	1,415,000.00	GOLDMAN	08/01/25	100.03	1,415,440.07	(4,130.38)	(4,089.32)	4.86	0.54
<b>Security Type Sub-Total</b>		<b>12,720,000.00</b>				<b>13,262,450.01</b>	<b>311,074.06</b>	<b>435,342.46</b>	<b>2.30</b>	<b>0.48</b>



**Managed Account Fair Market Value & Analytics**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>Broker</b>	<b>Next Call Date</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Unreal G/L On Cost</b>	<b>Unreal G/L Amort Cost</b>	<b>Effective Duration</b>	<b>YTM at Mkt</b>
<b>Certificate of Deposit</b>										
SOCIETE GENERALE NY CERT DEPOS DTD 02/19/2020 1.800% 02/14/2022	83369XDL9	765,000.00	MERRILL		100.91	771,976.80	6,976.80	6,976.80	1.36	1.13
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 07/14/2020 0.700% 07/08/2022	86565CKU2	605,000.00	SMBC		100.11	605,654.61	654.61	654.61	1.76	0.63
<b>Security Type Sub-Total</b>		<b>1,370,000.00</b>				<b>1,377,631.41</b>	<b>7,631.41</b>	<b>7,631.41</b>	<b>1.54</b>	<b>0.91</b>
<b>Managed Account Sub-Total</b>		<b>77,570,000.00</b>				<b>80,640,921.82</b>	<b>2,673,542.23</b>	<b>2,755,568.34</b>	<b>2.57</b>	<b>0.29</b>
<b>Money Market Mutual Fund</b>										
CAMP Pool		100,151.12			1.00	100,151.12	0.00	0.00	0.00	
<b>Money Market Sub-Total</b>		<b>100,151.12</b>				<b>100,151.12</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	
<b>Securities Sub-Total</b>		<b>\$77,670,151.12</b>				<b>\$80,741,072.94</b>	<b>\$2,673,542.23</b>	<b>\$2,755,568.34</b>	<b>2.57</b>	<b>0.29%</b>
<b>Accrued Interest</b>						<b>\$340,271.43</b>				
<b>Total Investments</b>						<b>\$81,081,344.37</b>				



**Managed Account Security Transactions & Interest**

For the Month Ending **September 30, 2020**

**CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)**

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
<b>BUY</b>										
09/09/20	09/16/20	JPMORGAN CHASE & CO CORPORATE NOTES DTD 09/16/2020 0.653% 09/16/2024	46647PBS4	170,000.00	(170,000.00)	0.00	(170,000.00)			
09/11/20	09/15/20	JOHNSON & JOHNSON CORPORATE NOTES DTD 08/25/2020 0.550% 09/01/2025	478160CN2	1,415,000.00	(1,419,570.45)	(432.36)	(1,420,002.81)			
09/23/20	09/25/20	FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	1,120,000.00	(1,116,628.80)	0.00	(1,116,628.80)			
09/30/20	09/30/20	FREDDIE MAC NOTES (CALLABLE) DTD 09/28/2020 0.300% 09/28/2023	3134GWTL0	400,000.00	(400,000.00)	(6.67)	(400,006.67)			

**Transaction Type Sub-Total** **3,105,000.00** **(3,106,199.25)** **(439.03)** **(3,106,638.28)**

<b>INTEREST</b>										
09/12/20	09/12/20	INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	0.00	0.00	11,715.00	11,715.00			
09/12/20	09/12/20	FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	3,215,000.00	0.00	46,215.63	46,215.63			
09/15/20	09/15/20	US BANCORP (CALLABLE) NOTE DTD 03/02/2012 3.000% 03/15/2022	91159HHC7	1,000,000.00	0.00	15,000.00	15,000.00			
09/15/20	09/15/20	PFIZER INC CORP NOTES DTD 03/11/2019 2.950% 03/15/2024	717081ES8	1,000,000.00	0.00	14,750.00	14,750.00			
09/23/20	09/23/20	BONY MELLON GLOBAL NOTES (CALLABLE) DTD 09/23/2011 3.550% 09/23/2021	06406HBY4	1,000,000.00	0.00	17,750.00	17,750.00			
09/30/20	09/30/20	US TREASURY NOTES DTD 03/31/2016 1.250% 03/31/2021	912828O37	2,950,000.00	0.00	18,437.50	18,437.50			
09/30/20	09/30/20	US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	960,000.00	0.00	8,400.00	8,400.00			
09/30/20	09/30/20	US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	1,725,000.00	0.00	16,171.88	16,171.88			

**Transaction Type Sub-Total** **11,850,000.00** **0.00** **148,440.01** **148,440.01**



**Managed Account Security Transactions & Interest**

For the Month Ending **September 30, 2020**

CITY OF EL CAJON - OPERATING FUNDS - 505-00 - (12510521)

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
<b>MATURITY</b>										
09/12/20	09/12/20	INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	1,500,000.00	1,500,000.00	0.00	1,500,000.00	3,600.00	0.00	
09/28/20	09/28/20	FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	405,000.00	405,000.00	2,784.38	407,784.38	2,725.65	0.00	
<b>Transaction Type Sub-Total</b>				<b>1,905,000.00</b>	<b>1,905,000.00</b>	<b>2,784.38</b>	<b>1,907,784.38</b>	<b>6,325.65</b>	<b>0.00</b>	
<b>SELL</b>										
09/23/20	09/25/20	US TREASURY N/B DTD 11/30/2017 2.125% 11/30/2024	9128283J7	915,000.00	987,377.93	6,215.63	993,593.56	50,682.42	53,839.01	FIFO
<b>Transaction Type Sub-Total</b>				<b>915,000.00</b>	<b>987,377.93</b>	<b>6,215.63</b>	<b>993,593.56</b>	<b>50,682.42</b>	<b>53,839.01</b>	
<b>Managed Account Sub-Total</b>					<b>(213,821.32)</b>	<b>157,000.99</b>	<b>(56,820.33)</b>	<b>57,008.07</b>	<b>53,839.01</b>	
<b>Total Security Transactions</b>					<b>(\$213,821.32)</b>	<b>\$157,000.99</b>	<b>(\$56,820.33)</b>	<b>\$57,008.07</b>	<b>\$53,839.01</b>	



## Account Statement

For the Month Ending **September 30, 2020**

### CITY OF EL CAJON - OPERATING FUNDS - 505-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>CAMP Pool</b>					
<b>Opening Balance</b>					<b>156,921.24</b>
09/14/20	09/14/20	Purchase - Interest 45905UP32	1.00	11,715.00	168,636.24
09/14/20	09/14/20	Purchase - Interest 3135G0U43	1.00	46,215.63	214,851.87
09/14/20	09/14/20	Purchase - Principal 45905UP32	1.00	1,500,000.00	1,714,851.87
09/15/20	09/15/20	Purchase - Interest 717081ES8	1.00	14,750.00	1,729,601.87
09/15/20	09/15/20	Purchase - Interest 91159HHC7	1.00	15,000.00	1,744,601.87
09/15/20	09/15/20	Redemption - Interest 478160CN2	1.00	(432.36)	1,744,169.51
09/15/20	09/15/20	Redemption - Principal 478160CN2	1.00	(1,419,570.45)	324,599.06
09/16/20	09/16/20	Redemption - Principal 46647PBS4	1.00	(170,000.00)	154,599.06
09/23/20	09/23/20	Purchase - Interest 06406HBY4	1.00	17,750.00	172,349.06
09/25/20	09/25/20	Purchase - Interest 9128283J7	1.00	6,215.63	178,564.69
09/25/20	09/25/20	Purchase - Principal 9128283J7	1.00	987,377.93	1,165,942.62
09/25/20	09/25/20	Redemption - Principal 3137EAEX3	1.00	(1,116,628.80)	49,313.82
09/28/20	09/28/20	Purchase - Principal 3130ACE26	1.00	407,784.38	457,098.20
09/30/20	09/30/20	Purchase - Interest 912828L57	1.00	8,400.00	465,498.20
09/30/20	09/30/20	Purchase - Interest 912828Q37	1.00	18,437.50	483,935.70
09/30/20	09/30/20	Purchase - Interest 912828W89	1.00	16,171.88	500,107.58
09/30/20	09/30/20	Redemption - Principal 3134GWTLO	1.00	(400,000.00)	100,107.58
09/30/20	09/30/20	Redemption - Interest 3134GWTLO	1.00	(6.67)	100,100.91
09/30/20	10/01/20	Accrual Income Div Reinvestment - Distributions	1.00	50.21	100,151.12





**Account Statement**

For the Month Ending **September 30, 2020**

CITY OF EL CAJON - OPERATING FUNDS - 505-00

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
<b>Closing Balance</b>					<b>100,151.12</b>
		<b>Month of September</b>	<b>Fiscal YTD January-September</b>		
<b>Opening Balance</b>		156,921.24	2,704,738.67	<b>Closing Balance</b>	100,151.12
<b>Purchases</b>		3,049,868.16	23,466,101.42	<b>Average Monthly Balance</b>	222,286.92
<b>Redemptions (Excl. Checks)</b>		(3,106,638.28)	(26,070,688.97)	<b>Monthly Distribution Yield</b>	0.27%
<b>Check Disbursements</b>		0.00	0.00		
<b>Closing Balance</b>		<b>100,151.12</b>	<b>100,151.12</b>		
<b>Cash Dividends and Income</b>		50.21	3,558.07		



City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Nahid Razi, Purchasing Agent  
**SUBJECT:** Reject and Re-Bid of Bid No. 012-21 – Debris Collection Services

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**RECOMMENDATION:**

That the City Council adopts the next Resolutions, in order, to:

1. Reject all bids and authorize re-bidding the project with revised specifications; and
2. Extend the current agreement with the East County Transitional Living Center for three months in the amount of \$19,500.

**BACKGROUND:**

The Debris Collection Services contract provides for the removal of trash, debris, abandoned furniture, and other items as designated throughout City limits.

This bid was advertised on September 10, 2020. Three responses were received and opened at 2:00 p.m. on October 14, 2020, and all bids were evaluated.

The apparent low bidder shall be deemed non-responsive for failure to submit the required bid documents. Upon review of the bid responses, City staff determined that due to budgetary limitations, it would be in the City's best interest to reject all bids and re-bid the services with revised specifications. The summary of bids is attached and complete proposals are on file in the Purchasing Division.

Due to the time required to re-bid these services and to avoid a lapse in service, City staff is requesting an additional 3-month extension to the current agreement for Debris Collection Services with East County Transitional Living Center. On September 8, 2020, the City Council authorized a 3-month extension through December 19, 2020. This 3-month extension will provide a term effective through March 19, 2021 and an increase of \$19,500 to the current agreement.

**FISCAL IMPACT:**

The 3-month extension will result in an increase of \$19,500, for a total contract amount of \$78,000. Sufficient funds are available in the FY2020-21 Public Works Street Operations (211320) Annual Budget.

Prepared By: Nahid Razi, Purchasing Agent

Reviewed By: Yazmin Arellano, Director of Public Works

Approved By: Graham Mitchell, City Manager

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#### Attachments

Resolution - Reject & Re-bid

Resolution - Ext ECTLC Contract

Bid Summary

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RESOLUTION NO. \_\_-20

RESOLUTION REJECTING BID 012-21  
FOR DEBRIS COLLECTION SERVICES  
DUE TO BUDGETARY LIMITATIONS, AND AUTHORIZING  
RE-BIDDING WITH REVISED SPECIFICATIONS

WHEREAS, Bid No. 012-21 for Debris Collection Services to provide for the removal of trash, debris, abandoned furniture and other items as designated throughout the City of El Cajon (the "City") limits (the "Project") was advertised on September 10, 2020, and three (3) responses were received and opened at 2:00 p.m. on October 14, 2020; and

WHEREAS, the apparent low bidder was deemed non-responsive for failure to submit the required bid documents; and

WHEREAS, upon review of the bid responses, City staff determined that due to budgetary limitations, it would be in the City's best interest to reject all bids and re-bid the Project with revised specifications; and

WHEREAS, pursuant to Public Contract Code section 20166 and El Cajon Municipal Code section 3.20.080 the City Council, in its discretion, may reject any bids presented; and

WHEREAS, staff recommends that the City Council reject all bids and authorize re-bidding of the Project with revised specifications; and

WHEREAS, the City Council believes it to be in the best interests of the City to reject all bids and authorize re-bidding of the Project with revised specifications.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby rejects all responses received for Bid 012-21 due to budgetary limitations, and authorizes re-bidding of the Project with revised specifications.

RESOLUTION NO. \_\_-20

A RESOLUTION OF THE  
CITY COUNCIL OF THE CITY OF EL CAJON  
APPROVING AN EXTENSION OF THE CONTRACT  
WITH EAST COUNTY TRANSITIONAL LIVING CENTER  
FOR DEBRIS COLLECTION SERVICES

WHEREAS, on January 28, 2020, the City Council approved a Public Works Contract (the "Contract") with East County Transitional Living Center ("ECTLC") for collection of debris services at various locations throughout the City of El Cajon (the "City"), for a six-month term of March 20, 2020 through September 19, 2020, in the not-to-exceed amount of \$39,000; and

WHEREAS, on September 8, 2020, the City Council approved a three (3) month extension of the Contract, for a term effective September 20, 2020 through December 19, 2020, in the not-to-exceed amount of \$19,500, due to unanticipated delays while specifications for new bid to provide debris collection services (the "Project") were finalized and vendors were solicited through the City's procurement process; and

WHEREAS, Bid No. 012-21 for the Project was advertised on September 10, 2020, and after review of the three responses received, City staff determined that due to budgetary limitations it would be in the City's best interest to reject all bids and re-bid the services with revised specifications; and

WHEREAS, due to the time required to re-bid these services and to avoid a lapse in service, City staff recommends an additional three (3) month extension to the Contract for a term effective through March 19, 2021, in the not to exceed amount of \$19,500; and

WHEREAS, the City Council believes it to be in the City's best interests to extend the Contract with ECTLC for a term of three (3) months, through March 19, 2021, in the not-to-exceed amount of \$19,500, for a total Contract amount of \$78,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby approves amendment of the City's Contract with ECTLC for debris collection services to extend the term for three (3) months, effective December 20, 2020 through March 19, 2021, and to provide for additional compensation in the not-to-exceed amount of \$19,500, for a total Contract amount of \$78,000.
3. The City Council hereby authorizes the City Manager, or such person as is designated by the City Manager, to execute an amendment to the Contract with ECTLC on behalf of the City of El Cajon, with such changes as may be approved by the City Manager.



**City of El Cajon Purchasing Division**  
**Bid Summary**

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Bid No. 012-21 – Debris Collection Services

<b>Bidder</b>	<b>Bid Amount</b>
East County Transitional Living Center (El Cajon, CA)	NON-RESPONSIVE
Urban Corps of San Diego County (San Diego, CA)	\$108,000.00
Whillock Contracting, Inc. (La Mesa, CA)	\$1,038,112.00

BID ESTIMATE: \$85,000.00



## City Council Agenda Report

**Agenda Item 7.**

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Yazmin Arellano, Director of Public of Works  
**SUBJECT:** Acceptance of Public Improvements for Tentative Subdivision Map (TSM) 653; 619 and 623 South Lincoln Avenue.

---

### RECOMMENDATION:

That the City Council accepts the improvements and authorizes the City Clerk to release the security guaranteeing the improvements in accordance with the subdivision agreement, and requires the developer to maintain insurance in force until the release of all bonds for the project.

### BACKGROUND:

On May 25, 2010, the City Council approved TSM 653 for a 16-lot development (15 single-family lots and one common interest lot) at 619 and 623 South Lincoln Avenue (APNS: 488-371-01 and 493-101-01). The TSM was approved by Resolution No. 56-10, subject to conditions. The public improvements, as a condition of approval for TSM 653, are now complete. Bonds and a Subdivision Agreement guaranteed installation of the public improvements.

### FISCAL IMPACT:

There is no fiscal impact as a result of this action.

Prepared By: Yazmin Arellano, Director of Public Works

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

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City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Marisol Thorn, Director of Human Resources  
**SUBJECT:** El Cajon Police Officers' Association Side Letter Agreement: Field Training Officer Incentive Pay

---

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to approve and authorize the terms and conditions of the Field Training Officer (FTO) Pay Side Letter Agreement between the City and the El Cajon Police Officers' Association (POA).

**BACKGROUND:**

The City and the POA recognize and acknowledge the importance of continuous training in the field of law enforcement. In order to further the goal of prioritizing the importance of the Police Department's Field Training Program, the City and POA propose increasing the amount of monthly FTO pay from \$175 to \$350.

**FISCAL IMPACT:**

Additional compensation will be absorbed by the police department's operating budget.

Prepared By: Marisol Thorn, Director of Human Resources

Reviewed By: N/A

Approved By: Graham Mitchell, City Manager

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Attachments

Resolution

Side Letter Agreement

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RESOLUTION NO. \_\_-20

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF EL CAJON APPROVING SIDE LETTER AGREEMENT  
BETWEEN THE CITY OF EL CAJON AND THE  
EL CAJON POLICE OFFICERS' ASSOCIATION  
REGARDING FIELD TRAINING OFFICER INCENTIVE PAY

WHEREAS, the City of El Cajon (the "City") and the El Cajon Police Officers' Association ("POA") recognize and acknowledge the importance of continuous training in the field of law enforcement; and

WHEREAS, in order to further the goal of prioritizing the importance of the Police Department's Field Training Officer ("FTO") Program, the City and POA propose increasing the amount of FTO monthly pay from \$175 to \$350; and

WHEREAS, City Council finds that it is in the City's best interest to approve an increase of the FTO monthly incentive pay from \$175 to \$350.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby approves the Side Letter Agreement between the City of El Cajon Police Officers' Association (POA) Regarding Field Training Officer Incentive Pay (attached hereto as Exhibit "A"), and authorizes modification of the terms and conditions of Section F of the Memorandum of Understanding between the City of El Cajon and El Cajon Police Officers' Association 2019-2024.

**EXHIBIT "A"**

**Side Letter Agreement  
Between The City of El Cajon and  
The El Cajon Police Officers' Association (POA)  
Regarding Field Training Officer (FTO) Incentive Pay**

The City of El Cajon (City) and the El Cajon Police Officers' Association (POA) hereby agree to modify the 2019-2024 Memorandum of Understanding (MOU) between the parties as follows:

1. Any subsequent agreements or changes to this side letter agreement shall be subject to the meet and confer requirements of the Meyers-Milias-Brown Act.
2. The City and the POA recognize and acknowledge the importance of continuous training in the field of law enforcement;
3. In order to further the goal of prioritizing the importance of the Field Training Program, the parties hereto agree to modify Section F of Article 5 of the 2019-2024 MOU by increasing the amount of FTO incentive pay from \$175 to \$350, and modifying the language to read as follows:


**SECTION F. Field Training Officer (FTO) Incentive Pay**

EMPLOYEES in the classifications of Police Officer and Police Corporal who are approved Field Training Officers (FTOs), and serve three (3) scheduled work shifts in this capacity, shall be eligible for an incentive pay of \$350.00 per month while serving in this capacity. EMPLOYEES who serve three (3) scheduled shifts that fall in two (2) calendar months will qualify for FTO pay (e.g. June 29, 30, July 1). EMPLOYEE will also be able to receive compensation for the second month if serving as an FTO for an additional three (3) shifts. Criteria for and selection of EMPLOYEES who shall be assigned as FTO is set forth in Department Policy.

**COMPENSATION**

The current phase training program is sixteen (16) weeks long. Generally, FTO pay will not be granted to those FTOs who "fill in" (because of special leave, injury, illness, etc.) for the regular FTO for periods of time less than three scheduled shifts. It is the responsibility of the FTO to complete an FTO Assignment Form when he/she believes they are due compensation. (To insure timely compensation, the form should be completed as soon as the FTO has met the minimum requirement). That form will be approved by the FTO's supervisor and forwarded through the chain of command to the Human Resources Department. A copy of the form will be sent to the scheduling Lieutenant. Compensation shall be paid no later than the fourth Friday after application has been made by the FTO.

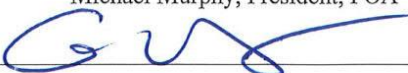
The parties hereby agree to the terms and conditions of this side letter agreement.



Michael Murphy, President, POA

10-29-2020

Date



Graham Mitchell, City Manager

11-3-2020

Date

**Side Letter Agreement  
Between The City of El Cajon and  
The El Cajon Police Officers' Association (POA)  
Regarding Field Training Officer (FTO) Incentive Pay**

The City of El Cajon (City) and the El Cajon Police Officers' Association (POA) hereby agree to modify the 2019-2024 Memorandum of Understanding (MOU) between the parties as follows:

1. Any subsequent agreements or changes to this side letter agreement shall be subject to the meet and confer requirements of the Meyers-Milias-Brown Act.
2. The City and the POA recognize and acknowledge the importance of continuous training in the field of law enforcement;
3. In order to further the goal of prioritizing the importance of the Field Training Program, the parties hereto agree to modify Section F of Article 5 of the 2019-2024 MOU by increasing the amount of FTO incentive pay from \$175 to \$350, and modifying the language to read as follows:

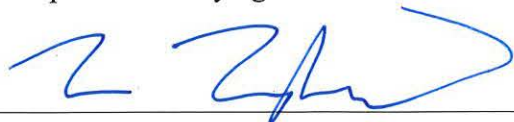
**SECTION F. Field Training Officer (FTO) Incentive Pay**

EMPLOYEES in the classifications of Police Officer and Police Corporal who are approved Field Training Officers (FTOs), and serve three (3) scheduled work shifts in this capacity, shall be eligible for an incentive pay of \$350.00 per month while serving in this capacity. EMPLOYEES who serve three (3) scheduled shifts that fall in two (2) calendar months will qualify for FTO pay (e.g. June 29, 30, July 1). EMPLOYEE will also be able to receive compensation for the second month if serving as an FTO for an additional three (3) shifts. Criteria for and selection of EMPLOYEES who shall be assigned as FTO is set forth in Department Policy.

**COMPENSATION**

The current phase training program is sixteen (16) weeks long. Generally, FTO pay will not be granted to those FTOs who "fill in" (because of special leave, injury, illness, etc.) for the regular FTO for periods of time less than three scheduled shifts. It is the responsibility of the FTO to complete an FTO Assignment Form when he/she believes they are due compensation. (To insure timely compensation, the form should be completed as soon as the FTO has met the minimum requirement). That form will be approved by the FTO's supervisor and forwarded through the chain of command to the Human Resources Department. A copy of the form will be sent to the scheduling Lieutenant. Compensation shall be paid no later than the fourth Friday after application has been made by the FTO.

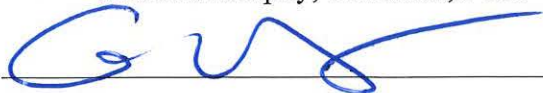
The parties hereby agree to the terms and conditions of this side letter agreement.



Michael Murphy, President, POA

10-29-2020

Date



Graham Mitchell, City Manager

11-3-2020

Date



City Council  
Agenda Report

Agenda Item 9.

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Yazmin Arellano, Director of Public of Works  
**SUBJECT:** Acceptance of Improvements for Tentative Subdivision Map (TSM) 502 - Park Avenue Subdivision.

---

**RECOMMENDATION:**

That the City Council accepts the improvements and authorizes the City Clerk to release the security guaranteeing the improvements in accordance with the subdivision agreement, and requires the developer to maintain insurance in force until the release of all bonds for the project.

**BACKGROUND:**

On October 22, 2002, the City Council approved TSM 502 for a 112-lot residential subdivision by Resolution No. 161-02, subject to conditions. The subdivision, known as Park Avenue, is located on the west side of Ballantyne Street, between Wells and East Park Avenues. The public improvements, as a condition of approval for TSM 502, are now complete. Bonds and a Subdivision Agreement guaranteed installation of the public improvements.

**FISCAL IMPACT:**

There is no fiscal impact as a result of this action.

Prepared By: Yazmin Arellano, Director of Public Works

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

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City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Jamie Van Ravesteyn, Housing Manager  
**SUBJECT:** First Amendment to FY 2020-21 One-Year Action Plan to Reallocate Available CDBG Funds (Crisis House, Inc.)

---

**RECOMMENDATION:**

That the City Council:

1. Opens the public hearing and accepts public testimony for the 1<sup>st</sup> Amendment to the FY 2020-21 One-Year Action Plan;
2. Closes the public hearing; and
3. Adopts the next Resolution, in order, Amending the FY 2020-21 One-Year Action Plan to:
  - a. Re-allocate and appropriate \$700,000 in identified Community Development Block Grant (CDBG) Funds to Crisis House, Inc., for assistance with property acquisition to provide CDBG-eligible services to East County residents; and
  - b. Authorize the City Manager, or designee, to enter into an agreement with Crisis House, Inc., for the use of funds for real property acquisition, make the necessary changes to the One-Year Action Plan, and submit all required documentation to the U.S. Department of Housing and Urban Development.

**BACKGROUND:**

This action to reallocate and appropriate CDBG funds reflects the City Council's intentions and commitment set forth in the approved amended Lease Termination Agreement. It also furthers the City's community development objectives by providing support for the Continuum of Care for the Homeless and providing Community Facilities and Infrastructure supporting homeless persons and victims of domestic violence in El Cajon. Reasonable benefits are expected to accrue to El Cajon residents.

The property at 1034 N. Magnolia Avenue was purchased with CDBG funds in 1994, and is currently leased to Crisis House, Inc. for \$1 a year for the provision of services for homeless persons and victims of domestic violence. On June 23, 2020, the City Council authorized a Lease Termination Agreement with Crisis House, which included a financial incentive of CDBG funds to vacate the property within specified timeframes. On July 28, 2020, the City Council approved an amendment to the Lease Termination Agreement by committing \$700,000 in CDBG funds to be used toward the purchase of a replacement property if Crisis House terminates the lease and vacates the property on or before December 31, 2020. Crisis House is currently in escrow for the acquisition of a replacement property located at 9550 Cuyamaca Street in Santee with a November 30, 2020 close of escrow date.

It is important to note that CDBG regulations allow the City to assist an organization outside of the El Cajon City limits, if the City determines that the activity is necessary to further the City's community development objectives and that reasonable benefits will accrue to the residents of El Cajon. The supporting regulation (24 CFR § 570.309) is attached for reference. Crisis House has historically provided assistance to victims of domestic violence and homeless persons from all over East County. Crisis House has committed that the new facility will continue to serve residents from all of East County, including persons and families from El Cajon. The assistance to Crisis House is conditioned upon the acceptance of an Agreement for the "Use of CDBG Funds" which requires reporting on the CDBG-eligible uses of the property and the numbers of El Cajon residents assisted each year.

\$550,000 in CDBG funds previously allocated to the Wells Park project can be temporarily re-allocated for this purpose. A total of \$634,630 has been expended to date, with a balance of \$865,370 remaining available in the project funding for additional planned improvements. Additional improvements are currently in the design phase, and construction is anticipated for early summer 2021. The re-allocated funding will be restored after the sale of 1034 N. Magnolia Avenue is complete.

In addition, \$150,000 in unallocated CDBG funds can be allocated to this project. Unallocated funds accumulate over time from past project cancellations, miscellaneous program income, and remaining unexpended balances from completed projects and programs, and can be used only for capital/public facility-type improvement projects.

A notice of this Public Hearing and Minimum 5-Day Public Review and Comment Period and the draft First Amendment to the One-Year Action Plan was posted online and in multiple locations on October 30, 2020, and the Notice was published in the Union-Tribune on October 31, 2020, and on November 2, 2020, providing citizens with the opportunity to comment and to participate in the proposed amendment to the FY 2020-21 One-Year Action Plan. The reduced notice and comment period was provided in accordance with the emergency provisions of the Citizen Participation Plan in order to assist the applicant in meeting its escrow closing and property vacation targets. This action will also assist Crisis House in re-establishing and providing the services as quickly as possible in the new location in order to respond to the COVID-19 pandemic. HUD has granted the City a waiver allowing for this reduction in the notice and public review and comment periods.

Written comments received prior to publication of the final Agenda Report are attached. To date, only one comment has been received.

Staff recommends adopting an amendment to the FY 2020-21 One-Year Action Plan re-allocating and appropriating the funding for this activity as outlined above.

#### FISCAL IMPACT:

All CDBG grant allocations are utilized to fund eligible project and program costs pursuant to Federal law. There is no impact to the General Fund. This action authorizes the allocation and appropriation of CDBG funds for assistance with the acquisition of a replacement property for Crisis House, Inc., and decreases the allocation for Wells Park and the unallocated fund balance, in the total amount of \$700,000.

Prepared By: Jamie van Ravesteyn, Housing Manager

Reviewed By: Anthony Shute, Director of Community Development

Approved By: Graham Mitchell, City Manager

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#### Attachments

Resolution

24 CFR Section 570.309

Draft 1st Amendment to FY 20-21 AAP

Comment re 1st Amendment to FY 20-21 AAP

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RESOLUTION NO. \_\_-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL CAJON  
AMENDING THE FY 2020-2021 ONE YEAR ACTION PLAN

WHEREAS, the City of El Cajon (the "City") receives Community Development Block Grant ("CDBG") entitlement grant funds from the U.S. Department of Housing and Urban Development ("HUD") annually; and

WHEREAS, the City Council has considered and desires to assist Crisis House, Inc. with acquisition of property located at 9550 Cuyamaca Street, Santee, California, from which it will provide CDBG-eligible services for homeless persons and victims of domestic violence from all of East County, including persons from El Cajon; and

WHEREAS, the City duly advertised and held a public hearing on November 10, 2020, as required by HUD regulations and new waivers allowing for shortened notice and public review and comment periods, at which time the City considered public comments; and

WHEREAS, the City made the amended One Year Action Plan available for public review and comment for a minimum five-day period between October 30, 2020 and November 10, 2020; and

WHEREAS, the City met the requirements of HUD set forth at 24 CFR 91, and found the CDBG allocations presented in the amendment to the FY 2020-21 One Year Action Plan to be consistent with goals and objectives of the Five Year Consolidated Plan and that reasonable benefits will accrue to the residents of the City of El Cajon.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The City Council of the City of El Cajon does hereby allocate/re-allocate CDBG funds for FY 2020-21 as follows:

<b>First Amendment to the FY 2020-21 One Year Action Plan</b>			
<b>City Project Number</b>	<b>Project</b>	<b>Proposed Re-Allocation</b>	<b>Proposed New Allocation</b>
C0922	Wells Park Comprehensive Improvements	<\$550,000>	---
CUNAL	CDBG Unallocated Funds Balance	<\$150,000>	---
NEW	Crisis House, Inc. - Acquisition of Public Facility serving the Homeless and Victims of Domestic Violence (Property located at 9550 Cuyamaca Street, Santee, CA 92071)	---	\$ 700,000
<b>Total CDBG Allocation</b>			<b>\$ 700,000</b>



2. The City Manager or such person designated by the City Manager is hereby authorized to execute appropriate contracts and agreements for the use of the CDBG funds with Crisis House, Inc., consistent with City and federal policies and guidelines.

3. The City Council hereby adopts the amended One Year Action Plan, with funding allocations as presented above, and authorizes the City Manager or designee to submit the One Year Action Plan, as amended, to HUD, and to make any necessary or needed corrections or adjustments to allocations as outlined above, or as required by HUD, and to execute all affiliated documents.

11/10/20 CC Agenda

Reso – 1<sup>st</sup> Amend FY20-21 One Year Action Plan to Re-Allocate CDBG Funds 110320

# ELECTRONIC CODE OF FEDERAL REGULATIONS

**e-CFR data is current as of October 30, 2020**

[Title 24](#) → [Subtitle B](#) → [Chapter V](#) → [Subchapter C](#) → [Part 570](#) → [Subpart D](#) → [§570.309](#)

Title 24: Housing and Urban Development

PART 570—COMMUNITY DEVELOPMENT BLOCK GRANTS

Subpart D—Entitlement Grants

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## **§570.309 Restriction on location of activities.**

CDBG funds may assist an activity outside the jurisdiction of the grantee only if the grantee determines that such an activity is necessary to further the purposes of the Act and the recipient's community development objectives, and that reasonable benefits from the activity will accrue to residents within the jurisdiction of the grantee. The grantee shall document the basis for such determination prior to providing CDBG funds for the activity.

[60 FR 56914, Nov. 9, 1995]

[Need assistance?](#)



**CITY OF EL CAJON**

**Amendment to FY 2020-2021 ONE YEAR ACTION PLAN**

The City is proposing an amendment to the FY 2020-2021 One Year Action Plan to re-allocate available CDBG funds totaling \$700,000 to Crisis House, Inc., to assist in the acquisition of property located at 9550 Cuyamaca Street, Santee, California, for the provision of CDBG-eligible services for the homeless. CDBG funds totaling \$550,000 will be temporarily re-allocated from the Wells Park Comprehensive Improvements project, and \$150,000 will be allocated directly from the CDBG Unallocated Fund Balance. The public review and comment period has been reduced in order to quickly distribute the funds into the community. HUD has granted the City of El Cajon a waiver allowing for this reduction in public review and comment period. A public hearing will be held on **Tuesday, November 10, 2020 at 3:00 P.M. in the El Cajon Council Chambers at 200 Civic Center Way, El Cajon, CA 92020. Please note that, pursuant to the Governor of the State of California Governor’s Executive Order N-29-20, and in the interest of the public health and safety, members of the City Council and Staff may attend the meeting telephonically. Further, Orders from the San Diego County Health Officer prevent persons other than City officials and essential employees to be physically present. In accordance with the Executive Order, and in compliance with the County Health Officer’s Orders, the public may view the meeting and participate via the City’s website. Please visit <https://www.cityofelcajon.us/videostreaming> for more details.**

The following activities are recommended by staff for funding:

**Proposed CDBG Projects for FY 2020-2021:**

<b>Local Project No.</b>	<b>Agency Name Project Title</b>	<b>Type of project and project eligibility according to 24 CFR section as shown.</b>	<b>Amount Recommended for Allocation</b>
	<b>Project Site Address (Brief description of project)</b>	<b>Eligibility citations and type of allocation (loan/grant/CHDO set-aside funds).</b>	
C07xx	<b>Crisis House, Inc. Acquisition of Public Facility serving homeless and victims of Domestic Violence</b>  9550 Cuyamaca Street, Santee, CA (Provides services for the homeless and for victims of domestic violence)	03C –Homeless Facilities 570.201(c) – Public Facilities Grant L/M Clientele – 24 CFR 570.208(a) (2) (Presumed benefit)	<b>\$700,000</b>
C0922	<b>City of El Cajon Wells Park Comprehensive Improvements</b>  1153 E. Madison Ave, El Cajon (Comprehensive Improvements to Park)	03F – Parks, Recreational Facilities 570.201(c) – Capital Expenditure Grant L/M Area – 24 CFR 570.208(a)(1)	<b>&lt;\$550,000&gt;</b>
CUNAL	<b>CDBG Unallocated Fund Balance</b>	N/A	<b>&lt;\$150,000&gt;</b>

## Jamie Kasvikis

---

**From:** ALICE L ROUZER <arouzer@hotmail.com>  
**Sent:** Friday, October 30, 2020 9:24 AM  
**To:** housing  
**Subject:** AMENDMENT TO FY 2020-2021 ONE YEAR ACTION PLAN TO RE-ALLOCATE CDBG FUNDS

**CAUTION:** [EXTERNAL EMAIL] Do not click any links or open any attachments unless you trust the sender and know the content is safe.

JUST CURIOUS --- WHY IS MONEY FROM EL CAJON BEING USED FOR SOMETHING IN SANTEE? SHOULDN'T EL CAJON MONEY BE USED IN EL CAJON? LET SANTEE USE IT'S OWN MONEY? I REALLY WOULD LOVE TO KNOW THE ANSWER TO THE ABOVE QUESTIONS. I WILL BE EXTREMELY SURPRIZED TO RECEIVE AN ANSWER SINCE NONE OF THE PREVIOUS QUESTIONS I'VE SENT TO ANY PERSON, OR DEPARTMENT, HAVE EVER RECEIVE AN ANSWER OR ANY TYPE OF RESPONSE! THANK YOU. ---

ALICE L ROUZER  
410 S 1<sup>ST</sup> ST – SPC #201  
EL CAJON, CALIFORNIA  
92019-4737  
1-619/322-6982  
[arouzer@hotmail.com](mailto:arouzer@hotmail.com)

PS --- I'M NOT SHOUTING, JUST HAVE VISUAL PROBLEMS.

Sent from [Mail](#) for Windows 10



City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Clay Schoen, Director of Finance  
**SUBJECT:** Approval of Pension Obligation Bonds

---

**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to approve the Preliminary Official Statement prepared for the issuance of Pension Obligation Bonds, approve the issuance of the Pension Obligation Bonds, and approve associated documents.

**BACKGROUND:**

The City of El Cajon provides defined pension benefits to its employees. These benefits, administered by the California Public Employees' Retirement System (CalPERS), have been established for sworn public safety (Safety) and non-sworn (Miscellaneous) personnel. The funding of these plans has been a significant fiscal challenge for the City for many years, and as a result, the City began efforts earlier this year to address the issue.

In January 2020, the City hired Urban Futures, Inc., (UFI) to provide pension advisory services to assist City staff in evaluating potential funding solutions and developing recommendations to address the City's rising pension costs and its unfunded accrued liabilities (UAL).

On February 25, 2020, the City Council provided staff with direction to proceed on the following items:

- Direct staff to commence Judicial Validation Proceedings in order to obtain authority to issue Pension Obligation Bonds;
- Direct the City Manager to hire Stradling, Yocca, Carlson & Rauth under a professional services agreement to file the judicial validation proceedings;
- Establish a Section 115 Trust with Public Agency Retirement Services (PARS) to pre-fund retiree obligations and serve as a pension stabilization fund;
- Draft Pension Funding Policies to document a long-term financing plan to address unfunded retirement costs.

In September 2020, the City Council awarded the contract for underwriting services to Bank of America, should the City issue Pension Obligation Bonds (POBs). Bank of America was selected among ten firms through a competitive RFP process, and will offer and sell the bonds to investors. Their fees, known as an underwriter's discount, will be paid through the proceeds of the bond sale and are contingent on the sale of the bonds. Underwriter fees are estimated to total approximately \$2.22 per bond or 0.02%.

In October 2020, the City Council approved the appropriation of \$2.0 million from the General Fund Reserve for Unfunded PERS/Retirement Obligations for the purpose of establishing the PARS Sec. 115 Trust. City staff is in the process of executing the legal and banking documents necessary for the establishment of the trust and making the initial deposit.

On October 27, 2020, the City Council adopted the City's Pension Funding Policy. This policy was developed to provide guidance in the management of the City's employee defined benefit pension plans, administered by CalPERS. The funding of these plans has been a significant fiscal challenge for the City for many years. As a result, the City adopted conservative and assertive guidance in this policy that will impact future decisions related to employee defined benefit pension plans.

### Validation Proceedings

The California Constitution requires cities to obtain a two-third approval of the electorate in order to issue debt obligations payable from general fund revenues of the entity in future years. However, an exception exists to finance or refinance "obligations imposed by law." In order to issue bonds, the City must first obtain a formal judgment through a validation action declaring that the City's obligations to CalPERS are obligations imposed by law and as such, may be refunded. These judicial proceedings, largely *pro forma* proceedings where a summons is published allowing any person to appear and oppose the City, were handled by bond counsel (Stradling, Yocca, Carlson & Rauth). Having received no opposition filed against the complaint the San Diego County Superior Court approved the default judgment on October 8, 2020. Notice of entry of judgment was given on October 15, 2020. Upon the lapse of the 30-day appeal period, the City has authorization to issue POBs as early as November 15, 2020.

### Approval of Legal Documents

Preliminary Official Statement - The Preliminary Official Statement (POS) is the offering document required if the Bonds will be sold by public offering. The POS must contain all material information to enable investors to determine whether to purchase Bonds. It is required, under federal securities laws, that the City - through its appropriate staff and also through the City Council - review and approve the POS and the information contained in the POS as accurate and complete before it can be used by the Underwriter to market the bonds.

Continuing Disclosure Agreement - Executed for the benefit of bondholders, the Continuing Disclosure Agreement obligates the City to file the most recent audited financial statements of the City. The City is also required to report certain events which are significant to bondholders, if and when they occur.

### Projected Budgetary Savings

A number of factors will affect the final results of issuing POBs including issuance rate, structure, and amount. However, based on reasonable assumptions, projected savings are calculated to total \$90.2 million. This projection assumes an issuance amount of \$200.0 million and an application of funds in the most beneficial manner. A reduction in the amount of issuance will reduce the total projected benefit. It should also be noted that this analysis only takes into account balances as of the June 30, 2019 CalPERS actuarial valuations. A summary of projected savings is attached to this report.

## Risk

A number of risks are associated with the issuance of POBs. Most significant is the risk that significant investment losses occur after depositing bond proceeds with CalPERS. This would leave the City with both a significant unfunded liability with CalPERS and a significant debt service commitment to bondholders. However, the risk of CalPERS investment loss is present regardless of whether POBs are issued and their issuance would effectively reduce the pressure on the City for CalPERS to deliver a higher return.

Additionally, the City's conservative practice of maintaining large reserves as well as a PARS Sec 115 Trust helps mitigate this risk by making a pool of resources available to cushion the impacts of investment shortfalls.

## Approval to Issue Pension Obligation Bonds

City staff has evaluated a number of financing alternatives. POBs provide a compelling option because of the potential of positive budgetary impacts.

The judicial validation provided the City the authority to issue up to \$205 million in POBs. The court, however, did not place any restriction on when and how many series of POBs can be issued. If the City Council concurs, staff recommends issuing up to \$205 million in POBs but has not determined if they should be issued in single or multiple bond issues.

Historically, there is significant volatility around a presidential election, staff and the financing team felt it was prudent to wait to determine the outcome of the election and general market sentiment to make the final decision regarding time and amount.

City staff had several strategic discussions with the financing team regarding the timing and amount of POBs to issue. There are potential timing risks associated with CalPERS subsequent market performance – savings could be reduced if the market declines significantly after the POBs are issued. In the coming weeks, staff will work with its financial advisor and bond underwriter to conduct risk analysis to determine the final structure and timing of the bonds.

Staff requests the ability to determine the timing and amount of the issue to retain the flexibility to take advantage of favorable market conditions or adjust to changing market sentiment. The City Manager will communicate the financing team's recommendation to the City Council, prior to issuance.

## **FISCAL IMPACT:**

Costs associated with all actions pertaining to the issuing of the Pension Obligation Bonds will be paid from the proceeds from the bond sale, and are contingent on a successful sale of the bonds. All fees have been previously determined in prior council actions, and a summary of projected costs of issuance is attached to this report. While the risks associated with this proposed issuance can only be somewhat mitigated, the possibility of significant long-term cost savings of up to \$90.2 million over the next 24 years makes this an advisable strategy.

Prepared By: Clay Schoen, Director of Finance

Reviewed By: N/A

Approved By: Graham Mitchell, City Manager

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#### Attachments

Resolution

POB Analysis of Projected Savings

Estimated Cost of Issuance

POB Preliminary Official Statement

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RESOLUTION NO. \_\_-20

A RESOLUTION OF THE CITY COUNCIL OF THE  
CITY OF EL CAJON, CALIFORNIA APPROVING THE FORM OF A  
PRELIMINARY OFFICIAL STATEMENT AND A CONTINUING  
DISCLOSURE CERTIFICATE IN CONNECTION WITH THE ISSUANCE  
OF BONDS TO REFUND CERTAIN PENSION OBLIGATIONS OF THE  
CITY AND APPROVING ADDITIONAL ACTIONS RELATED THERETO

WHEREAS, the City of El Cajon (the "City") has previously adopted a retirement plan pursuant to the Public Employees' Retirement Law, commencing with section 20000 of the Government Code of the State of California, as amended (the "Retirement Law") and elected to become a contracting member of the California Public Employees' Retirement System ("PERS"); and

WHEREAS, the Retirement Law and the contract (the "PERS Contract") effective July 1, 1948, between the Board of Administration of PERS and the City Council of the City (the "City Council") obligate the City: (i) to make contributions to PERS to fund pension benefits for certain City employees; (ii) to amortize the unfunded accrued actuarial liability with respect to such pension benefits; and (iii) to appropriate funds for the foregoing purposes; and

WHEREAS, pursuant to a resolution adopted by the City Council on April 14, 2020 (the "Prior Resolution"), the City previously authorized the issuance of its City of El Cajon 2020 Taxable Pension Obligation Bonds (the "Bonds") pursuant to the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code (the "Bond Law"), in a maximum principal amount not to exceed that required for the purposes of refunding all or a portion of the City's current obligation to PERS for fiscal year 2020-21, pursuant to the PERS Contract, to pay all or a portion of the unfunded accrued actuarial liability of the City (the "Unfunded Liability") with respect to pension benefits under the Retirement Law and the PERS Contract and to pay the costs of issuance of such Bonds, including the underwriter's discount and any original issue discount on such Bonds; and

WHEREAS, pursuant to the Prior Resolution, the City Council also approved the forms of certain legal documents in connection with the issuance of the Bonds, including a Trust Agreement and a Bond Purchase Agreement; and

WHEREAS, pursuant to the Prior Resolution, the City Council also authorized the institution of a proceeding for judicial validation of the Bonds and the Trust Agreement in the Superior Court of San Diego County, under and pursuant to the provisions of sections 860 *et seq.* of the California Code of Civil Procedure (the "Validation Proceeding"); and

WHEREAS, a judgment was entered in the Validation Proceeding determining that the Bonds and the Trust Agreement will be valid and legal obligations of the City; and

WHEREAS, the City Council has determined that it is in the best interests of the City and its residents to proceed with the issuance of the Bonds and the sale thereof to the underwriter named in the Bond Purchase Agreement; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), requires that, in order to be able to purchase or sell the Bonds, the underwriter thereof must have reasonably determined that the City has undertaken in a written agreement or contract for the benefit of the holders of the Bonds to provide disclosure of certain financial information and certain events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the City desires to execute and deliver a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate") in connection with the issuance of the Bonds; and

WHEREAS, Rule 15c2-12 also requires that, in order to offer the Bonds for sale to the public, the underwriter must receive a disclosure document with respect to the Bonds and the City; and

WHEREAS, in order to cause such requirement to be satisfied, the City has prepared a Preliminary Official Statement (the "Preliminary Official Statement") in connection with the issuance of the Bonds; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the financing authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the City is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such financing for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

Section 1. The City Council does hereby find and declare that the above recitals are true and correct.

Section 2. The City Council hereby reaffirms its approval of the issuance of the Bonds upon the terms and conditions set forth in the Prior Resolution and authorizes staff to proceed with a public sale of the Bonds.

Section 3. The form of Preliminary Official Statement presented at this meeting, with such changes, insertions and omissions therein as may be approved by the Mayor of the City, or such member of the City Council as the Mayor may designate, the City Manager of the City, Assistant City Manager of the City, the Director of Finance of the City and their authorized designees (the "Authorized Officers"), is hereby approved, and the use of the Preliminary Official Statement in connection with the offering and sale of the Bonds is hereby authorized and approved. Each Authorized Officer is hereby

authorized to certify on behalf of the City that the Preliminary Official Statement is deemed final as of its date within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12). The Authorized Officers are each hereby authorized and directed to furnish, or cause to be furnished, to prospective bidders for the Bonds a reasonable number of copies of the Preliminary Official Statement.

Section 4. The preparation and delivery of an Official Statement, and its use in connection with the offering and sale of the Bonds, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement, with such changes, insertions and omissions as may be approved by an Authorized Officer (including changes to reflect the entry into of a municipal bond insurance policy and/or debt service reserve surety policy, as approved pursuant to the Prior Resolution), such approval to be conclusively evidenced by the execution and delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the City, to execute the final Official Statement and any amendment or supplement thereto for and in the name and on behalf of the City.

Section 5. The form of Continuing Disclosure Certificate presented at this meeting is hereby approved, and the Authorized Officers are each 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, insertions and omissions therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced to the execution and delivery thereof.

Section 6. U.S. Bank National Association is hereby appointed to act as trustee under the Trust Agreement.

Section 7. 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, including, but not limited to, the execution and delivery of any documents required by PERS in order to complete the issuance of the Bonds and the refunding of the Unfunded Liability.

Section 8. All actions heretofore taken by the Authorized Officers and by any other officers, employees or agents of the City with respect to the issuance of the Bonds, or in connection with or related to any of the agreements or documents referenced herein, are hereby approved, confirmed and ratified.

Section 9. The City Clerk shall attest and certify to the passage and adoption of this Resolution, and it shall become effective immediately upon its approval.

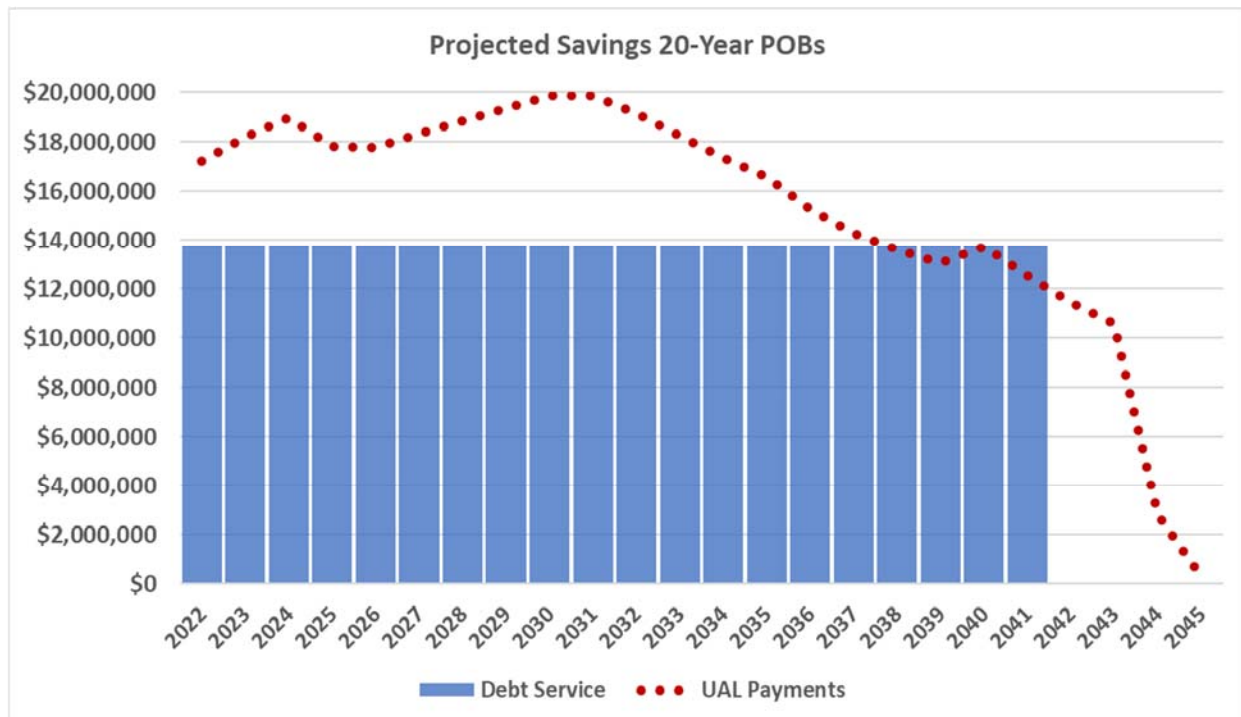
# City of El Cajon

## 2020 Pension Obligation Bonds

### Analysis of Projected Savings

(\$200.0 Million @ 3.19% TIC)

		Principal	Rate	Interest	Debt Service	UAL Payments	Savings	NPV Savings
1	2022	6,410,000	1.44%	7,335,046	13,745,046	17,236,418	3,491,371	3,352,363
2	2023	8,175,000	1.52%	5,574,256	13,749,256	18,215,558	4,466,303	4,155,963
3	2024	8,300,000	1.66%	5,449,996	13,749,996	18,980,315	5,230,319	4,716,506
4	2025	8,440,000	1.78%	5,312,216	13,752,216	17,815,243	4,063,028	3,550,672
5	2026	8,585,000	1.89%	5,162,406	13,747,406	17,777,476	4,030,070	3,413,046
6	2027	8,745,000	2.07%	5,000,149	13,745,149	18,320,471	4,575,322	3,755,085
7	2028	8,925,000	2.25%	4,819,128	13,744,128	18,820,840	5,076,712	4,037,842
8	2029	9,125,000	2.60%	4,618,315	13,743,315	19,334,969	5,591,654	4,309,984
9	2030	9,365,000	2.70%	4,381,065	13,746,065	19,863,236	6,117,171	4,569,352
10	2031	9,620,000	2.80%	4,128,210	13,748,210	19,854,305	6,106,095	4,420,142
11	2032	9,890,000	2.95%	3,858,850	13,748,850	19,120,704	5,371,854	3,768,474
12	2033	10,180,000	3.00%	3,567,095	13,747,095	18,229,861	4,482,766	3,047,586
13	2034	10,485,000	3.05%	3,261,695	13,746,695	17,338,833	3,592,138	2,366,636
14	2035	10,810,000	3.10%	2,941,903	13,751,903	16,579,715	2,827,813	1,805,502
15	2036	11,140,000	3.15%	2,606,793	13,746,793	15,265,973	1,519,181	939,994
16	2037	11,490,000	3.65%	2,255,883	13,745,883	14,266,936	521,053	312,440
17	2038	11,910,000	3.65%	1,836,498	13,746,498	13,592,983	(153,515)	(89,208)
18	2039	12,345,000	3.65%	1,401,783	13,746,783	13,047,682	(699,101)	(393,697)
19	2040	12,795,000	3.65%	951,190	13,746,190	13,728,726	(17,464)	(9,531)
20	2041	13,265,000	3.65%	484,173	13,749,173	12,551,056	(1,198,116)	(633,662)
21	2042			-	-	11,419,216	11,419,216	5,852,803
22	2043			-	-	10,600,486	10,600,486	5,265,287
23	2044			-	-	2,799,358	2,799,358	1,347,483
24	2045			-	-	343,863	343,863	160,405
		<b>\$ 200,000,000</b>		<b>\$ 74,946,645</b>	<b>\$ 274,946,645</b>	<b>\$ 365,104,221</b>	<b>\$ 90,157,576</b>	<b>\$ 64,021,468</b>



City of El Cajon  
2020 Pension Obligation Bonds  
Estimated Costs of Issuance

<b>Service</b>	<b>Party</b>	<b>Amount</b>
Bond & Disclosure Counsel	Stradling Yocca Carlson & Rauth	95,000
Validation & Court Fees	Stradling Yocca Carlson & Rauth	27,500
City Counsel	McDougal Love Boehmer Foley Lyon & Canlas	6,500
Municipal Advisor	Urban Futures, Inc.	125,000
Rating Agency*	Standard & Poor's	113,500
Trustee's Acceptance Fee	US Bank	200
Trustee's Annual Fee	US Bank	1,000
Trustee's Counsel	Dorsey & Whitney LLP	1,500
Printer		5,000
Contingency		9,800
<b>Total Estimated Costs of Issuance</b>		<b>\$ 385,000</b>

**PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2020**

**NEW ISSUE—BOOK-ENTRY ONLY**

**RATING: See the caption “RATING”**

*In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, 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, but is exempt from State of California personal income tax. See the caption “TAX MATTERS.”*

\$ \_\_\_\_\_ \*  
**CITY OF EL CAJON**

**2020 TAXABLE PENSION OBLIGATION BONDS**

**Dated: Date of Delivery**

**Due: July 1, as shown on the inside front cover page**

The City of El Cajon (the “City”) is issuing its \$ \_\_\_\_\_ \* aggregate principal amount of 2020 Taxable Pension Obligation Bonds (the “Bonds”), pursuant to a Trust Agreement, dated as of \_\_\_\_\_ 1, 2020, by and between the City and U.S. Bank National Association, 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 pay all or a portion of the City’s currently 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 January 1 and July 1 of each year, commencing July 1, 2021, 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 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 Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain matters will be passed upon for the City by the City Attorney, and by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, 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 \_\_\_\_\_, 2020.*

**BofA Securities**

Dated: \_\_\_\_\_, 2020

\* 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 EL CAJON**  
**2020 TAXABLE PENSION OBLIGATION BONDS**

**BASE CUSIP<sup>†</sup>: \_\_\_\_\_**

<i><b>Maturity (July 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>CUSIP<sup>†</sup></b></i>
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\$ \_\_\_\_\_ %                      %                      %

\$ \_\_\_\_\_ % Term Bond due July 1, 20\_\_ ; Yield \_\_\_\_\_ ; Price \_\_\_\_\_ %; CUSIP<sup>†</sup>: \_\_\_\_\_

\* Preliminary, subject to change.

† CUSIP<sup>®</sup> 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<sup>®</sup> 2020 CUSIP Global Services. All rights reserved. CUSIP<sup>®</sup> 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<sup>®</sup> 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 EL CAJON  
COUNTY OF SAN DIEGO, CALIFORNIA**

**CITY COUNCIL**

Bill Wells, *Mayor*  
Phil Ortiz, *Deputy Mayor*  
Steve Goble, *Council Member*  
Gary Kendrick, *Council Member*  
Bob McClellan, *Council Member*

**CITY OFFICIALS**

Graham Mitchell, *City Manager*  
Vincent DiMaggio, *Assistant City Manager*  
Clay Schoen, *Director of Finance*  
Angela Cortez, *City Clerk*

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**CITY ATTORNEY**

Morgan L. Foley

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**BOND COUNSEL AND DISCLOSURE COUNSEL**

Stradling Yocca Carlson & Rauth, a Professional Corporation  
Newport Beach, California

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**TRUSTEE**

U.S. Bank National Association  
Los Angeles, California

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**MUNICIPAL ADVISOR**

Urban Futures, Inc.  
Tustin, California

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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, their 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. As described under the caption “THE CITY—COVID-19 Outbreak” the COVID-19 pandemic is expected to materially adversely impact the City’s financial condition. 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.**

**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 on such website is not a part of this Official Statement, is not incorporated herein by reference and should not be relied upon in making an investment decision with respect to the Bonds.*

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**CITY OF EL CAJON**  
**2020 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 (the “State”) 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 El Cajon 2020 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, 2020 (the “**Trust Agreement**”), by and between the City of El Cajon (the “**City**”) and U.S. Bank National Association, Los Angeles, 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 all or a portion of the City’s currently 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 July 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 make contributions to CalPERS: (a) to fund pension benefits for City employees who are

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\* Preliminary, subject to change.

members of CalPERS; (b) to amortize the unfunded actuarial liability with respect to such pension benefits; and (c) to appropriate funds for such purposes.

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 April 14, 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 May 28, 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 El Cajon v. All Persons Interested et al.*, (Case No. 37-2020-00017572-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 October 9, 2020, the Court entered a default judgment (the “**Validation Judgment**”) in favor of the City with respect to the Validation Petition. 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 Los Angeles, 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 January 1 and July 1, commencing July 1, 2021 (each, an “**Interest Payment Date**”).

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 July 1, 20\_\_ may be redeemed at the option of the City from any source of funds on any date on or after July 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.

### **Make-Whole Redemption of the Bonds**

The Bonds are subject to redemption prior to their stated maturities, at the option of the City, in whole or in part (and if in part in any order of maturity selected by the City and within a maturity bearing interest at the same rate on a pro-rata basis as described below), on any date at a redemption price equal to the greater of:

- a) 100% of the principal amount of the Bonds to be redeemed; or
- b) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Comparable Treasury Yield (defined below) plus \_\_ basis points,

plus, in each case, accrued interest on such Bonds to be redeemed to the redemption date.

For purposes of the foregoing, the following terms have the following meanings:

“Calculation Agent” means a commercial bank or an investment banking institution of national standing that is a primary dealer of United States government securities in the United States and designated by the City (which may be one of the institutions that served as an underwriter for the Bonds).

“Comparable Treasury Issue” means the United States Treasury security selected by the Calculation Agent as having a maturity comparable to the remaining term to maturity of the Bonds being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term to maturity of the Bonds being redeemed.

“Comparable Treasury Price” means, with respect to any date on which a Bond or portion thereof is being redeemed, either (a) the average of five Reference Treasury Dealer quotations for the date fixed for redemption, after excluding the highest and lowest such quotations, and (b) if the Calculation Agent is unable to obtain five such quotations, the average of the quotations that are obtained. The quotations will be the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of principal amount) quoted in writing to the Calculation Agent, at 5:00 p.m. New York City time on a date selected by the Calculation Agent which is not less than three business days and not more than 20 business days preceding the date fixed for redemption.

“Comparable Treasury Yield” means the yield that represents the weekly average yield to maturity for the preceding week appearing in the most recently published statistical release designated “H.15(519) Selected Interest Rates” under the heading “Treasury Constant Maturities,” or any successor publication selected by the Calculation Agent that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity, for the maturity corresponding to the remaining term to maturity of the Bonds being redeemed. The Comparable Treasury Yield will be determined no sooner than the third business day nor earlier than the twentieth calendar day preceding the applicable date fixed for redemption. If the H.15(519) statistical release sets forth a weekly average yield for United States Treasury securities that have a constant maturity that is the same as the remaining term to maturity of the Bonds being redeemed, then the Comparable Treasury Yield will be equal to such weekly average yield. In all other cases, the Comparable Treasury Yield will be calculated by interpolation on a straight-line basis between the weekly average yields on the United States Treasury securities that have a constant maturity (i) closest to and greater than the remaining term to maturity of the Bonds being redeemed; and (ii) closest to and less than the remaining term to maturity of the Bonds being redeemed. Any weekly average yields calculated by interpolation will be rounded to the nearest 1/100th of 1%, with any figure of 1/200th of 1% or above being rounded upward. If, and only if, weekly average yields for United States Treasury securities for the preceding week are not available in the H.15(519) statistical release or any successor publication, then the Comparable Treasury Yield will be the rate of interest per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price (each as defined herein) as of the date fixed for redemption.

“Reference Treasury Dealer” means a primary dealer of United States Government securities in the United States (which may be one of the institutions that served as an underwriter for the Bonds) appointed by the District and reasonably acceptable to the Calculation Agent.

**Mandatory Sinking Fund Redemption of the Bonds**

The Bonds maturing July 1, 20\_\_ (the “**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 Term Bonds will be so redeemed on the following dates and in the following amounts:

<i>Redemption Date (July 1)</i>	<i>Principal Amount</i>
	\$

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\* Final maturity.

On or before each June 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 June 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.

**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 July 1, 2021, deliver funds to the Trustee for deposit to the Revenue Fund in an aggregate amount equal to the portion of the Annual Debt Service coming due on such Interest Payment Date (less amounts on deposit in the Revenue Fund).

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 counterclaim.

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.

### **Revenue Fund**

There has been created pursuant to the Trust Agreement a Fund to be held by the Trustee designated as the "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 July 2 of each year, commencing December 2, 2021, 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: (i) to 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 a subordinate basis to 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, 2019 which have been 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. The City has not 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.*

### **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. Current benefit provisions for City employees are set forth in Table 1 below.

**TABLE 1**  
**City of El Cajon**  
**CalPERS Pension Plans – Summary of Benefit Provisions**

<i>Miscellaneous Plan</i>			
	<i>Classic</i>	<i>PEPRA</i>	
Benefit formula	3.0% @ 60	2.0% @ 62	
Hire date	Prior to January 1, 2013	On or after January 1, 2013	
Retirement age	50-60+	52 – 67+	
Normal Costs	30.952%.	30.952%	
<i>Safety Plan</i>			
	<i>Classic</i>	<i>Tier II</i>	<i>PEPRA</i>
Benefit formula	3.0% @ 50	3% @ 55	2.7% @ 57
Hire date	Prior to January 1, 2013	On or after October 9, 2011	On or after January 1, 2013
Retirement age	50+	50-55	52 - 67
Normal Costs	54.782%.	54.782%	54.782%

Source: The City.

**California Public Employees’ Pension Reform Act of 2013 (PEPRA)**

Employees hired prior to January 1, 2013 and have remained under continuous employment with a CalPERS agency are considered “Classic” employees. California Public Employees’ Pension Reform Act of 2013 (“PEPRA”) adjusted the benefit formulas, required employee contribution, calculation of benefits and maximum pay, as well as other benefits for employees 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. 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 El Cajon**  
**CalPERS Pension Compensation Limits for**  
**Calendar Year 2020 (Classic and PEPRA members)**

	<i>Classic</i>	<i>PEPRA</i>
Maximum Pensionable Income	\$280,000	\$151,549

The Maximum Pensionable income for PEPRA members employed at agencies that participate in Social Security is \$126,291.  
Source: CalPERS Payroll Circular Letter dated January 6, 2020.

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, which is expressed as a percentage of payroll. 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, billed monthly. 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 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 2020-21 is summarized in Table 2 below, which are based on projected payroll estimated by CalPERS.

**TABLE 2**  
**City of El Cajon**  
**Normal Cost Contribution as a Percentage of Payroll**

<i>Fiscal Year 2020-21</i>	<i>Miscellaneous Plan</i>	<i>Safety Plan</i>
Total Normal Cost Rate <sup>(1)</sup>	19.913%	30.904%
Employee Contribution Rate	7.571%	9.680%
Employer Contribution Rate	12.342%	21.224%
Projected Payroll	\$ 15,489,723	\$ 15,645,058
Employer Normal Cost	\$ 1,911,741	\$ 3,320,507

<sup>(1)</sup> The Employer Normal Cost is a blended rate for all benefit groups in the plan. For detail regarding the 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, 2019.

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 normal cost rates in the future are projected to decline over time as new employees are hired into PEPRAs or other lower cost benefit tiers and Classic employees retire.

Table 3 below sets forth the projected employer contribution rates for the next six (6) fiscal years. This projection assumes that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period.

**TABLE 3**  
**City of El Cajon**  
**Projected Employer Contributions**

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Miscellaneous	11.99%	11.70%	11.40%	11.10%	10.70%	10.40%
Safety	20.19	19.80	19.40	19.00	18.60	18.20

Source: CalPERS Annual Valuation Reports as of June 30, 2019.

**Unfunded Accrued Liability Payments**

CalPERS has notified the City of the amount of the Pension Liability based on the June 30, 2019 actuarial valuation as set forth in Table 4 below, 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 Classic, Tier II and PEPRA plan for Miscellaneous employees. The actuarial report for the Safety Plan incorporates the Classic, Tier II and PEPRA plan for Fire and Police Sworn Officers.

**TABLE 4**  
**City of El Cajon**  
**Unfunded Accrued Liability of CalPERS Pension Plans**

	<i>Miscellaneous Plan</i>	<i>Safety Plan</i>	<i>Combined</i>
Entry Age Normal Accrued Liability	\$ 239,685,601	\$ 339,193,406	\$ 578,879,007
Market Value of Assets (MVA)	<u>161,538,723</u>	<u>210,268,697</u>	<u>371,807,420</u>
<b>Unfunded Accrued Liability (UAL)</b>	<b>\$ 78,146,878</b>	<b>\$ 128,924,709</b>	<b>\$ 207,071,587</b>
Percentage of Accrued Liability Funded	67.40%	62.00%	64.20%

Source: CalPERS Annual Valuation Reports as of June 30, 2019.

There is a two-year lag between the valuation date and the start of the contribution fiscal year. The UAL was determined in the June 30, 2019 actuarial valuation, but the corresponding UAL Payments commence two years after the valuation date in Fiscal Year 2021-22. This two-year lag is necessary due to the amount of time needed to confirm the membership and financial data, and to provide public agencies with their required employer contribution in advance of the start of the fiscal year.

The projected UAL for Fiscal Year 2021-22 for the Miscellaneous Plan is equal to \$75,928,730 and \$130,526,572 for the Safety Plan, resulting in a combined total of \$206,455,302, as of June 30, 2022.

The UAL is comprised of a series of amortization bases. The Miscellaneous Plan has 23 amortization bases and the Safety Plan has 21 amortization bases. Each amortization base has as stated balance/(credit), amortization period, and discount and escalation rate, which results in an individual amortization schedule.

The amortization schedule in Table 5 below sets forth the minimum annual UAL payment contributions required according to the CalPERS current amortization policy as of June 30, 2018 based on information

provided to the City by CalPERS in July 2020. Table 5 does not reflect the issuance of the Bonds, which will reduce the amounts shown therein.

**TABLE 5**  
**City of El Cajon**  
**UAL Amortization Schedule as of June 30, 2018**

	<i>Miscellaneous</i>	<i>Safety</i>	<i>Combined</i>
2022	\$ 7,382,505	\$ 9,326,877	\$ 16,709,382
2023	7,963,929	10,120,044	18,083,973
2024	8,342,559	10,661,802	19,004,361
2025	7,004,795	11,199,692	18,204,487
2026	6,670,231	11,532,186	18,202,417
2027	6,908,267	11,848,833	18,757,100
2028	7,095,292	12,174,185	19,269,477
2029	7,287,457	12,508,483	19,795,940
2030	7,484,911	12,851,975	20,336,886
2031	7,687,790	13,204,915	20,892,705
2032	7,012,934	13,015,836	20,028,770
2033	6,861,011	12,980,446	19,841,457
2034	6,226,604	12,265,523	18,492,127
2035	5,934,584	12,033,559	17,968,143
2036	5,509,705	11,591,802	17,101,507
2037	4,806,665	10,728,968	15,535,633
2038	4,452,354	10,259,834	14,712,188
2039	4,074,999	9,756,791	13,831,790
2040	3,787,461	9,394,755	13,182,216
2041	3,609,574	10,158,101	13,767,675
2042	2,742,678	8,941,486	11,684,164
2043	2,616,830	8,676,536	11,293,366
2044	2,799,360	7,983,647	10,783,007
2045	<u>343,795</u>	<u>0</u>	<u>343,795</u>
<b>TOTAL</b>	<b>\$134,606,290</b>	<b>\$ 253,216,276</b>	<b>\$ 387,822,566</b>

Source: CalPERS Annual Valuation Reports as of June 30, 2019, dated July 2020.

### 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, 2017 actuarial report, which lowered the discount rate from 7.25% to 7.00%. CalPERS has not announced any plans to reduce the discount further at this time.

*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. Future earnings performance may increase or decrease future contribution rates for plan participants, including the City.

*COVID-19.* It is possible that CalPERS' earnings will be reduced in Fiscal Year 2021 as a result of stock market declines in the wake of the COVID-19 outbreak, which could increase future contribution rates for plan participants, including the City. See the captions "THE CITY—COVID-19 Outbreak" and "RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City."

### **GASB 68 Pension Information Provided in the Audited Financial Statements**

*The CalPERS website 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 Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2019 (the "CAFR"). 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 CAFR 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, 2019 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

The City's Miscellaneous Plan had a total net pension liability of approximately \$70,123,335 for the Fiscal Year ended June 30, 2019, while the City's Safety Plan had a total net pension liability of approximately \$120,182,878 for the Fiscal Year ended 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. The City notes that its net pension liability could increase in the future as a result of losses in CalPERS' portfolio resulting from stock market declines in the wake of the COVID-19 outbreak. See the captions "THE CITY—COVID-19 Outbreak" and "RISK FACTORS—Impacts and Potential Impacts of COVID-19 on the City."

For Fiscal Years 2018, 2019 and 2020, the City incurred Miscellaneous Plan pension expenses of \$10,897,605, \$10,950,658 and \$10,294,431 (based on unaudited actual results), respectively, and Safety Plan pension expenses of \$14,899,642, \$15,165,931 and \$18,371,034 (based on unaudited actual results), respectively.

A summary of principal assumptions and methods used to determine the total pension liability for Fiscal Year 2019 is set forth in Table 6 below.

**TABLE 6**  
**City of El Cajon**  
**Actuarial Assumptions for CalPERS Pension Plans**

	<i>Miscellaneous</i>	<i>Safety</i>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal in Accordance with the Requirements of GASB 68	
Actuarial Assumptions:		
Discount Rate	7.00%	7.00%
Inflation	2.50%	2.50%
Salary Increases	Varies by Entry Age and Service	
Mortality Rate Table <sup>(1)</sup>	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% 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: The City.

Changes in the net pension liability for the City's pension plans in the most recent Fiscal Year for which information is available is set forth in Table 7 below:

**TABLE 7**  
**City of El Cajon**  
**Changes in CalPERS Pension Plans Net Pension Liability**

	<b>Miscellaneous Plan</b>		
	<i>Total Pension</i>	<i>Increase</i> <i>(Decrease) in Plan</i>	<i>Net Pension</i>
	<i>Liability</i>	<i>Fiduciary Net</i>	<i>Liability (Asset)</i>
	\$	\$	\$
<b>Balance at 06/30/2017</b>	221,651,897	149,378,479	72,273,418
Changes recognized for the measurement period:			
Service cost	2,812,784	-	2,812,784
Interest on total pension liability	15,414,119	-	15,414,119
Changes of assumptions	(1,094,357)	-	(1,094,357)
Differences between expected and actual experience	(217,246)	-	(217,246)
Net plan to plan resource movement	-	(364)	364
Contributions from the employer	-	5,952,503	(5,952,503)
Contributions from the employees	-	1,148,838	(1,148,838)
Net investment income	-	12,639,219	(12,639,219)
Benefit payments, including refunds of employee contributions	(12,329,214)	(12,329,214)	-
Administrative expense	-	(232,773)	232,773
Other miscellaneous income	-	(442,040)	442,040
	_____	_____	_____



Net changes during Fiscal Year 2017-18	<u>4,586,086</u>	<u>6,736,169</u>	<u>(2,150,083)</u>
<b>Balance at 06/30/2018</b>	<b><u>\$ 226,237,983</u></b>	<b><u>\$ 156,114,648</u></b>	<b><u>\$ 70,123,335</u></b>

Source: City of El Cajon Fiscal Year 2019 Comprehensive Annual Financial Report.

### Safety Plan

	<i>Total Pension Liability</i>	<i>Increase (Decrease) in Plan Fiduciary Net Position</i>	<i>Net Pension Liability (Asset)</i>
<b>Balance at 06/30/2017</b>	\$ 311,890,247	\$ 194,132,500	\$ 117,757,747
Changes recognized for the measurement period:			
Service cost	4,665,299	-	4,665,299
Interest on total pension liability	21,939,641	-	21,939,641
Changes of assumptions	(1,270,346)	-	(1,270,346)
Differences between expected and actual experience	2,153,863	-	2,153,863
Net plan to plan resource movement	-	(474)	474
Contributions from the employer	-	8,172,881	(8,172,881)
Contributions from the employees	-	1,391,912	(1,391,912)
Net investment income	-	16,375,994	(16,375,994)
Benefit payments, including refunds of employee contributions	(16,516,560)	(16,516,560)	-
Administrative expense	-	(302,512)	302,512
Other miscellaneous income	-	(574,475)	574,475
Net changes during Fiscal Year 2017-18	<u>10,971,897</u>	<u>8,546,766</u>	<u>2,425,131</u>
<b>Balance at 06/30/2018</b>	<b><u>\$ 322,862,144</u></b>	<b><u>\$ 202,679,266</u></b>	<b><u>\$ 120,182,878</u></b>

Source: City of El Cajon Fiscal Year 2019 Comprehensive Annual Financial Report.

Table 8 below sets forth the net pension liability of the City's pension plans, calculated using the discount rate applicable to Fiscal Year 2019 (7.15%), as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the Fiscal Year 2019 rate:

**TABLE 8**  
**City of El Cajon**  
**Sensitivity of the CalPERS Miscellaneous Pension Plans Net Pension Liability to**  
**Changes in the Discount Rate**

	<i>Miscellaneous</i>	<i>Safety</i>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 97,436,004	\$163,765,860
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 70,123,335	\$120,182,878
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 84,453,108	\$ 84,453,108

Source: The City.

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 Outbreak” 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 6 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’ internet website is not incorporated herein by reference.

### **PLAN OF REFINANCING**

On October 9, 2020, 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 November 8, 2020, 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 still be required to make payments to CalPERS with respect to the portion of the Pension Liability not 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.

### **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 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<sup>(1)</sup>**

Principal Amount of Bonds \$ \_\_\_\_\_

**Total Sources** \$ \_\_\_\_\_

**Uses<sup>(1)</sup>**

Funding of Pension Liability<sup>(2)</sup>

    Miscellaneous Plan \$ \_\_\_\_\_

    Safety Plan \_\_\_\_\_

Costs of Issuance<sup>(3)</sup> \_\_\_\_\_

**Total Uses** \$ \_\_\_\_\_

- 
- (1) Amounts rounded to the nearest dollar. Totals may not add due to rounding.
  - (2) Deposit to CalPERS Payment Fund. See the caption "PLAN OF REFINANCING."
  - (3) Includes Underwriter's discount, fees of rating agencies, Municipal Advisor, Bond Counsel, Disclosure Counsel and Trustee, printing costs and other costs of issuance.

**ANNUAL DEBT SERVICE REQUIREMENTS**

Table 9 below sets forth scheduled debt service on the Bonds, assuming no optional redemptions prior to maturity.

**TABLE 9  
City of El Cajon  
Debt Service Schedule**

<i>Year Ending June 30*</i>	<i>Principal*</i>	<i>Interest</i>	<i>Total</i>
2021	\$	\$	\$
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>

Source: The Underwriter.

**THE CITY**

**General**

The City is located in southwestern San Diego County (the “**County**”) approximately 17 miles east of downtown San Diego. The City was incorporated in 1912 and became a charter city in 2012. The City encompasses approximately 14.5 square miles and had an estimated 2020 population of approximately 100,000.

\* Preliminary, subject to change.

Several major freeways run through and nearby the City, providing access to employment centers and recreational opportunities throughout southern California.

The City is a charter city, operating under a Council/Manager form of government. The City is governed by a City Council of five members, four of whom are elected by district, with the Mayor being elected at-large. The City Council selects the City Manager who is responsible for day-to-day administration of the City under the policy direction of the City Council.

The City provides a full range of municipal services, including Police and Fire protection, Financial Services, Public Works, Community Development Services, and Parks and Recreation Services. The City also operates and maintains its own sewer utility.

### **Government and Administration**

The City had 412.5 budgeted full-time equivalent employees as of July 1, 2020. City employees are represented by five employee associations, which represented approximately 380.5 authorized employees. Relations between the City and the employee bargaining units are governed by memoranda of understanding, three of which (covering fire employees and miscellaneous non-safety employees) expire on June 30, 2023 and two of which (covering police employees) expire on June 30, 2024. A total of 32 management and confidential employees are exempt from collective bargaining. Salaries for exempt employees are set by the City Council. The City has never experienced a strike, slowdown or work stoppage.

The City operates under a Council/Manager form of government. 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>
Bill Wells	Mayor	December 2022
Phil Ortiz	Deputy Mayor	December 2020
Steve Goble	Council Member	December 2020
Gary Kendrick	Council Member	December 2022
Bob McClellan	Council Member	December 2020

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 some senior administrative staff are set forth below.

***Graham Mitchell, City Manager.*** Graham Mitchell has served as the City Manager since April 2018. Mr. Mitchell has worked twenty-four years in local government, with twenty years in executive city management roles. Mr. Mitchell's previous work experience includes one year as Assistant City Manager with the City of El Cajon prior to being appointed as its City Manager in 2018. He also worked as the Assistant City Manager and City Manager in Escondido, the City Manager in Lemon Grove, and the City Manager in Farmersville. Prior to that, he worked for the cities of Monterey Park and Moorpark in the field of redevelopment and economic development. Mr. Mitchell holds a Bachelor of Arts from Brigham Young University and a Master of Public Administration degree from the University of Southern California.

***Vince DiMaggio, Assistant City Manager.*** Vince DiMaggio has served as the Assistant City Manager since August, 2018. His public sector career began in 1992 as an urban planner. In 2000, he moved into the private sector as a real estate developer and over the next decade, he was part of a team responsible for the development of over 2,500 single family homes. He returned to the public sector in 2011 as City Manager of Teague, Texas, (2011-2013), Sunnysvale, Texas (2013-2014), and Mendota, California (2014-2018). He is one of only two ICMA-credentialed city managers in San Diego County and has written and spoken extensively on both urban planning and development and organizational efficiency. Mr. DiMaggio holds a Bachelor's degree in Public Administration, a Master's degree in Public Administration, and a Master's degree in Law.

**Clay Schoen, Director of Finance.** Clay Schoen has served as the Director of Finance since February 2014. Mr. Schoen’s previous experience includes approximately ten years in the Office of the City Comptroller for the City of San Diego. The majority of this time was as Deputy Director of the department. Mr. Schoen holds a Bachelor of Science in Business Administration degree with an emphasis in Accounting and a Master of Science in Accountancy degree, both from San Diego State University. Mr. Schoen is a Certified Public Accountant.

## **Risk Management**

The City operates a self-management program whereby it is self-insured for both general liability and worker’s compensation.

The City is self-insured for the first \$250,000 on each general liability claim against the City. The insurance coverage in excess of the self-insured amount is provided by CSAC Excess Insurance Authority (“CSAC”), a public entity risk pool currently operating as a common risk management and insurance program for various California public entities. The City pays an annual premium to the pool for its excess general liability insurance coverage. The agreement for formation of CSAC provides that the pool will be self-sustaining through member premiums.

As a member of CSAC, the total general liability policy limit is \$25,000,000, including the \$250,000 self-insured retention. The City is self-insured for the first \$125,000 on each workers’ compensation claim and is a participating member agency of an excess worker’s compensation insurance program that covers losses up to the statutory limit.

The City continues to use commercial companies for all other risks of loss, including property insurance, auto physical damage insurance and special events insurance.

The City purchases property insurance through the Alliant Property Insurance Program (“APIP”). The APIP program also provides the City with earthquake and flood insurance for select facilities. In addition, the APIP provides the City with vehicle, cyber, pollution, and boilers and machinery coverage.

The City has not had any claims in the last three years that have exceeded the City’s insurance coverage.

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. See the caption “RISK FACTORS—Natural Disasters.”

## **COVID-19 Outbreak**

The spread of the novel strain of coronavirus called SARS-CoV-2, which causes the disease known as COVID-19 (“COVID-19”), and local, state and federal actions in response to COVID-19, are having a significant impact on the City’s operations and finances. In response to the increasing number of cases of COVID-19 infections and fatalities, health officials and experts have recommended, and some governments have mandated, a variety of responses ranging from travel bans and social distancing practices to complete shut-downs of certain services and facilities. The World Health Organization has declared the COVID-19 outbreak to be a pandemic and on March 4, 2020, as part of the State’s response to address the outbreak, the Governor declared a state of emergency. On March 13, 2020, the President declared a national emergency, freeing up funding for federal assistance to state and local governments. Many school districts across the State have temporarily closed some or all school campuses (including public schools within the City) to, or otherwise imposed restrictions on, in-person instruction in response to local and State directives or guidance. On March 19, 2020, the Governor issued Executive Order N-33-20, a mandatory Statewide shelter-in-place order applicable to all non-essential

services. The current shelter-in-place directives have been extended indefinitely until certain indicators for modifying the stay-at-home order have been met. The County has also declared a state of emergency in response to the COVID-19 outbreak. On August 28, 2020, the State released further guidance regarding re-opening certain types of businesses based on a county-by-county approach where each county is assigned a tier based on COVID-19 case rates within each county. Based on the initial assessment from the State, the County is in the “Substantial” tier as of September 1, 2020. For counties in the “Substantial” tier, certain non-essential indoor businesses are required to remain closed and certain businesses may open with modifications, such as limitations on capacity.

On March 27, 2020, the President signed the \$2.2 trillion Coronavirus Aid, Relief, and Economic Stabilization Act (the “**CARES Act**”) which provides, 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, although the City cannot predict what State and/or federal funding or other relief it will ultimately receive. Any funds received by the City under the CARES Act are not available for payment of debt service on the Bonds and cannot be used to backfill City revenue losses related to COVID-19.

The effects of the COVID-19 outbreak and governmental actions responsive to it are altering the behavior of businesses and people in a manner that is having significant negative impacts on global and local economies. In addition, financial markets in the United States and globally have seen significant declines and experienced significant volatility attributed to COVID-19 concerns. Volatility in the financial markets has impacted CalPERS’ earnings, which could result in a significant increase in the City’s unfunded pension liability and future pension costs, commencing in Fiscal Year 2023. See the caption “CITY PENSION PLANS.” The outbreak has resulted in increased pressure on State finances, as budgetary resources are directed towards containing the pandemic and tax revenues sharply decline. Identified cases of COVID-19 and deaths attributable to the COVID-19 outbreak are continuing to increase throughout the United States, including the City. The COVID-19 outbreak is expected to result in material declines in major General Fund revenues, including in sales taxes, business license taxes and fees and transient occupancy taxes.

In addition, the Governor extended the deadline to file and pay spring 2020 property taxes for residential and certain commercial property owners, and first quarter 2020 sales and use tax returns by 90 days for all but the very largest taxpayers. As a result of the extended deadline to file sales and use tax returns, it is estimated that up to 361,000 California businesses with less than \$5 million in taxable annual sales will be allowed to defer up to \$50,000 in sales tax and enter into 12-month payment plans at zero interest. These actions will result in delays in the receipt by the City of its portion of the payments. See the captions “CITY FINANCIAL INFORMATION—Property Taxes” and “CITY FINANCIAL INFORMATION—Sales Taxes.”

Other potential impacts to the City associated with the COVID-19 outbreak include, but are not limited to, increasing 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 the City’s revenues, including transient occupancy tax revenue, sales tax revenue and other revenues, and potential declines in property values.

In an effort to limit large gatherings of employees, certain City personnel are telecommuting or working from alternate locations. In addition, on-site personnel are wearing masks and gloves and practicing social distancing while working. The City does not expect its operations to be materially affected by such actions. However, there can be no assurance that absences of employees or City leadership, due to COVID-19, will not adversely impact City operations.

To mitigate these impacts, the City has taken numerous actions. An immediate hiring freeze was ordered, and was accompanied with the dismissal of many part-time and seasonal staff. Non-essential operations have been curtailed, and a number of budget reductions were included in the Fiscal Year 2021 budget. The City

has protected its citizens from more extreme impacts to services as a result of conservative financial management of the past several years. During this time the City has accumulated surplus revenues, as General Fund reserves, and has been able to rely on these surplus funds to insulate operations from falling revenues.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the City is unknown at this time. The City had projected, as a result of the COVID-19 outbreak, that the General Fund would end the Fiscal Year 2020 with a deficit of approximately \$3.26 million due to expected reductions of sales tax revenues during the third and fourth quarters of the fiscal year. However, as the result of better than expected revenues and reduced expenditures for Fiscal Year 2020, the City experienced a General Fund operating surplus of approximately \$68,000 (based on unaudited actual results and exclusive of fund transfers). See the captions “CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City” and “CITY FINANCIAL INFORMATION—Fiscal Year 2020 Budget.”

The City’s Fiscal Year 2021 General Fund budget, which includes consideration of the effect of the COVID-19 outbreak and an anticipated recession, reflects the City’s expectation of a budget deficit of approximately \$3.7 million, to be covered by reserves unless other expenditure reductions are achieved. See the caption “CITY FINANCIAL INFORMATION—Budget Procedure, Current Budget and Historical Budget Information—Fiscal Year 2021 Budget.”

Notwithstanding the foregoing, the City does not currently believe that the COVID-19 outbreak will materially adversely affect its ability to pay debt service on the Bonds. The City expects to make significant reductions in its General Fund expenditures and to apply a portion of its reserves to cover projected deficits during the economic recession that has arisen as a result of the pandemic. See the caption “CITY FINANCIAL INFORMATION—General Economic Condition and Outlook of the City.”

## **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. City resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Government-Wide Financial Statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The 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. Fiduciary activities of the City are not included in these statements.

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.

Certain eliminations have been made in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances



between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the statement of activities, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: (i) due from/to other funds, and (ii) transfers in/out.

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. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements. Revenues are recognized as soon as they are both "measurable" and "available". Most revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, certain grant revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

See the caption "—City Financial Statements" for a discussion of the City's audited financial statements for Fiscal Year 2019.

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those that are 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, 2019 is set forth in Appendix A.

### **Financial Policies of the City**

The City has adopted several financial policies in order to provide financial stability. These include a Reserve Policy, a Debt Management Policy and a Pension Funding Policy.

*Reserve Policy.* The City believes that its ongoing review and control over expenditure growth has been, and will continue to be, a critical factor in maintaining and improving the City's overall financial health. The City has implemented an emergency reserve policy to maintain its operating fund balance at 20% of the General Fund expenditures, and it is more than fully funded. The City categorizes this reserve amount as Committed Funds and the 20% reserve level serves two purposes: (1) to provide General Fund cash flow between July and December when expenditures typically exceed revenues, and (2) to serve as a reserve against unexpected events or risks outside the City's control.

*Debt Management Policy.* The City's Debt Management Policy is intended to ensure issuance and administration of City debt in compliance with the State of California Constitution, City Charter, and other legislative guidelines and be in alignment with the City's strategic goals, including providing transparency of the City's debt practices and obligations. The policy was amended to comply with the Senate Bill 1029 Amendment to the California Government Code Section 8855(i), effective on January 1, 2017, and governs all debt undertaken by the City, including debt issued by the City on behalf of third parties. Third-party debt includes assessment districts and community facilities districts, as well as conduit debt.

*Pension Funding Policy.* The City adopted a Pension Reform and Fiscal Responsibility Plan on April 9, 2013 that directed the City Manager to pursue certain measures to reduce the City's long-term PERS liability. In addition, the City adopted a Pension Funding Policy on October 27, 2020 with the goal of mitigating a portion

of the City's long-term PERS liability. The Pension Funding Policy obligates the City to make all actuarially determined contributions to CalPERS each year, establishes a policy to maintain its pension funding level at 90% for each of its plans, directs staff to create and maintain a Public Agency Retirement Services Section 115 Trust for the purpose of pension rate stabilization and requires an annual review of each plan's funding status.

### **Budget Procedure, Current Budget and Historical Budget Information**

*General.* The City's budgetary process is guided by the City Council's priorities, with input from residents, neighborhood groups, boards, commissions and businesses following neighborhood meetings and various year-round opportunities for suggestions and comments. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles for governmental funds, except that encumbrances are shown in the year incurred for budgetary purposes. All annual appropriations lapse at fiscal year-end.

Pursuant to its Fiscal Policy, the City uses the following procedures in establishing the annual budget: between September and January of the previous year, the Five-Year Business Plan and Mid-Year Report are prepared. These documents are prepared and presented to the City Council to obtain a better understanding of the state of the City's finances and to receive policy direction for preparation of the upcoming annual budget. Budget preparation instructions are prepared and provided to all departments.

Department Directors start the annual operating budget process of preparing year-end revenue estimates for the current fiscal year and projecting revenue estimates for the upcoming fiscal year. Estimates submitted are those for which the department charges fees or receives revenues from other organizations or governments. All tax revenues and other revenues general to the City are prepared by the Finance Department. Departments are also responsible for projecting expenditures through the end of the current fiscal year and requesting expenditure appropriations for the upcoming fiscal year.

Departments provide personnel allocations and the Finance Department calculates resultant salary and benefit personnel costs. The City Manager, upon receipt and review of budget submittals from departments formulates and presents the preliminary budget to the City Council in June for the upcoming fiscal year. Open workshop(s) review meetings may be held by the City Council. A public hearing is held prior to budget adoption. The City Council adopts the budget by June 30 through passage of an adopting resolution. The budget is legally adopted for the City prior to the July 1, implementation date.

*Summary of General Fund Results and Budgets.* As of June 30, 2020, the General Fund ended the Fiscal Year with an operating surplus (revenues in excess of expenditures) of approximately \$768,000 (based on unaudited actual results and exclusive of fund transfers). This amount exceeded the anticipated year-end deficit of approximately \$3.26 million that was set forth in the City's revised Fiscal Year 2020 estimates due to the COVID-19 outbreak. The surplus is largely attributed to better than expected tax revenues and reduced expenditures of approximately \$1.27 million. In particular, sales tax revenues, which were originally budgeted at approximately \$38.73 million for Fiscal Year 2020 and revised down to approximately \$35.16 million due to the COVID-19 outbreak, totaled approximately \$35.9 million.

Due to uncertainty related to the COVID-19 outbreak, the City took a very conservative approach when preparing the Fiscal Year 2021 Budget. The Fiscal Year 2021 budget assumes ongoing State and local restrictions related to the COVID-19 outbreak and the possibility of a full shutdown in the winter of Fiscal Year 2020-21. Such a scenario would have a significant impact on the City's operations and ability to generate revenues and the budget takes into account impacts to Sales Tax revenues, Transient Occupancy Tax revenues, Fees for Services revenues, and other revenues. Additionally, to ensure that the City can respond to significant negative variances, financial updates will be provided to the City Council on a quarterly basis to make adjustments as expeditiously as possible. The City expects to apply approximately \$3.6 million in reserves to achieve a balanced budget in Fiscal Year 2021. The adopted Fiscal Year 2021 Budget does not contain new programs. Instead, significant cuts have been made throughout all departments, but most significantly in the

Public Works Department, Community Development Department and other general government departments, whose operations are most directly impacted by the ongoing restrictions related to the COVID-19 outbreak.

For Fiscal Year 2021, the adopted General Fund operating budget projects revenues of approximately \$73.8 million (exclusive of fund transfers), which is approximately \$3.93 million (5.1%) less than total revenues for Fiscal Year 2020 (based on unaudited actual results). In addition, the adopted Fiscal Year 2021 General Fund operating budget projects expenditures of approximately \$76.8 million (exclusive of fund transfers), a decrease of approximately \$236,000 (0.3%) from Fiscal Year 2020 expenditures (based on unaudited actual results).

After accounting for Transfers Out totaling approximately \$1.0 million, the Fiscal Year 2021 General Fund Operating Budget, as adopted, reflects an overall deficit of \$3,719,171 in Fiscal Year 2021, resulting in an ending General Fund balance of \$41,596,117, which amount is greater than the amount required by the Reserve Policy.

See the caption “THE CITY—COVID-19 Outbreak” for a discussion of actions taken by the City as a result of the COVID-19 outbreak.

See the caption “—Budget Procedure, Current Budget and Historical Budget Information” for additional information relating to the adopted budget for Fiscal Year 2021.

***Fiscal Year 2020 Budget.*** The City Council adopted the Fiscal Year 2020 budget on June 25, 2019. Budgeted expenditures for the General Fund totaled approximately \$78.1 million for Fiscal Year 2020. Based on unaudited actual results for Fiscal Year 2020, the City expects actual expenditures for the General Fund to total approximately \$77.0 million, or approximately \$1.1 million (1.4%) lower than budgeted.

Budgeted revenues for the General Fund totaled approximately \$77.0 million for Fiscal Year 2020. Based on unaudited actual results for Fiscal Year 2020 results, the City expects actual revenues for the General Fund to total approximately \$77.8 million, or approximately \$800,000 (1.0%) more than budgeted. See the caption “THE CITY—COVID-19 Outbreak.”

***Fiscal Year 2021 Budget.*** The City Council adopted a budget for Fiscal Year 2021 on June 23, 2020 which takes into account the effects of the COVID-19 outbreak. Budgeted expenditures for the General Fund total approximately \$77.8 million for Fiscal Year 2021, a decrease of approximately \$327,000 (0.4%) below Fiscal Year 2020 budgeted expenditures. Budgeted revenues for the General Fund total approximately \$74.1 million for Fiscal Year 2021, a decrease of approximately \$3.2 million (4.1%) below Fiscal Year 2020 budgeted revenues. The Fiscal Year 2021 budget projects an ending General Fund balance of approximately \$41.6 million, a decrease of approximately \$3.7 million from the start of the fiscal year. To offset the reduction in revenues in Fiscal Year 2021, the City has budgeted the use of approximately \$3.7 million of General Fund reserves.

***Budget History.*** Set forth in Table 10 below are the adopted General Fund budgets for Fiscal Years 2019 through 2021, results for Fiscal Year 2019, preliminary Fiscal Year 2020 results and budgeted Fiscal Year 2021 projections.

**TABLE 10**  
**City of El Cajon**  
**General Fund Budgets and Results**

	<i>Adopted Fiscal Year 2019 Budget</i>	<i>Actual Fiscal Year 2019 Results</i>	<i>Adopted Fiscal Year 2020 Budget</i>	<i>Actual Fiscal Year 2020 Results<sup>(1)</sup></i>	<i>Adopted Fiscal Year 2021 Budget</i>
<b>Revenues</b>					
Taxes <sup>(2)</sup>	\$ 65,583,451	\$ 65,674,762	\$ 67,690,156	\$ 65,433,662	\$ 63,750,645
Special Assessments <sup>(3)</sup>	378,000	366,589	350,000	366,681	350,000
Licenses and Permits	1,233,200	1,984,864	1,482,200	1,720,324	1,460,200
Fines and Forfeitures	538,000	573,407	563,000	512,432	593,000
Use of Money and Property <sup>(4)</sup>	1,367,170	3,081,135	1,410,780	3,919,883	2,381,890
Intergovernmental	764,800	1,304,179	938,600	1,201,245	982,100
Charges for Services	3,178,334	3,427,589	4,087,717	4,104,432	4,250,702
Miscellaneous	1,591,535	1,551,798	476,400	521,903	78,000
<b>Total Revenues</b>	<b>\$ 74,634,490</b>	<b>\$ 77,964,323</b>	<b>\$ 76,998,853</b>	<b>\$ 77,780,562</b>	<b>\$ 73,846,537</b>
<b>Expenditures</b>					
General Government					
Mayor and City Council	\$ 590,078	\$ 473,088	\$ 515,733	\$ 486,411	\$ 552,267
City Manager	1,551,576	1,907,081	2,640,759	2,276,384	2,096,854
Economic Development	-	-	-	-	-
Community Services and Events	249,300	231,209	257,450	163,654	132,900
City Attorney	830,753	583,176	857,646	653,898	800,079
City Clerk/Elections	528,676	447,152	495,267	481,794	621,114
Administrative services	342,620	355,100	78,200	55,474	-
Finance	1,932,329	1,967,038	2,061,717	2,244,628	2,047,810
Human Resources	911,335	735,776	933,516	773,248	848,382
Public Safety					
Police	35,625,470	35,665,859	37,307,367	38,119,985	38,364,561
Fire	15,665,598	15,958,263	16,829,576	16,400,084	16,853,527
Public Works	9,524,516	8,634,405	9,700,229	9,076,059	8,667,193
Recreation	3,041,357	3,003,216	3,154,248	3,028,703	3,216,451
Community Development	2,986,797	2,918,579	3,271,214	3,251,841	2,574,847
Other Financing Uses	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 73,780,405</b>	<b>\$ 72,879,942</b>	<b>\$ 78,102,922</b>	<b>\$ 77,012,163</b>	<b>\$ 76,775,985</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 854,085</b>	<b>\$ 5,084,381</b>	<b>\$ (1,104,069)</b>	<b>\$ 768,399</b>	<b>\$ (2,929,448)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers In	\$ 212,915	\$ 212,151	\$ 211,107	\$ 210,303	\$ 210,277
Transfers Out	(5,917,000)	(5,388,652) <sup>(5)</sup>	-	(750,000)	(1,000,000)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (5,704,085)</b>	<b>\$ (5,176,501)</b>	<b>\$ 211,107</b>	<b>\$ (539,697)</b>	<b>\$ (789,723)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (4,850,000)</b>	<b>\$ (92,120)</b>	<b>\$ (892,962)</b>	<b>\$ 228,702</b>	<b>\$ (3,719,171)</b>
<b>Fund Balances – Beginning</b>	<b>\$ 42,950,592</b>	<b>\$ 48,666,088</b>	<b>\$ 45,743,015</b>	<b>\$ 48,573,968</b>	<b>\$ 45,315,288</b>
<b>Fund Balances – Ending</b>	<b>\$ 38,100,592</b>	<b>\$ 48,573,968</b>	<b>\$ 43,957,091</b>	<b>\$ 48,802,670</b>	<b>\$ 41,596,117</b>

<sup>(1)</sup> Reflects unaudited actual Fiscal Year 2020 results; subject to change.

<sup>(2)</sup> See the caption “—Tax Revenues of the City” for a breakdown of tax revenues for the past five Fiscal Years.

<sup>(3)</sup> Special Assessments represent paramedic benefit fees. These were consolidated with Charges for Services in Fiscal Years 2018 and 2019 for purposes of the City’s Audited Financial Statements.

<sup>(4)</sup> Includes interest, rents, concession and facility rent. In Fiscal Year 2018, this category was adjusted to include interest income and rental income. In Fiscal Year 2019, this category was adjusted to include investment earnings.

<sup>(5)</sup> Transferred from the General Fund to the City Capital Improvement Program and used to finance the Magnolia Performing Arts Center renovation and its initial startup funding.

Sources: Adopted Budgets of the City for Fiscal Years 2019- 2021; City’s Comprehensive Annual Financial Report for Fiscal Year 2019; preliminary amounts for Fiscal Year 2020.

## **Change in Fund Balance of the City General Fund**

Set forth in Table 11 below are the City's audited General Fund statements of revenues, expenditures and changes in fund balance for Fiscal Years 2016 through 2019 and the City's estimated General Fund statement of revenues, expenditures and changes in fund balance for Fiscal Year 2020 based on available information to date.

**TABLE 11**  
**City of El Cajon**  
**General Fund Statement of Revenues, Expenditures and Changes in Fund Balances**

	<i>Fiscal Year Ended June 30,</i>				
	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020<sup>(1)</sup></i>
<b>Revenues</b>					
Taxes <sup>(2)</sup>	\$ 58,240,611	\$ 59,520,712	\$ 63,636,745	\$ 65,674,762	\$ 65,433,662
Special Assessments <sup>(3)</sup>	377,388	368,315	367,458	366,589	366,681
Licenses and Permits	1,810,129	1,190,944	1,387,579	1,984,864	1,720,324
Fines and Forfeitures	-	-	-	-	512,432
Intergovernmental	844,211	1,033,454	1,363,679	1,323,223	1,207,359
Investment Earnings	599,306	240,331	263,139	-	-
Charges for Services	5,165,405	3,387,982	4,143,916	3,862,864	4,430,750
Use of Money and Property <sup>(7)</sup>	-	-	-	3,088,825	6,130,466
Other	<u>5,084,544</u>	<u>3,409,680</u>	<u>3,327,173</u>	<u>2,197,984</u>	<u>729,234</u>
<b>Total Revenues</b>	<b>\$ 72,121,594</b>	<b>\$ 69,151,418</b>	<b>\$ 74,489,689</b>	<b>\$ 78,499,111</b>	<b>\$ 80,530,908</b>
<b>Expenditures</b>					
Current					
General Government	\$ 8,720,888	\$ 7,299,688	\$ 5,939,775	\$ 6,699,620	\$ 7,135,491
Public Safety	44,962,146	44,682,799	47,569,684	51,624,122	54,520,069
Public Works	3,660,074	7,165,572	8,255,875	8,634,405	9,076,059
Parks and Recreation	4,910,807	3,162,062	3,395,666	3,654,940	6,459,483
Community Development	2,511,848	2,486,218	2,922,485	2,918,579	3,251,841
Capital Outlay	-	-	-	31,396	4,558
Debt Service:					
Interest	-	-	-	-	-
Principal	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 64,765,763</b>	<b>\$ 64,796,339</b>	<b>\$ 68,083,485</b>	<b>\$ 73,563,062</b>	<b>\$ 80,447,501</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>\$ 7,355,831</b>	<b>\$ 4,355,079</b>	<b>\$ 6,406,204</b>	<b>\$ 4,936,049</b>	<b>\$ 83,407</b>
<b>Other Financing Sources (Uses)</b>					
Capital Lease Proceeds <sup>(4)</sup>	\$ -	\$ 2,003,895	\$ -	\$ -	\$ -
Capital Lease Expenditures <sup>(4)</sup>	-	(2,003,895)	-	-	-
Transfers In	193,976	210,916	210,915	212,151	210,303
Transfers Out	<u>(2,448,000)</u>	<u>(1,042,796)</u>	<u>-</u>	<u>(4,888,652)<sup>(6)</sup></u>	<u>-</u>
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (2,254,024)</b>	<b>\$ (831,880)</b>	<b>\$ 210,915</b>	<b>\$ (4,676,501)</b>	<b>\$ 210,303</b>
<b>Net Change in Fund Balances</b>	<b>\$ 5,101,807</b>	<b>\$ 3,523,199</b>	<b>\$ 6,617,119</b>	<b>\$ 259,548</b>	<b>\$ 293,710</b>
<b>Fund Balances – Beginning of Fiscal Year</b>	<b>\$ 30,552,917</b>	<b>\$ 35,654,724</b>	<b>\$ 42,182,523<sup>(5)</sup></b>	<b>\$ 48,799,642</b>	<b>\$ 49,059,190</b>
<b>Fund Balances – End of Fiscal Year</b>	<b>\$ 35,654,724</b>	<b>\$ 39,177,923</b>	<b>\$ 48,799,642</b>	<b>\$ 49,059,190</b>	<b>\$ 49,352,900</b>

(1) Reflects unaudited actual Fiscal Year 2020 results; subject to change.

(2) See the caption “—Tax Revenues of the City” for a breakdown of tax revenues for the past five Fiscal Years.

(3) Special Assessments represent paramedic benefit fees. For purposes of the City’s Audited Financial Statements, these amounts were consolidated with Taxes in Fiscal Years 2016 and 2017 and with Charges for Services in Fiscal Years 2018 and 2019.

(4) Represents capital lease agreement with the County of San Diego for the public safety Regional Communication System.

(5) Beginning fund balance was increased by \$3,004,600 in Fiscal Year 2018 as the result of a restatement to account for the collection of sales taxes that had not accrued in Fiscal Year 2017.

(6) Transferred from the General Fund to the City Capital Improvement Program and used to finance the Magnolia Performing Arts Center renovation and its initial startup funding.

(7) In Fiscal Year 2018, the City began categorizing moneys that had previously been categorized as Investment Earnings as Use of Money and Property and in Fiscal Year 2019, the City began categorizing rental revenue that had previously been categorized as Other as Use of Money and Property.

Source: Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances from the City’s audited Comprehensive Annual Financial Reports for Fiscal Years 2016 - 2019; preliminary amounts for Fiscal Year 2020.

## General Fund Balance Sheets of the City

Set forth in Table 12 below are the City's audited General Fund balance sheets for Fiscal Years for Fiscal Years 2016 through 2019 and the City's unaudited actual General Fund balance sheet for Fiscal Year 2020.

**TABLE 12**  
**City of El Cajon**  
**General Fund Balance Sheet Summary\***

	<i>Fiscal Year Ended June 30,</i>				
	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020<sup>(1)</sup></i>
<b>Assets</b>					
Cash and Investments	\$ 30,688,388	\$ 36,554,394	\$ 43,195,661	\$ 44,433,965	\$ 44,067,265
Receivables:					
Accounts	580,349	412,951	264,466	133,829	308,578
Interest	127,876	177,626	275,607	363,986	277,824
Intergovernmental	-	-	24,979	274,872	401,555
Loans	227,852	-	-	-	-
Taxes	6,438,514	3,508,490	7,554,498	7,063,083	8,415,823
Prepaid Items	8,379	15,598	7,071	2,507	-
Due From Other Funds	668,587	684,960	367,395	291,912	185,153
Land Held for Resale	-	-	-	-	-
<b>Total Assets</b>	<u>\$ 38,739,945</u>	<u>\$ 41,354,019</u>	<u>\$ 51,689,677</u>	<u>\$ 52,564,154</u>	<u>\$ 53,656,198</u>
<b>Liabilities</b>					
Accounts Payable	\$ 675,730	\$ 558,722	\$ 709,103	\$ 682,875	\$ 899,299
Accrued Liabilities	1,680,727	1,225,061	1,753,320	2,343,620	2,916,419
Deposits Payable	235,464	233,110	238,545	298,306	404,591
Due to other Funds	-	-	-	-	-
Unearned Revenue	173,448	159,203	189,067	180,163	82,989
<b>Total Liabilities</b>	<u>\$ 2,765,369</u>	<u>\$ 2,176,096</u>	<u>\$ 2,890,035</u>	<u>\$ 3,504,964</u>	<u>\$ 4,303,298</u>
<b>Deferred Inflows of Resources</b>	\$ 319,852	\$ -	\$ -	\$ -	\$ -
<b>Fund Balances</b>					
Nonspendable <sup>(2)</sup>	\$ 8,379	\$ 15,598	\$ 7,071	\$ 2,507	\$ -
Restricted <sup>(3)</sup>	-	-	-	-	-
Committed <sup>(4)</sup>	13,052,990	13,052,990	13,052,990	15,939,481	15,619,455
Assigned <sup>(5)</sup>	6,020,000	14,500,000	14,500,000	14,500,000	13,612,686
Unassigned	16,573,355	11,609,335	21,239,581	18,617,202	20,120,759
<b>Total Fund Balances</b>	<u>\$ 35,654,724</u>	<u>\$ 39,177,923</u>	<u>\$ 48,799,642</u>	<u>\$ 49,059,190</u>	<u>\$ 49,352,900</u>
<b>Total Liabilities, deferred inflows of resources and Fund Balances</b>	<u>\$ 38,739,945</u>	<u>\$ 41,354,019</u>	<u>\$ 51,689,677</u>	<u>\$ 52,564,154</u>	<u>\$ 53,656,198</u>

(1) Reflects unaudited actual numbers; subject to change.

(2) This classification includes amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

(3) This classification includes amounts that are restricted by creditors, grantors, contributors or laws or regulations of other governments or by law through constitutional provisions or enabling legislation.

(4) Committed funds are for an Operating Reserve for both cash flow purposes for the first two quarters and as a reserve for unexpected events.

(5) Assigned funds are intended to be used for specific purposes but are not formally constrained by City Council action.

Source: Governmental Funds Balance Sheet from the City's Comprehensive Annual Financial Reports from Fiscal Years 2016 - 2019; preliminary amounts for Fiscal Year 2020.

## Tax Revenues of the City

A summary of taxes and certain fees received by the City in the last five Fiscal Years is set forth in Table 13 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 13**  
**City of El Cajon**  
**General Fund Major Tax Revenues and Fees by Source**

	<i>Fiscal Year Ended June 30,</i>					
	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020<sup>(1)</sup></i>	<i>2021<sup>(2)</sup></i>
Property Tax <sup>(3)</sup>	\$ 21,086,961	\$ 17,223,736	\$ 18,339,325	\$ 19,834,547	\$ 20,483,031	\$ 21,638,712
Sales Tax	29,493,906	34,554,682	37,163,463	37,055,679	35,908,669	32,735,587
Franchise Tax	5,196,514	5,148,007	5,311,723	5,511,422	5,947,736	6,335,994
Transient Occupancy Tax	1,378,472	1,408,750	1,613,926	2,116,816	1,794,920	1,841,733
Business/Other Taxes/Fees <sup>(4)</sup>	<u>1,084,758</u>	<u>1,185,537</u>	<u>1,208,308</u>	<u>1,156,298</u>	<u>1,299,306</u>	<u>1,198,619</u>
<b>TOTAL</b>	<b>\$ 58,240,611</b>	<b>\$ 59,520,712</b>	<b>\$ 63,636,745</b>	<b>\$ 65,674,762</b>	<b>\$ 65,433,662</b>	<b>\$ 63,750,645</b>

<sup>(1)</sup> Reflects unaudited actual Fiscal Year 2020 results; subject to change.

<sup>(2)</sup> Reflects budgeted Fiscal Year 2021 amounts.

<sup>(3)</sup> Includes vehicle license fees and property taxes in lieu of vehicle license fees. See the captions “—Property Taxes” and “—State of California Motor Vehicle In-Lieu Payments.”

<sup>(4)</sup> Includes revenues from property transfer tax, amusement tax, business license taxes and fees.

Source: Budgetary Comparison Schedules for the General Fund from the City’s Comprehensive Annual Financial Reports for Fiscal Years 2016 - 2019; Preliminary amounts for Fiscal Year 2020. Fiscal Year 2021 source Adopted Budget.

## Property Taxes

Property taxes contributed approximately 31.3% of General Fund tax revenues and approximately 26.3% of total General Fund revenues in Fiscal Year 2020. Based on estimated Fiscal Year 2020 results reflecting available information to date, the City estimates Fiscal Year 2020 property tax receipts to be \$20,483,031.

Property in the State that is subject to *ad valorem* taxes is classified as either “secured” or “unsecured.” The secured classification includes property on which any county levied property tax becomes a lien on that parcel. A tax levied on unsecured property may become a lien on certain other property owned by the same taxpayer. Secured property liens have priority over all other liens pursuant to State law, regardless of the time of the creation of other liens on the property.

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.



In an attempt to mitigate the effects of the COVID-19 pandemic on State property taxpayers, on May 6, 2020, the Governor signed Executive Order N-61-20 (“**Order N-61-20**”). Under Order N-61-20, certain provisions of the State Revenue and Taxation Code are suspended until May 6, 2021 to the extent that they require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent. Such penalties, costs and interest will be canceled under the conditions provided for in Order N-61-20, including if the property is residential real property occupied by the taxpayer or the real property qualifies as a small business under certain State laws, the taxes were not delinquent prior to March 4, 2020, the taxpayer files a claim for relief with the tax collector and the taxpayer demonstrates economic hardship or other circumstances that have arisen due to the COVID-19 pandemic or due to a local, state, or federal governmental response thereto. See the caption “THE CITY—COVID-19 Outbreak.”

As discussed in the paragraph below the table entitled “Assessed Valuation History,” the City is not a participant in the County’s “Teeter Plan.” As a result, the County will pay to the City only actual amounts collected and the City’s receipt of property tax revenues is subject to the risk of delinquencies.

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.

See the caption “RISK FACTORS—Split Roll Initiative” for a discussion of an initiative that will appear on the November 2020 Statewide ballot which will amend provisions of State law relating to property taxes, including the provisions that are discussed above.

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 July 27, 2009, the Governor signed a revised Fiscal Year 2010 State budget that included an ERAF shift of approximately 8% of 1% *ad valorem* property tax revenues from certain local agencies, including the City. The City participated in the California Statewide Communities Development Authority securitization program and received the shifted funds in two equal installments on January 15, 2010 and May 3, 2010.

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 Table 14 below are the secured and unsecured assessed valuations for property in the City for the Fiscal Years 2008 through 2021.

**TABLE 14**  
**City of El Cajon**  
**Assessed Valuation History (Dollars in Thousands)**

<i>Fiscal Year</i>	<i>Secured Value</i>	<i>Unsecured Value</i>	<i>Total Assessed Value</i>	<i>% Increase</i>
2008	\$7,249,975	\$487,102	\$7,737,077	-
2009	7,245,558	487,827	7,733,385	(0.1)%
2010	6,822,448	532,884	7,355,332	(4.9)
2011	6,702,909	507,162	7,210,071	(2.0)
2012	6,736,414	509,909	7,246,323	0.5
2013	6,616,022	440,872	7,056,894	(2.6)
2014	6,824,972	425,695	7,250,667	2.7
2015	7,192,180	400,595	7,592,775	4.7
2016	7,585,644	352,304	7,937,948	4.5
2017	7,993,692	373,898	8,367,590	5.4
2018	8,509,907	361,584	8,871,491	6.0
2019	8,996,562	389,323	9,385,885	5.8
2020	9,552,144	494,779	10,046,923	7.0
2021	10,049,909	511,131	10,561,040	5.8

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2008 through 2020. Memorandum of Final Assessed Value issued by the County of San Diego Assessor's Office for Fiscal Year 2021.

**No Teeter Plan.** The City does not participate in the County's Teeter Plan. As a result, the County will pay to the City only actual amounts collected and the City's receipt of property tax revenues is subject to the risk of delinquencies. Table 15 below sets forth the property tax levies and collections within the City for Fiscal Years 2011 through 2020.

**TABLE 15**  
**City of El Cajon**  
**Property Tax Levies and Collections**

<i>Fiscal Year</i>	<i>Taxes Levied</i>	<i>Amount Collected in Fiscal Year</i>	<i>Percent of Levy Collected in Fiscal Year</i>	<i>Collection in Subsequent Years</i>	<i>Total Amount Collected</i>	<i>Percent of Total Levy Collected</i>
2011	\$6,521,484	\$6,280,600	96.31%	\$18,626	\$6,299,236	96.59%
2012	6,558,058	6,375,739	97.22	44,668	6,420,407	97.90
2013	6,705,944	6,532,219	97.41	47,089	6,579,308	98.11
2014	7,038,840	6,846,801	97.27	25,902	6,872,703	97.64
2015	7,188,741	7,058,431	98.19	34,693	7,093,124	98.67
2016	7,574,543	7,443,382	98.27	41,488	7,484,870	98.82
2017	7,986,215	7,831,502	98.06	47,880	7,879,382	98.66
2018	8,434,486	8,291,346	98.30	21,906	8,313,252	98.56
2019	8,920,584	8,745,728	98.05	46,373	8,746,728	98.05
2020	9,256,244	9,027,399	97.53	N/A	9,027,399	N/A

Source: City's Comprehensive Annual Financial Reports for Fiscal Years 2011 through 2019. City for Fiscal Year 2020.

The ten largest secured and unsecured taxpayers in the City as shown on the Fiscal Year 2020 tax roll, and their respective assessed valuation and percentage of the City's total property tax revenues are set forth in Table 16 below.

**TABLE 16**  
**City of El Cajon**  
**10 Largest Secured and Unsecured Taxpayers**

<i>Rank</i>	<i>Property Owner</i>	<i>Fiscal Year 2020 Assessed Valuation</i>	<i>% of Total<sup>(1)</sup></i>
1.	Star-West Parkway Mall LP	\$ 239,960,213	2.33%
2.	G K N Aerospace Chem-Tronics INC	89,338,036	0.87
3.	B9 MF 1250 Petree St LLC	60,612,627	0.59
4.	Kaiser	46,952,216	0.46
5.	Lysinger 1999 Trust	46,899,309	0.46
6.	Cox Communications California	35,608,520	0.35
7.	Terraza Tic I LLC	34,699,570	0.34
8.	Harsch Investment Properties LLC	29,946,760	0.29
9.	Helf Properties INC	29,805,617	0.29
10.	El Cajon Energy Center LLC	<u>29,673,624</u>	<u>0.29</u>
<b>TOTAL</b>		<b><u>\$ 643,496,492</u></b>	<b><u>6.27%</u></b>

<sup>(1)</sup> Fiscal Year 2020 final Taxable Assessed Value: \$10,305,294,172.

Sources: City’s Comprehensive Annual Financial Reports for Fiscal Year 2019.

The City is currently projecting an increase of approximately 5.6% in property tax revenues in Fiscal Year 2021 above the Fiscal Year 2020 budgeted amount. However, an extended recession caused by the COVID-19 outbreak could impact assessed values with the City and result in decreased property tax revenues. See the caption “THE CITY—COVID-19 Outbreak.”

### Sales Taxes

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 (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 8.25%, which includes a 1/2 cent levy that was approved by City voters on November 4, 2008 (“Measure J”). Measure J will expire on March 31, 2029, unless renewed by another vote. There can be no assurance that City voters will elect to extend this sales tax measure past March 31, 2029.

Sales tax receipts of \$35,908,669 provided the largest tax revenue source for the City in Fiscal Year 2020. Sales taxes contributed approximately 54.9% of General Fund tax revenues and approximately 46.0% of total General Fund revenues in Fiscal Year 2020.

Based on unaudited actual results, Measure J produced \$9,990,361 in additional sales tax revenue to the City in Fiscal Year 2020, and is budgeted for \$9,451,167 in the Fiscal Year 2021 budget.

As discussed under the caption “THE CITY—COVID-19 Outbreak,” the Governor extended the deadline to file and pay first quarter sales and use tax returns by 90 days for all but the very largest taxpayers. Up to 361,000 California businesses, with less than \$5 million in taxable annual sales, will be allowed to defer up to \$50,000 in sales tax and enter into a 12-month payment plan at zero interest. The extension will result in a delay in the receipt by the City of its portion of sales tax payments.

As a result of such extension, as well as an anticipated general economic slowdown and the closure of business in the wake of the COVID-19 outbreak, the City’s Fiscal Year 2021 budget reflects the receipt of approximately \$32.7 million in sales tax revenues in Fiscal Year 2021, a decrease of approximately \$6.0 million (15.5%) from the Fiscal Year 2020 budgeted amount.

Additional information relating to sales tax receipts by the City is set forth in Appendix B.

**Franchise Fee Taxes**

The franchise fee tax is imposed on the major utilities that provide natural gas, electricity, waste disposal, cable, internet, and telephone services within the City limits. Proceeds of the franchise fee tax are used to fund activities funded by the General Fund.

Franchise fee tax receipts of \$5,947,736 provided the third largest tax revenue source for the City in Fiscal Year 2020. Franchise fee taxes contributed approximately 9.1% of General Fund tax revenues and approximately 7.6% of total General Fund revenues in Fiscal Year 2020. The City estimates Fiscal Year 2021 franchise fee tax receipts to be \$6,335,994, an increase of approximately \$390,000 (6.5%) from Fiscal Year 2020 amounts due primarily to increased fees in a new solid waste hauler franchise agreement.

**Other Tax Revenues**

Transient occupancy taxes, which are levied on users of hotels in the City, are currently imposed at the rate of 10%. The City currently receives revenues from other tax sources including business license taxes and property transfer taxes.

Based on estimated Fiscal Year 2020 results reflecting available information to date, the City estimates Fiscal Year 2020 receipts from such other taxes to be \$3.09 million. As a result of an anticipated general economic slowdown and the closure of business in the wake of the COVID-19 outbreak, the City’s Fiscal Year 2021 budget reflects the receipt of approximately \$3.04 million in other tax revenues in Fiscal Year 2021, a decrease of approximately \$0.41 million (10.8%) from the Fiscal Year 2020 budgeted amount.

**State of California Motor Vehicle In-Lieu Payments**

The State imposes a Vehicle License Fee (the “VLF”), which is the portion of the fees paid in lieu of personal property taxes on a vehicle. The VLF is based on vehicle value and declines as the vehicle ages. Prior to the adoption of the Fiscal Year 2005 State Budget, the VLF was 2% of the value of a vehicle. Through legislation in prior Fiscal Years, the State enacted VLF reductions under which the State was required to “backfill” local governments for their revenue losses resulting from the lowered fee.

The Fiscal Year 2005 State Budget permanently reduced the VLF from 2% to 0.65% of the value of a vehicle and deleted the requirement for backfill payments, providing instead that the amount of the backfill requirement will be met by an increase in the property tax allocation to cities and counties. See the caption “STATE OF CALIFORNIA BUDGET INFORMATION.”

VLF and property tax in-lieu revenues for the last five Fiscal Years, all of which were distributed from property tax receipts, are shown in Table 17.

**TABLE 17**  
**City of El Cajon**  
**State of California Motor Vehicle In-Lieu and Property Tax In-Lieu Payments**

<i>Source</i>	<i>Fiscal Year Ended June 30,</i>				
	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>2020<sup>(1)</sup></i>
Motor Vehicle In-Lieu Payments	\$ 40,931	\$ 45,845	\$ 54,723	\$ 50,668	\$ 83,545
Property Tax In-Lieu Payments	7,943,770	8,368,162	8,849,280	9,359,840	9,879,889

<sup>(1)</sup> Reflects unaudited actual Fiscal Year 2020 results; subject to change.  
Source: The City.

## Other Indebtedness

**General Fund-Supported Obligations.** In October 2016, the City entered into an installment sale agreement with the County. The County’s Regional Communication System (“RCS”) provides a standardized communication services platform to public safety and public service agencies operating in the County and Imperial County. The initial system became operational in 1998 and had an anticipated end-of-life in 2012. Work began to replace the aging system in 2013. The City’s continued participation in the system has obligated the City to its proportionate share of the cost of the RCS system replacement. The Capital Lease represents the City’s share of the backbone infrastructure, including radio equipment. The Capital Lease has a 2.79% interest rate and obligates the City to make payments to the County of \$232,407 annually through 2026.

In addition to the Capital Lease, the City has certain compensated absences and claims payable that qualify as long-term liabilities.

See Note 5 to the City’s audited financial statements set forth in Appendix A for further information with respect to General Fund-supported obligations. The City may issue other obligations payable from its general revenues at any time. See the caption “RISK FACTORS—City Obligations.”

**Short-Term Debt.** The City currently has no short-term debt outstanding and does not expect to issue any short-term debt in Fiscal Year 2021.

## City Investment Policy

**General.** The City invests its funds in accordance with the City’s investment policy (the “**Investment Policy**”), the most recent version of which was adopted in October 2020. In accordance with Section 53600 *et seq.* of the California Government Code, idle cash management and investment transactions are the responsibility of the City Treasurer. The City’s Director of Finance serves as the City Treasurer. The City’s Investment Policy sets forth the policies and procedures applicable to the investment of City funds and designates eligible investments. The Investment Policy sets forth the following stated objectives, which are listed in priority order: (i) preservation of capital and protection of investment principal, (ii) maintenance of sufficient liquidity to meet anticipated cash flows and (iii) attainment of a market rate of return. In accordance with the Government Code, the City requires certain collateralization for public deposits in banks and savings and loans and has long-established safekeeping and custody procedures.

The Treasurer provides a quarterly investment report to the City Manager and the City Council. Under the Investment Policy, each quarterly report (i) includes performance, market sector and interest earnings, and the state of the investment market, (ii) highlights changes since the last report and (iii) discusses investment strategy. Reporting is on the basis of both cost and market.

**Summary of Investments.** A summary of the City’s investments as of June 30, 2020 is set forth in Table 18 below. General Fund cash and investments (based on market values) were equal to approximately \$44 million (36%) of the total cash and investment portfolio as of June 30, 2020.

**TABLE 18**  
**City of El Cajon**  
**Summary of Investments and Cash as of June 30, 2020<sup>(1)</sup>**

Investments	
Local Agency Investment Fund	\$ 19,561,906
California Asset Management Program	680,223
San Diego County Investment Pool	5,198,000
Certificates of Deposit	784,921
U.S. Treasury Notes	24,469,617
Federal Farm Credit Bank	-
Federal Home Loan Bank	6,776,350
Federal Home Loan Mortgage Corporation	8,786,486
Federal National Mortgage Association	24,335,807
Federal CMO	-
Supra-National Bonds	2,990,052
Municipal Bonds	-
Asset Backed Securities	-
Corporate Bonds	<u>11,725,837</u>
Total	<u>\$ 105,309,199</u>
Investments with Fiscal Agent	
Money Market Funds	\$ 1,306,012
Total	<u>\$ 1,306,012</u>
Total Investments	<u>\$ 106,615,211</u>
Cash	
Petty Cash and Change Funds	\$ 4,845
Demand Deposits	14,994,356
Restricted Cash Held by City	<u>592,205</u>
Total	<u>\$ 15,591,406</u>
Total Investments and Cash	<u>\$ 122,206,617</u>

<sup>(1)</sup> Reflects market values. Totals may not add due to rounding.

Source: City's Comprehensive Annual Financial Report for Fiscal Year 2020.

See Note 2 in Appendix A for further information with respect to City investments.

### **Other Post-Employment Benefits**

***OPEB Benefit Plan.*** In addition to the pension benefits that are described under the caption "CITY PENSION PLANS," the City provides certain post-employment healthcare benefits (the "**OPEB Benefits**") for retired employees who retired on or after July 14, 1988 at or over the age of 50 and who had worked for the City for at least 5 years immediately preceding retirement. The OPEB Benefits shall continue for as long as the eligible retiree is enrolled in CalPERS healthcare plans. Membership in the plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

Active plan members	413
Inactive employees or beneficiaries currently receiving benefit payments	193
Inactive employees entitled to but not yet receiving benefit payments	<u>-</u>
Total	606

OPEB Benefit expenses of approximately \$4,985,204 and \$817,308, respectively, were recognized for Fiscal Years 2018 and 2019.

The City's net OPEB liability was measured as of June 30, 2019, 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, 2019 actuarial valuation was determined using the actuarial assumptions set forth in the following table, applied to all periods included in the measurement, unless otherwise specified:

**City of El Cajon  
Actuarial Assumptions for OPEB Benefit Plan**

Actuarial cost method	Entry Age Normal Cost
Asset valuation method	Market
Discount Rate	7.28%
Inflation	2.5%
Projected salary increases	2.75%
Healthcare cost trend rate	6.50% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO
Mortality	According to the mortality rates under the 2017 experience study for the CalPERS pension plan. .
Retirement Age	According to the retirement rates under the 2017 experience study for the CalPERS pension plan.

Source: The City.

Changes in the net liability for the City's OPEB Benefit plan for Fiscal Year 2019, the latest period for which such information is available, were as set forth in the following table.

**City of El Cajon  
Changes in OPEB Benefit Plan Liability**

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability</i> <i>(a)</i>	<i>Plan Fiduciary Net Position</i> <i>(b)</i>	<i>Net OPEB Liability/ (Asset)</i> <i>(c) = (a) - (b)</i>
<b>Balance at June 30, 2018</b>	\$ 11,059,779	\$ 4,430,315	\$ 6,629,464
Changes Recognized for the Measurement Period:			
Service Cost	233,261	-	233,261
Interest on the total OPEB liability	795,418	-	795,418
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(868,788)	-	(868,788)
Changes of assumptions	520,123	-	520,123
Contributions from the employer	-	1,383,949	(1,383,949)
Net investment income	-	296,391	(296,391)
Administrative expenses	-	(1,063)	1,063
Other expenses	-	-	-
Benefit payments	<u>(733,949)</u>	<u>(733,949)</u>	<u>-</u>
Net Changes during July 1, 2018 to June 30, 2019	<u>(53,935)</u>	<u>945,328</u>	<u>(999,263)</u>
<b>Balance at June 30, 2019 (Measurement Date)</b>	<b>\$ 11,005,844</b>	<b>\$ 5,375,643</b>	<b>\$ 5,630,201</b>

Source: The City.

The following table presents the net liability of the City’s OPEB Benefit plan, calculated using the discount rate applicable to Fiscal Year 2019 (7.28%), as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.28%) or 1 percentage-point higher (8.28%) than the current discount rate:

**City of El Cajon**  
**Sensitivity of the OPEB Benefit Plan Net Liability to Changes in the Discount Rate**

<i>Discount Rate</i>	<i>Net OPEB Liability</i>	<i>Impact on Liability</i>
6.28%	\$ 6,809,001	\$1,178,800
7.28%	5,630,201	-
8.28%	4,635,440	(994,761)

Source: The City.

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 8 to the City’s audited financial statements set forth in Appendix A.

In addition to the OPEB Benefits, the City provides a defined contribution plan for specified part-time, temporary and seasonal employees who work less than 1,000 hours per fiscal year in lieu of social security coverage. Eligible employees are fully vested effective their dates of hire. Contributions are equal to 7.5% of each participating employee’s compensation and are made by the City. For Fiscal Years 2019 and 2020, the City made employer contributions to the defined contribution plan of \$58,340 and \$50,121, respectively.

For additional information relating to the City’s defined contribution plan, see Note 7 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, 2019, prepared by Rogers, Anderson, Malody & Scott, LLP, San Bernardino, California (the “**Auditor**”), are included as Appendix A to this Official Statement. The Auditor’s letter dated December 16, 2019 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.

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For these purposes, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property taxes, sales taxes, certain grant revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

## 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 2020-21

On January 10, 2020, prior to the COVID-19 outbreak, the Governor released his proposed State budget for State fiscal year 2020-21 (the “**Proposed 2020-21 State Budget**”). On May 14, 2020, the Governor released the May Revision to the Proposed 2020-21 State Budget (the “**May Revision**”). The May Revision noted that the COVID-19 pandemic and resulting recession has changed the State’s fiscal landscape dramatically. Unemployment claims have surged, with increased unemployment claims of 4.4 million from mid-March to May 9, 2020. Job losses have occurred in nearly every sector of the economy and personal income is projected to decline by 9% in 2020.

Following record economic expansion, the United States economy entered into a recession in March 2020, causing an immediate negative impact on State revenues, with all three of the State’s major revenue sources showing significant declines relative to the Governor’s original budget forecast. From fiscal years 2018-19 through 2020-21, the May Revision baseline revenue estimate decreased by over \$43 billion, before accounting for transfers. The changes in the three largest State tax sources are:

- Personal income tax revenues, which were revised downward by \$32.6 billion (including \$6.9 billion less in State fiscal year 2019-20 and \$26.3 billion less in State fiscal year 2020-21) due to a decline in all income sources, but particularly wages, proprietorship income and capital gains;
- Sales and use tax receipts, which were revised downward by almost \$10 billion (\$2.2 billion less in State fiscal year 2019-20 and \$7.7 billion less in State fiscal year 2020-21) due mainly to lower consumption and investment by business; and

- Corporate tax revenues, which were revised downward by over \$5 billion based on a significant drop in corporate profits.

On June 29, 2020, the Governor signed into law the State budget for State fiscal year 2020-21 (the “**2020-21 Budget**”). The following information is drawn from summaries of the 2020-21 Budget prepared by the DOF and the LAO.

The 2020-21 Budget acknowledges that the rapid onset of COVID-19 has had an immediate and severe impact on the State’s economy. The ensuing recession has caused significant job losses, precipitous drops in family and business income and has exacerbated income inequality. The May Revision forecast included a peak unemployment rate of 24.5% in the second quarter of 2020 and a decline in personal income of nearly 9%. The 2020-21 Budget reports that the official unemployment rate exceeded 16% in both April and May 2020.

The 2020-21 Budget includes a number of measures intended to address a projected deficit of \$54.3 billion and occasioned principally by declines in the State’s three main tax revenues (personal income, sales and use and corporate, as discussed above). The measures included in the 2020-21 Budget, and described below, are intended to close this deficit and set aside \$2.6 billion in the State’s traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Drawdown of Reserves* – The 2020-21 Budget draws down \$8.8 billion in total State reserves, including \$7.8 billion from the State’s budget stabilization account (“**BSA**”), \$450 million from the Safety Net Reserve and all money in the Public School System Stabilization Account.
- *Triggers* – The 2020-21 Budget includes \$11.1 billion in reductions and deferrals that would be restored if at least \$14 billion in federal funds are received by October 15, 2020. If the State receives less than this amount, reductions and deferrals would be partially restored. The triggers include \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also fund an additional \$250 million for county programs to backfill revenue losses.
- *Federal Funds* – The 2020-21 Budget relies on \$10.1 billion in federal funds, \$8.1 billion of which has already been received. This relief includes recent Congressional approval for a temporary increase in the federal government’s share of Medicaid costs, a portion of the State’s Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.
- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relies on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education spending. Approximately \$900 million of special fund borrowing is associated with reductions to State employee compensation and is subject to the triggers discussed above.
- *Increased Revenues* – The 2020-21 Budget temporarily suspends for three years net operating loss tax deductions for medium and large businesses and limits business tax credits, with an estimated increase in tax revenues of \$4.3 billion in State fiscal year 2020-21.
- *Canceled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget includes an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision and lower health and human services caseload costs than assumed by the May Revision.

For State fiscal year 2019-20, the 2020-21 Budget projects total State general fund revenues and transfers of \$137.6 billion and authorizes expenditures of \$146.9 billion. The State is projected to end State fiscal year 2019-20 with total available general fund reserves of \$17 billion, including \$16.1 billion in the BSA and \$900 million in the Safety Net Reserve Fund.

For State fiscal year 2020-21, the 2020-21 Budget projects total State general fund revenues and transfers of \$137.7 billion and authorizes expenditures of \$133.9 billion. The State is projected to end State fiscal year 2020-21 with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional State general fund reserve (of which \$716 million is earmarked for COVID-19-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimates that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 is \$70.1 billion, approximately \$10 billion below the revised prior-year funding level. For K-12 school districts, this results in per-pupil spending in fiscal year 2020-21 of \$10,654, a reduction of \$1,339 from the prior year.

The 2020-21 Budget proposes several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Local Control Funding Formula* – The 2020-21 Budget provides for \$1.9 billion in Local Control Funding Formula apportionment deferrals for State fiscal year 2019-20. The deferrals increase to \$11 billion in State fiscal year 2020-21, which results in Local Control Funding Formula funding remaining at 2019-20 levels in both years. The 2020-21 Budget also suspends the statutory cost of living adjustment in State fiscal year 2020-21. Of the total deferrals, \$5.8 billion will be canceled in State fiscal year 2020-21 if sufficient federal funding for this purpose is received.
- *CalSTRS/CalPERS* – The 2020-21 Budget redirects \$2.3 billion in funds that were previously appropriated for prefunding California State Teachers Retirement System (“CalSTRS”) and CalPERS liabilities, instead applying them to further reduce local educational agency contribution rates for such programs in State fiscal years 2020-21 and 2021-22. This reduces CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates are reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22.
- *Federal Funds* – In addition to the CARES Act funding previously discussed, the 2020-21 Budget appropriates \$1.6 billion in federal Elementary and Secondary School Emergency Relief funds recently awarded to the State. Of this amount, approximately \$1.5 billion will be allocated to local educational agencies in proportion to the amount of federal Title I-A funding such agencies receive, to be used for COVID-19 related costs. The remaining amount will be allocated to state-level activities.
- *Temporary Revenue Increases* – As discussed above, as part of closing the State’s projected deficit, the 2020-21 Budget provides for a temporary revenue increase of approximately \$4.3 billion in fiscal year 2020-21, of which approximately \$1.6 billion counts towards the Proposition 98 funding guarantee.

For additional information regarding the 2020-21 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 makes 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**

The State has experienced significant financial stress in past years, with budget shortfalls in the several billions of dollars. 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 County 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 the largest source of General Fund revenues to the City. In addition, Measure J, a 1/2 cent sales tax measure that was adopted in 2008 and expires in 2029, is expected to contribute a significant amount of revenue available for General Fund obligations of the City in the future. See the caption “CITY FINANCIAL INFORMATION—Sales Taxes.”

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 amount of transient occupancy taxes the City will receive. See the caption “THE CITY—COVID-19 Outbreak,” “CITY FINANCIAL INFORMATION—Sales Taxes” and “CITY FINANCIAL INFORMATION—Other Taxes.” Also, 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, except for liquor and restaurant meals, are exempt from the Statewide sales tax. The rate of sales and use tax levied on taxable transactions in the City or the fee charged by the State Board of Equalization for administering the City’s sales tax could also be changed.

In addition, changes or amendments by voter initiative could have an adverse effect on sales tax revenues received by the City. See the caption “CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS.”

### **Assessed Value of Taxable Property**

Property taxes are the second largest 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. Also, 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. Pension related payments in future years may increase as a result of losses in CalPERS' portfolio resulting from stock market declines. See the caption "THE CITY—COVID-19 Outbreak." There can be no assurances that actual increases in required pension related payments will not be greater than the amounts which are currently projected to be required by the City. See the captions "CITY PENSION PLANS" 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 (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). 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 caption "THE CITY—COVID-19 Outbreak," 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."

### **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**

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. The City maintains liability insurance and property casualty insurance (exclusive of earthquake insurance) for City infrastructure. 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.

See the caption "THE CITY—Risk Management."

Earthquakes are considered a threat to the City due to the City's highly active seismic region and the proximity of fault zones, including the San Andreas and the Rose Canyon fault zones. These and other fault zones could influence the entire coastal portion of the State. In addition, there are likely to be unmapped faults in or near the City. Portions of the City lie within Seismic Hazard Zones for soil liquefaction and earthquake-induced landslides. Seismically induced ground shaking has affected the City in the past and is expected to affect the City in the future.

An earthquake along one of the faults in the vicinity of the City, either known or unknown, could cause a number of casualties and extensive property damage, particularly to residential buildings, older wooden or unreinforced masonry buildings and mobile homes. The effects of such an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, dam failure, liquefaction, floods and other threats to public health, safety and welfare. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and would require a high level of self-help, coordination and cooperation. The City currently maintains limited earthquake insurance for certain City facilities, but it is not required to maintain such insurance or obtain such insurance in the future.

The State, including the City, is periodically subject to wildfires. 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.

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 (which constitute the City's second largest source of General Fund revenues) could be reduced. See the caption "CITY FINANCIAL INFORMATION—Property Taxes."

The City maintains liability insurance and property casualty insurance (exclusive of earthquake insurance) for City infrastructure. 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. 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 Valued 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**

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 employs a multi-level cyber protection scheme that includes network firewalls, server- and personal computer- level anti-virus software, anti-spam/malware software, email protection as well as intrusion protection. The City employs high-level intrusions protection and expects that any such disruptions would be temporary in nature. To date, the City has not experienced a major attack on its computer operating systems. However, no assurances can be given that the City's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the City's computer and information technology systems could impact its operations and damage the City's digital networks and systems, and the costs of remedying any such damage could be substantial.

### **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. 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.

See the caption "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS."

### **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 Outbreak,"



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. In particular, the City expects significant reductions in sales tax revenues in Fiscal Year 2021. 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.

See the caption "—Property Tax Ballot Measures" below for a discussion of Proposition 15 and Proposition 19 which have qualified for the November 2020 Statewide ballot. If adopted, such propositions would amend provisions of Article XIII A for large commercial properties.

### **Property Tax Ballot Measures**

On May 29, 2020, a proposed voter initiated ballot initiative became eligible and subsequently qualified for the November 2020 Statewide ballot (the "Proposition 15"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 15 would amend Article XIII A such that the "full cash value" of commercial and industrial real property, for each lien date, would be equal to the fair market value of that property. If approved, Proposition 15 would not affect the "full cash value" of residential property, real property used for commercial agricultural production, or commercial and industrial real property with combined value of \$3 million or less, which would continue to be subject to annual increases not to exceed 2%. In addition, Proposition 15 would eliminate the business tangible personal property tax on equipment and fixtures for small businesses and provide a \$500,000 per year exemption for all other businesses. After compensating the State General Fund for resulting reductions in State personal income tax and corporate tax revenues, and compensating cities, counties and special districts for the cost of implementing Proposition 15, approximately 40% of the remaining additional tax revenues generated as a result of Proposition 15 would be deposited into a fund created pursuant to Proposition 15 called the Local School and Community College Property Tax Fund, with such funds being used to supplement, and not replace, existing funding school districts and community college districts receive under the State's constitutional minimum funding requirement. With respect to the tax revenues deposited into the Local School and Community College Property Tax Fund, 11% would be allocated by the Board of Governors of the California Community Colleges to community college districts and 89% of such tax revenues would be allocated by the Superintendent of Public Instruction to school districts, charter schools and county offices of education.

On July 1, 2020, a legislatively referred constitutional amendment was filed with the Secretary of State and subsequently qualified for the November 2020 Statewide ballot ("Proposition 19"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 19 would amend 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 predict whether Proposition 15 or Proposition 19 will be approved by a majority of voters casting a ballot. Moreover, if either Proposition 15 or Proposition 19 is adopted, the City is unable to predict how they would affect the relationship of the assessed value between land use types (i.e. residential versus commercial) in the City or what other impacts Proposition 15 or Proposition 19 might have on the local economy or the City's financial condition.

### **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 State Board of Equalization (“**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 2009, 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 2010 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 XIIC 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 XIID. 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 Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, 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 May 28, 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 October 9, 2020, 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 November 8, 2020. On November 9, 2020, 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 Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by McDougal Love Boehmer Foley Lyon & Canlas, as City Attorney, for the Underwriter by its counsel, Hawkins Delafield & Wood LLP, 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.

### 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

The City expects that S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") will assign 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 Outbreak," 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 rating on the Bonds may have an adverse effect on the market price of the Bonds. Such rating reflects only the current views of S&P (which could change at any time), and an explanation of the significance of such rating may be obtained from S&P. Generally, S&P bases its ratings on information and materials furnished to it (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.

### 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.

[**CONFIRM**] Within the last five years, the City and its related entities have not failed to comply with the terms of its prior continuing disclosure undertakings in any material respect.

In order to assure compliance with its continuing disclosure obligations going forward, the City has adopted a Debt Management Policy which includes continuing disclosure procedures and retained Urban Futures, Inc. to assist in the preparation and filing of continuing disclosure reports.

### UNDERWRITING

The Bonds are being purchased by BofA 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, plus/less \$ \_\_\_\_\_ of net original issue premium/discount and 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.

The Underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("**MLPF&S**"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment

management, principal investment, hedging, financing and brokerage services. The Underwriters and its affiliates have, from time to time, performed, and may in the future perform, such services for the City for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the City.

The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

### **MUNICIPAL ADVISOR**

The City has retained Urban Futures, Inc., Tustin, 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 EL CAJON

By: \_\_\_\_\_  
City Manager

**APPENDIX A**  
**AUDITED FINANCIAL STATEMENTS**

## APPENDIX B

### ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF EL CAJON

*This Appendix sets forth general information about the City of El Cajon (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.*

#### General Information

The City is located in the County of San Diego, approximately 17 miles east of downtown San Diego. The City was incorporated in 1912 and became a charter city in 2012. The City encompasses approximately 14.4 square miles and had an estimated 2020 population of 104,393.

The City is home to the Olaf Weignorst Museum and the Parkway Plaza Mall. Interstate 8 runs through the City, providing access to employment centers and recreational opportunities throughout southern California.

The City is a charter city, operating under a Council/Manager form of government. Councilmembers are elected by geographical district for overlapping four-year terms and a mayor is selected by and from the Council Members for a four-year term. The City Council appoints the City Manager, who is responsible for day-to-day administration of the City under the policy direction of the City Council.

The City provides a wide range of municipal services, including public safety (police), sewer maintenance, street sweeping, park maintenance, building inspection, library, water and sanitation services.

#### Population

The City has an estimated current population of 104,393. The table below sets forth the total population information in 2015 through 2020 for the City, the County of San Diego (the “County”) and the State of California (the “State”).

**Table B-1**  
**City of El Cajon, County of San Diego and State of California**  
**Population**

<i>January 1</i>	<i>City of El Cajon</i>	<i>County of San Diego</i>	<i>State of California</i>
2015	103,000	3,265,038	38,870,150
2016	103,399	3,285,150	39,131,307
2017	103,706	3,306,889	39,398,702
2018	103,903	3,326,318	39,586,646
2019	104,104	3,340,312	39,695,376
2020	104,393	3,343,355	39,782,870

Source: State of California, Department of Finance, E-4 Population Estimates for Cities, Counties and State, 2011-2020, with 2010 Census Counts.

## Employment and Industry

The table below sets forth the civilian labor force, civilian employment and civilian unemployment figures in 2015 through 2019 in the City, the County, the State and the United States.

**Table B-2**  
**City of El Cajon, 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				
El Cajon	45,600	42,200	3,400	7.5%
San Diego County	1,548,600	1,468,100	80,500	5.2
California	18,981,800	17,798,600	1,183,200	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
2016				
El Cajon	44,900	42,600	2,300	5.2%
San Diego County	1,563,000	1,489,100	73,900	4.7
California	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
2017				
El Cajon	44,900	43,000	2,000	4.4%
San Diego County	1,572,800	1,509,600	63,200	4.0
California	19,205,300	18,285,500	919,800	4.8
United States	160,381,000	153,861,000	6,520,000	4.1
2018				
El Cajon	44,800	43,100	1,700	3.7%
San Diego County	1,581,500	1,528,100	53,500	3.4
California	19,398,200	18,582,800	815,400	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
El Cajon	45,100	43,500	1,600	3.6%
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

<sup>(1)</sup> Includes persons involved in labor-management trade disputes.

<sup>(2)</sup> Includes all persons without jobs who are actively seeking work.

<sup>(3)</sup> 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 2019 Benchmark; U.S. Department of Labor, Bureau of Labor Statistics.

The table below sets forth industry employment and labor force in 2015 through 2019 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>
Total Farm	9,100	8,900	8,700	9,300	9,600
Total Nonfarm	1,384,800	1,422,600	1,452,200	1,482,200	1,503,900
Total Private	1,148,700	1,180,300	1,205,900	1,234,100	1,254,200
Goods Producing	176,800	185,000	189,200	196,400	199,500
Mining and Logging	300	300	300	400	400
Construction	69,900	76,300	79,500	83,700	84,000
Manufacturing	106,600	108,400	109,400	112,300	115,100
Durable Goods	80,300	81,200	81,500	83,700	86,000
Nondurable Goods	26,300	27,200	27,900	28,600	29,000
Service Providing	1,208,000	1,237,600	1,263,000	1,285,800	1,304,400
Private Service Producing	971,900	995,400	1,016,700	1,037,700	1,054,800
Trade, Transportation and Utilities	219,300	220,900	224,700	225,100	224,000
Wholesale Trade	44,100	43,700	43,800	43,800	44,200
Retail Trade	146,800	147,500	149,000	148,000	145,400
Transportation, Warehousing and Utilities	28,400	29,700	32,000	33,300	34,400
Information	23,400	23,200	23,400	23,600	23,500
Financial Activities	71,400	73,000	74,600	76,000	76,400
Professional and Business Services	229,500	234,700	239,000	248,900	256,600
Educational and Health Services	192,700	198,700	204,300	208,900	216,000
Leisure and Hospitality	182,400	190,400	195,600	199,600	202,400
Other Services	53,200	54,400	55,000	55,500	55,800
Government	<u>236,200</u>	<u>242,200</u>	<u>246,300</u>	<u>248,100</u>	<u>249,600</u>
Total, All Industries	<u>1,393,900</u>	<u>1,431,500</u>	<u>1,460,900</u>	<u>1,491,400</u>	<u>1,513,500</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 2019 Benchmark.

## Major Employers

The table below sets forth the principal employers in the City as of June 30, 2019.

**Table B-4  
City of El Cajon  
Principal Employers**

<i>Employer</i>	<i>Number of Employees</i>
Cajon Valley Union School District	1,721
GKN Aerospace Chem-Tronics Inc.	879
Grossmont-Cuyamaca Community College District	670
Grossmont Union High School District	670
Taylor Guitars	494
City of El Cajon	393
County Hills Health Care	385
Wal-Mart	384
Home Depot	357
University Mechanical & Engineering	277

Source: City's Comprehensive Annual Financial Report for Fiscal Year 2019.

## Commercial Activity

The table below sets forth the taxable sales and number of permits in the City in 2015 through 2019.

**Table B-5  
City of El Cajon  
Total Taxable Transactions and Number of Sales Permits**

<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>
2015	1,612	\$1,644,617,771	2700	\$2,116,221,896
2016	1,570	1,689,726,350	2,678	2,166,328,408
2017	1,548	1,777,105,125	2,646	2,292,445,472
2018	1,600	1,789,405,213	2,792	2,329,537,568
2019	1,578	1,774,366,802	2,783	2,282,107,254

Source: Taxable Sales in California, California Department of Tax and Fee Administration for 2015-2019.



The table below sets forth the taxable retail sales in the City in 2015 through 2019.

**Table B-6**  
**City of El Cajon**  
**Taxable Retail Sales<sup>(1)</sup>**

<i>Type of Business</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>
Motor Vehicle & Parts Dealers	\$ 642,173	\$ 681,642	\$ 740,668	\$ 706,110	\$ 686,642
Home Furnishings & Appliance Stores	87,107	106,030	99,908	94,143	86,935
Building Materials & Garden Equipment & Supplies	153,771	157,229	184,295	198,288	201,164
Food & Beverage Stores	71,186	72,634	74,989	78,664	76,422
Gasoline Stations	182,561	161,262	172,865	198,636	196,747
Clothing & Clothing Accessories Stores	105,376	108,145	105,113	105,943	105,103
General Merchandise Stores	141,113	130,275	126,438	121,805	120,888
Food Services & Drinking Places	149,843	157,780	161,012	167,188	181,765
Other Retail Group	<u>111,488</u>	<u>114,731</u>	<u>111,817</u>	<u>118,628</u>	<u>118,701</u>
Retail Stores Totals	\$ 1,644,619	\$ 1,689,728	\$ 1,777,105	\$ 1,789,405	\$ 1,774,367
All Other Outlets	<u>471,604</u>	<u>476,602</u>	<u>515,340</u>	<u>540,132</u>	<u>507,740</u>
Total All Outlets	\$ 2,116,223	\$ 2,166,330	\$ 2,292,445	\$ 2,329,537	\$ 2,282,107

<sup>(1)</sup> Reflects latest information available.

<sup>(2)</sup> Dollar amounts are in thousands.

Source: California State Board of Equalization.

### Building Activity

The table below summarizes recent building activity in the City in 2015 through 2019.

**Table B-7**  
**City of El Cajon**  
**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:	\$ 24,188	\$ 24,648	\$ 11,469	\$ 21,499	\$ 39,234
Non-Residential:	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>17,071</u>
Total Valuation:	\$ 24,188	\$ 24,648	\$ 11,469	\$ 21,499	\$ 56,305
 <u>New Housing Units:</u>					
Single Family	98	76	40	104	165
Multi Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>93</u>
Total Units:	98	76	40	104	258

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.*

[TO COME]

**APPENDIX D**

**FORM OF BOND COUNSEL OPINION**

\_\_\_\_\_, 2020

City Council  
City of El Cajon  
El Cajon, California

Re:     \$ \_\_\_\_\_ *City of El Cajon 2020 Taxable Pension Obligation Bonds*

Ladies and Gentlemen:

We have examined certified copies of proceedings of the City of El Cajon (the “City”) relative to the issuance and sale by the City of its 2020 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, 2020 (the “Trust Agreement”), by and between the City and U.S. Bank National Association, 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 July 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 October 9, 2020 by the Superior Court of the County of San Diego in the action entitled *City of El Cajon v. All Persons Interested et al.*, Case No. 37-2020-00017572-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 El Cajon (the “**City**”) in connection with the issuance by the City of its \$\_\_\_\_\_ 2020 Taxable Pension Obligation Bonds (the “**Bonds**”). The Bonds are being issued pursuant to a Trust Agreement, dated as of \_\_\_\_\_ 1, 2020 (the “**Trust Agreement**”), by and between the City and U.S. Bank National Association, 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 \_\_\_\_\_, 2020 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, 2021 with the Fiscal Year 2020 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) The principal amount of the Bonds outstanding;

(ii) The City's adopted general fund budget for the fiscal year then ended; and

(iii) Updates to Tables 1-7, 10-13, 15, 17 and 18 for the most recently completed Fiscal Year or the current Fiscal Year, as applicable.

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. optional, unscheduled or contingent Bond redemptions;

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, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by 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: \_\_\_\_\_, 2020

CITY OF EL CAJON

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 Money Market Instrument 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.



City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Yazmin Arellano, Director of Public of Works  
**SUBJECT:** Main Street Green Street – Project Update

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**RECOMMENDATION:**

That the City Council receives the Main Street Green Street Project update and provides feedback on the proposed project.

**BACKGROUND:**

In May of 2018, the City Council adopted the Transit District Specific Plan (TDSP), a comprehensive land use plan aimed at the redevelopment of the 259 acres surrounding the El Cajon Transit Center. In an effort to improve the land use and design of the area, City staff sought grant funding opportunities for projects that aligned with the vision of improved walking, bicycling and transit use established by the framework of the TDSP.

Later in 2018, the City was awarded \$2.5 million in grant funds for the Main Street Green Street Gateway Project through the Cycle 4 Smart Growth Incentive Program (SGIP), which is a grant program funded and administered by the San Diego Association of Governments (SANDAG). In late 2019, the Council authorized the award of a professional design services contract to Chen Ryan and Associates for the design of the project.

**PROPOSED PROJECT IMPROVEMENTS:**

The project is currently in the design phase and proposes to install new streetscape, roadway, and landscaping improvements throughout the project limits. The project limits are along West Main Street from Marshall Avenue to Johnson Avenue. In addition, surface improvements and a mid-block crosswalk are proposed along Marshall Avenue from West Main Street to Palm Avenue.

The intent of the project is to enhance the safety and accessibility of multi-modal transportation within the TDSP boundary. To accomplish this goal, the project proposes to install protected bike lanes along West Main Street in both directions together with widened sidewalks along the southerly side of the corridor. Both active transportation mode treatments are expected to enhance accessibility (see attached exhibit for a conceptual plan of the improvements). Further enhancements to the project include: planting and landscaping that includes around forty (40) new street trees with decorative tree grates; low-maintenance and drought-tolerant plantings that offer storm water treatment; and new decorative streetlights to improve nighttime illumination.

To accommodate multi-modal improvements proposed for the project, the two eastbound lanes along West Main Street will be reduced to one lane. The modification is supported by relatively flat or dispersed daily traffic volumes. Further, a segment analysis of the proposed modification was completed and it was demonstrated that the lane reduction performs equally well to the current condition (currently operating at a Level of Service Grade "B" and will continue to do so under post-project conditions). Morning peak traffic in the westbound direction (attributed to vehicles commuting to work via the Interstate 8 on-ramp) will continue to be accommodated by the two traffic lanes in that direction.

In addition to the grant funds allocated to the project by SANDAG, the project was awarded an additional \$250,000 grant from the San Diego River Conservancy for the purposes of enhancing drought tolerant landscaping and implementing additional storm water components for the project. The grant will further compliment the planting scheme, provide a state-of-the-art irrigation system, and expand low-impact stormwater treatment planters. To complete the budget, Transnet funding has been allocated as matching funds to the grant fund sources. The total project budget is \$2,801,000, and the full project scope is anticipated to fit within the project budget.

**PROJECT STATUS:**

The project is currently approaching the 50% design phase. Completion of the design phase is scheduled for early 2021. To allow for the procurement phase and the advertising of the project for public bid, the construction phase is estimated to begin in the summer of 2021, with an estimated completion no later than end of year 2022.

**FISCAL IMPACT:**

There is no fiscal impact for this item. Sufficient funds are budgeted for the project in the PW3691 Main St Green St Gateway Improvement Project Budget.

Prepared By: Yazmin Arellano, Director of Public Works

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

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Attachments

Main Street Green St Exhibit

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# MAIN STREET GREEN STREET PROJECT



NOTE: PLAN DEPICTS LANDSCAPE CONCEPT ONLY - STREET CROSS SECTION (BIKE LANES, TRAVEL LANES & MEDIANS SUBJECT TO CHANGE)

SCALE: 1" = 100'-0" 0' 50' 100' ↑ N



NATIVE RIPARIAN TREE SUCH AS:  
PLATANUS RACEMOSA



RIPARIAN EVERGREEN TREE SUCH AS:  
LOPHOSTEMON CONFERTUS



TREES IN PLANTERS WITH UNDERSTORY SHRUBS

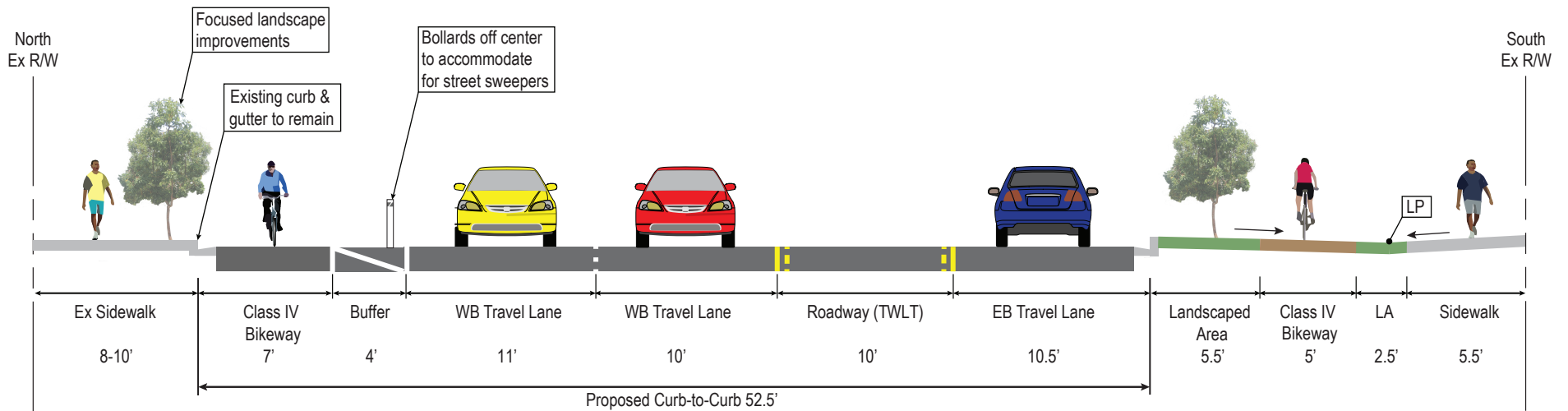
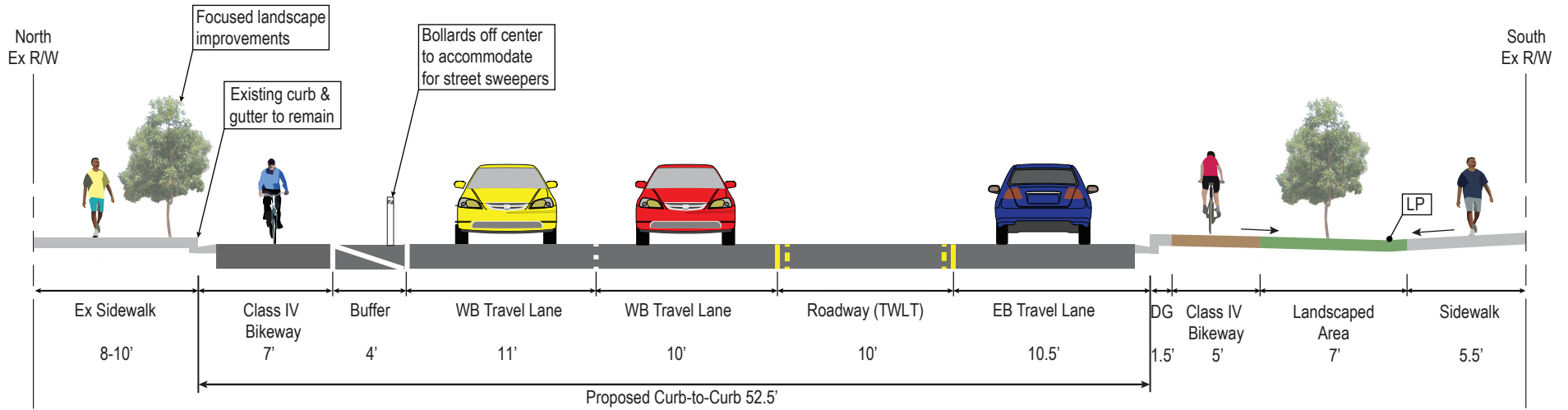
CONCEPT HIGHLIGHTS:

- RIPARIAN SHADE TREES EQUALLY SPACED
- UNDERSTORY PLANTING WITH LOW GRASSES AND EVERGREEN SHRUBS

# Cross Sections

## Main Street

### 2 One-Way Class IV Bikeways





City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Yazmin Arellano, Director of Public of Works  
**SUBJECT:** El Cajon Boulevard Streetscape Improvements - Project Update

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**RECOMMENDATION:**

That the City Council receives the El Cajon Boulevard Streetscape Improvements project update and provides feedback on the proposed project.

**BACKGROUND:**

*Introduction:*

In May 2018, the City Council adopted the Transit District Specific Plan (TDSP), a comprehensive land use plan aimed at the redevelopment of a 259-acre district surrounding the El Cajon Transit Center. The plan provides guidelines for land use and design, which includes new street improvements to further support walking, bicycling, and transit use. The TDSP was funded by a non-infrastructure grant under SANDAG's Cycle 3 Smart Growth Incentive Program and included a series of three traffic roundabouts along El Cajon Boulevard at the following locations: 1) Washington Avenue; 2) Johnson Avenue; and 3) Main Street.

The TDSP calls for corridor improvements that incentivize redevelopment, improve circulation, reduce greenhouse gas emissions, and create safer conditions for motorists, pedestrians, and cyclists. The plan calls for a variety of improvements including village retail streetscape (tree-lined sidewalks, landscaped parkways, thematic street lighting and public plaza) and roundabouts to replace problematic intersections. Moreover, a Transportation Impact Study (TIS) was provided with the plan, which included a full analysis of roundabout impacts, alternate lane configurations, and an analysis of the transportation elements within the TDSP boundary under full build-out conditions.

In late 2018, following authorization of the TDSP, the City prepared new applications for SANDAG's Cycle 4 Smart Growth Incentive Program in order to begin implementation. The City was successful in obtaining multiple grants for transportation-related infrastructure improvements; one of them being the El Cajon Boulevard Roundabout and Streetscape project in the amount of \$2,500,000. The Main Street Green Street Gateway improvement project was also included in the Cycle 4 award list.

*Project Description:*

The El Cajon Boulevard Roundabout and Streetscape project represents a major effort to begin the revitalization of a significant area of the City. Although the majority of improvements will be concentrated at the intersection of El Cajon Boulevard and Johnson Avenue, streetscape

enhancements are also planned from Main Street to Lemon Avenue, and along Palm Avenue from Johnson Avenue to the Transit Center.

As a part of the project, the existing traffic signal at El Cajon Boulevard and Johnson Avenue will be removed and replaced with a single-lane roundabout featuring high visibility crosswalks, public plazas, and a planting area within the public right-of-way. The roundabout will accommodate emergency vehicles, semi-trailer trucks, buses and passenger cars. Streetscape enhancements along the corridor will seamlessly blend the roundabout into El Cajon Boulevard while creating a retail village segment similar to the downtown district. Streetscape improvements include widened sidewalks, end-of-block and mid-block bulb-outs, pedestrian crossings, drought-tolerant planted parkways, a newly-established urban tree canopy, new street lighting, storm water treatment systems, and site furnishings such as benches, waste receptacles and directional signage.

*Project Benefits:*

The intersection of El Cajon Boulevard and Johnson Avenue has unique characteristics that make it a viable option for a roundabout. Complex roadway geometry, competing traffic volumes in all directions, and vehicle collision data were considered when selecting this treatment. El Cajon Boulevard is 100-feet wide and Johnson Avenue is 40-feet wide, making vehicle, bicycle and pedestrian movements a challenge in the existing condition. Further, pedestrians must walk 170-feet to cross the intersection at its longest leg. Following completion of the roundabout, this length will be reduced to 50-feet, which will ultimately limit pedestrian exposure to traffic and thus provide another layer of safety.

From the Transportation Impact Study (TIS), it was identified that El Cajon Boulevard currently serves an average of 12,000 vehicles per day and operates at a segment Level of Service (LOS) Grade "A" for the portion spanning the project footprint. Further, it was determined that the signalized intersection at El Cajon Boulevard and Johnson Avenue currently operates at a LOS Grade "C." A post-project analysis shows that by implementing the roundabout at the subject location, intersection operations will be improved to a LOS Grade "A" under both scenarios or current and full build-out, the latter showing a 50% increase in average vehicles per day. Similarly, a segment analysis for the two scenarios demonstrates that roadway elements will continue to function at a high-level, either LOS Grade "A" or "B." From the analyses, it is shown that levels of service for the roadway and intersections are expected to improve while serving greater traffic volumes.

Roundabout improvements are expected to result in significant safety enhancements as well. According to a study by the Insurance Institute for Highway Safety (IIHS), switching from a traffic signal to a roundabout will result in a 37% to 61% reduction in all collision types. Further, the study shows that serious injury and fatal collisions are expected to be reduced by over 80%. A primary driver behind the improvements to safety is the elimination of intersection conflict points the roundabout offers. For example, the existing signalized intersection at El Cajon Boulevard and Johnson Avenue has thirty-two (32) total conflict points, while a single-lane roundabout has only eight (8). From this regard, reducing the number of conflict points will ultimately have a positive effect on collision avoidance.

Streetscape enhancements, such as the new curb lines planned for project, will improve parking conditions and widen sidewalks, resulting in opportunities for sidewalk cafés for outdoor dining. The widened pedestrian realm allows for tree planting, which establishes the urban tree canopy for this area of the City. Proposed planting will convert hardscape surfaces, such as concrete and asphalt, to permeable bio-retention basins which filter storm water and reduce runoff.



Finally, new street lighting will improve nighttime mobility. Existing El Cajon Boulevard lighting consists of double median streetlights at 200-foot intervals, which would be supplemented by shoulder LED lighting.

*Project Schedule and Budget:*

The project is in the preliminary design phase; coordination with the community, stakeholders and public utilities is ongoing. Construction plans and specifications are nearly fifty percent complete. Final plans and specifications are anticipated by Spring 2021, at which point competitive construction bids will be solicited. The construction phase will begin by late 2021, with completion anticipated by Summer 2022.

SANDAG awarded the City \$2,500,000 and the San Diego River Conservancy awarded the City \$250,000 for this project. The City will match grant funding with a combination of local TransNet and Wastewater Enterprise funds.

A webpage is available to the public at [www.cityofelcajon.us/roundabout](http://www.cityofelcajon.us/roundabout). Additionally, citizens may email project staff at [roundabout@cityofelcajon.us](mailto:roundabout@cityofelcajon.us) for inquiries.

Prepared By: Yazmin Arellano, Director of Public Works

Reviewed By: Vince DiMaggio, Assistant City Manager

Approved By: Graham Mitchell, City Manager

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Attachments

10-26-2020 El Cajon Streetscape Concepts

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# EL CAJON BLVD + PALM AVENUE GREEN STREET WITH "GARDEN" SEATING



THIS CONCEPT IS INSPIRED BY THE EXISTING PLANTING IN THE EXISTING MEDIANS ON EL CAJON BLVD. THIS CONCEPT INCORPORATES AREAS FOR SEATING UNDER LARGE CANOPY SHADE TREES AND LANDSCAPE AREAS WITH PLANTING COMPLIMENTARY TO THE MEDIAN PLANTING

**CONCEPT SUMMARY:**

- EL CAJON BLVD: TREES LARGE CANOPY SHADE TREES AT SIDEWALK, FLOWERING ORNAMENTALS AT ROUNDABOUT
- PALM AVENUE TREES: 2 SPECIES - SMALL SCALE EVERGREEN TREES AND FLOWERING ACCENT TREES, BOTH APPROPRIATE FOR PLANTING UNDER POWER LINES
- UNDERSTORY PLANTING: MIX OF FLOWERING NATIVE SHRUBS, GRASSES AND SUCCULENTS
- SEATING AREAS BETWEEN PLANTING FOR CAFE TABLES OR BENCHES
- PARKLETS AT ROUNDABOUT WITH SEAT WALLS AND ACCENT PAVING
- DECORATIVE CROSSWALK PAVING AT ROUNDABOUT
- STORMWATER TREATMENT INTEGRATED INTO PLATING AREAS

SCALE: 1" = 120'-0" 0" 60" 120" ↑ N

# EL CAJON BLVD + PALM AVENUE GREEN STREET WITH "GARDEN" SEATING



EXISTING MEDIAN PLANTING



GARDEN SEATING POCKETS



SPACE FOR CAFE SEATING (FUTURE OR CURRENT)



STORMWATER TREATMENT

# EL CAJON BLVD + PALM AVENUE GREEN STREET WITH "GARDEN" SEATING

## EL CAJON BLVD PARKWAY TREES SUCH AS:



PLATANUS RACEMOSA  
SYCAMORE



QUERCUS SUBER  
CORK OAK



TIPUANA TIPU  
TIPU

## EL CAJON BLVD UNDERSTORY SUCH AS:



ORNAMENTAL GRASSES



FLOWERING NATIVES

## PALM AVENUE EVERGREEN TREES SUCH AS:



RHUS LANCEA  
AFRICAN SUMAC



LAURUS NOBILIS  
BAY LAUREL

## PALM AVENUE ACCENT TREES SUCH AS:



CERCIS CANADENSIS 'FOREST PANSY'  
EASTERN REDBUD



CHILOPSIS LINEARIS  
DESERT WILLOW

# ROUNABOUT CONCEPTS

## SPECIMEN OAK TREES

CONCEPT SUMMARY: INSPIRATION DRAWN FROM THE SURROUNDING FOOTHILLS AND OPEN SPACES

- 2 LARGE NATIVE SPECIMEN TREES
- UNDERSTORY PLANTING A MIX OF NATIVE FLOWERING SHRUBS AND GRASSES
- UP LIGHTS ON TREES
- STONE VENEER WALLS SIMILAR TO PRESCOTT PROMENADE (POTENTIAL TO BE UTILIZED FOR SIGNAGE) AND PROVIDE A RUSTIC CHARACTER





City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Steve Swaney, Fire Chief  
**SUBJECT:** Cal OES Type III Brush Engine Assignment

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**RECOMMENDATION:**

That the City Council adopts the next Resolution, in order, to;

1. Authorize the City Manager or designee to accept assignment of vehicular equipment for the purpose of responding to incidents in furtherance of the California Fire Service Rescue Emergency Mutual Aid Plan; and
2. To execute any documents and agreements necessary to obtain the vehicular equipment assignment.

**BACKGROUND:**

In 1951, the federal government established a program to match state and local funds for the purchase of fire and rescue apparatus and equipment. The program was based on the philosophy that no single fire department could afford to purchase and maintain sufficient apparatus to combat a major natural disaster or war-caused conflagration. In response to the program, the Governor's Fire Advisory Committee recommended that the state purchase 100 fire engines. As a result of the Governor's Blue Ribbon Commission of the 2003 Fire siege, the State of California Governor's Office of Emergency Services (Cal OES), Fire and Rescue division has purchased forty Model 34 Type III fire engines.

Today, Cal OES manages the fire and rescue program, which provides vehicles assigned to and staged with local fire departments for use in their jurisdictions while requiring the departments to staff the vehicle with qualified personnel either locally or out of jurisdiction. These vehicles can be used for: all-risk events, emergency incidents, civil defense and disaster purposes. Cal OES purchases the vehicles fully equipped, then assigns them to local governments and fire agencies on temporary use agreements where the state never relinquishes control of the vehicle.

El Cajon has been awarded a type III brush engine from Cal OES. This will be the only type III vehicle in the City's fleet. Adding the brush engine to the City's fleet will offer a different fire apparatus option in the City's fire force. Brush engines are used on vegetation fires and are specially adapted to fire fighting in rough (wildland) terrain where access is a problem for other apparatus. Brush engines are four-wheel drive and carry 500 gallons of water along with light water or foam (light water is water that has been thinned or treated with material which allows the liquid to deeply penetrate brush).

**FISCAL IMPACT:**

The agreement for Cal OES vehicular equipment will provide for an additional vehicle to the City's fleet. This includes ongoing expenditures for maintenance costs from the General Fund, which will be reimbursed by the State of California above \$100 each. Expenditures less than \$100 each will be expended from the City's General Fund and not reimbursed by the State of California.

Prepared By: Barbara Watkins, Management Analyst

Reviewed By: Steve Swaney, Fire Chief

Approved By: Graham Mitchell, City Manager

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**Attachments**

Resolution

Agreement template

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RESOLUTION NO. \_\_\_\_-20

A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF EL CAJON APPROVING  
THE STATE OF CALIFORNIA  
GOVERNOR'S OFFICE OF EMERGENCY SERVICES  
TEMPORARY ASSIGNMENT OF VEHICULAR EQUIPMENT

WHEREAS, in 1951, the federal government established a program to match state and local funds for the purchase of fire and rescue apparatus and equipment (the "Program"), based on the philosophy that no single fire department could afford to purchase and maintain sufficient apparatus to combat a major natural disaster or war-caused conflagration; and

WHEREAS, in response to the Program, the Governor's Fire Advisory Committee recommended that the State of California (the "State") purchase 100 fire engines, and as a result of the Governor's Blue Ribbon Fire Commission's Report and recommendations under that portion entitled 2003 Fire Siege, the Governor's Office of Emergency Services ("Cal OES") Fire and Rescue Division has purchased forty (40) Model 34 Type III fire engines; and

WHEREAS, Cal OES purchases the vehicles fully equipped, then assigns them to local governments and fire agencies through temporary use agreements, with the State never relinquishing control of the vehicles; and

WHEREAS, the City of El Cajon (the "City") has been approved by Cal OES for assignment of a Type III brush engine, which will be the only such vehicle in the City's fleet and will offer a different fire apparatus option in the City's fire force; and

WHEREAS, maintenance expenditures of \$100 or more for the vehicular equipment will be reimbursed by the State, and expenditures of less than \$100 will be expended from the City's General Fund and not reimbursed by the State of California; and

WHEREAS, staff recommends that the City Council approves the assignment of vehicular equipment for the purpose of responding to incidents in furtherance of the California Fire Service and Rescue Emergency Mutual Aid Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL CAJON AS FOLLOWS:

1. The above recitals are true and correct, and are the findings of the City Council.
2. The City Council hereby approves the assignment of a Type III brush engine from the State of California Governor's Office of Emergency Services Fire and Rescue Division for the purpose of responding to incidents in furtherance of the California Fire Service and Rescue Emergency Mutual Aid Plan.



3. The City Council hereby authorizes the City Manager, or his designee, to execute the Agreement for Temporary Assignment of Vehicular Equipment (the "Agreement"), generally in the form presented to the City Council, with such changes as may be approved by the City Manager.

4. The City Manager is hereby further authorized to execute, and the City Clerk is hereby authorized to attest the City Manager's signature, such amendments to the Agreement as may be necessary to approve any renewal terms of the Agreement as contemplated therein, and to make such other changes as may be necessary, in the determination of the City Manager, to implement the Agreement in the best interests of the City.

11/10/20 CC Agenda

Reso – Assignment of Brush Engine to City by Cal OES 110220



[Redacted]

Dear Chief [Redacted]:

You will find enclosed two copies of Assignment of Equipment Form, and Agreement for Temporary Transfer of Vehicular Equipment covering the assignment of Cal OES Fire Engine No. [Redacted] to the [Redacted]. The agreement is effective [Redacted].

Please have the authorized official sign both copies of the above-mentioned documents and return one original set to our office.

***NOTE 1: Cal OES cannot assign the apparatus to your agency until this signed agreement is returned.***

It is required that this office be furnished with a Certificate of Insurance, or a letter certifying self-insurance, in accordance with Paragraph 11 of the Agreement for Temporary Transfer of Vehicular Equipment.

If you have any questions regarding this assignment, please feel free to contact our office.

Sincerely,

KIM ZAGARIS  
State Fire and Rescue Chief

KZ/[Redacted]  
Enclosures

Cc: [Redacted], Region [Redacted] Fire and Rescue Coordinator  
[Redacted], [Redacted] Operational Area Coordinator  
[Redacted], Cal OES Deputy Chief, Operations  
[Redacted], Cal OES Assistant Chief

**AGREEMENT FOR  
TEMPORARY TRANSFER OF VEHICULAR EQUIPMENT-TYPE III ENGINE**

**THIS AGREEMENT**, entered into this [REDACTED] day of [REDACTED], [REDACTED], by and between the **STATE OF CALIFORNIA** acting by and between its duly appointed, qualified and acting Director of the Governor's Office of Emergency Services, hereinafter called the "**STATE**," and the [REDACTED], acting by and through its duly appointed, qualified and acting officers, hereinafter called "**TRANSFEE**",

**WITNESSETH:**

**IT IS HEREBY MUTUALLY AGREED** between the parties hereto as follows:

1. The **STATE** hereby transfers possession to **TRANSFEE** and **TRANSFEE** hereby accepts possession from **STATE** of the fire apparatus and equipment listed on the attached Exhibit "A" which is by this reference made a part hereof, for the period commencing [REDACTED], [REDACTED], for the following all-risk events, emergency incidents, civil defense, and disaster purposes, namely:

Mutual aid, multiple alarm events and emergency incidents, emergency incidents threatening properties vital to national defense or important military installations, parades and displays, training of regular, volunteer and auxiliary firefighters and temporary standby for assignee's regular apparatus and the regular apparatus of other departments while out of service for repairs.

- a. Vehicle Description: [REDACTED]  
Vehicle Designation: [REDACTED]  
Vehicle License Number: [REDACTED]  
Vehicle Identification Number: [REDACTED]  
Value of Vehicle: [REDACTED]  
Value of Hose and Appliances: [REDACTED]

b. Equipment inventories (Exhibit "A") may by mutual concurrence of the **STATE** and **TRANSFEE** be changed during the term of this agreement, utilizing property accountability procedures established or approved by the State.

2. Housing, Maintenance, Repair and Replacement. During the term of this transfer, **TRANSFEE** agrees to adequately house in a enclosed secure structure, staff, operate, maintain and repair (consistent with section 2 b.) said fire apparatus and equipment (hereinafter collectively referred to as "the apparatus" except where it is desired to refer to equipment alone, in which case the term "equipment" is used) at its sole cost and expense, save as otherwise expressly provided in this agreement. Apparatus shall be housed on property of the **TRANSFEE** in a manner to provide reasonable protection against inclement weather, sabotage, theft or malicious damage. Apparatus shall be maintained in such condition that it is available for immediate emergency use, and at the same standard as other emergency apparatus operated by **TRANSFEE**. Maintenance shall include care of hose, batteries, tires, appliances, lubrication and fuel, general cleaning and polishing, minor body repairs and periodic testing. Repairs shall include, without being limited to, motor tune-ups, pump repairs, transmission, differential and all running gears, brake and exhaust systems, cooling devices

including radiator, pump packing, equipment assigned to apparatus and so forth.

a. Repairs to the extent of \$100.00 for each individual item of repair shall be the responsibility of **TRANSFEE**.

b. Repairs to the extent that they exceed \$100.00 for each individual item of repair shall be the responsibility of **STATE** on a \$100.00 deductible basis, unless in the judgment of the **STATE** the same results from misuse or negligence on the part of **TRANSFEE** in the maintenance or use of the apparatus, in which event the cost of each such item of repair above \$100.00 shall also be the responsibility of **TRANSFEE**. In no event shall **TRANSFEE** arrange for repairs costing above \$100.00 for any item of repair, whether it deems the same to be the responsibility of **STATE** or **TRANSFEE**, without first obtaining authorization in writing from the Governor's Office of Emergency Services, Fire and Rescue Division.

c. Notwithstanding the foregoing, replacement of hose, batteries and tires shall be the responsibility of **STATE**, save to the extent **STATE** deems damage thereto to be the result of negligence or misuse on the part of **TRANSFEE**, in which event **TRANSFEE** will bear such portion of the replacement cost thereof as the **STATE** deems equitable. Procurement of tires, hose and batteries is subject to State fiscal policies and procedures, and written approval must be obtained by the Governor's Office of Emergency Services, Fire and Rescue Division prior to procurement.

d. Maintenance and repairs must be requested and authorized pursuant to Cal OES Fire and Rescue Division Operations Bulletin # 18, which is here by incorporated into this agreement by reference. The Transferee shall replace the out of service CAL OES apparatus with a Type III engine from the transferee's fleet during the time that the CAL OES apparatus is out of service. The temporary engine must meet the typing requirements identified in FIREScope 420-1 and the California Fire Assistance Agreement Exhibit B.

e. Repair or replacement of the apparatus transferred hereunder which is consumed, lost, stolen, damaged or destroyed during mutual aid operations when **STATE** has dispatched or directed the dispatch of said apparatus through Regional or Operational Area Fire and Rescue Coordinators, or when **STATE** has reassigned said apparatus pursuant to the provisions of paragraph 10 of this agreement, shall be the responsibility of **STATE**, providing that any such loss or damage is due to the negligence of **TRANSFEE** under such circumstances, **TRANSFEE** shall be liable therefore to the extent that the **STATE** deems equitable. **TRANSFEE** agrees that it will assume responsibility in full for the repair or replacement of equipment which has been consumed, lost, stolen, damaged or destroyed in operations other than referred to in this paragraph.

3. Inspection of Apparatus. **TRANSFEE** agrees that representatives of the Governor's Office of Emergency Services, Fire and Rescue Division and other authorized State personnel may inspect the apparatus at any time

4. Staffing. Reasonable and continual training shall be carried on so that trained personnel shall at all times be available to staff and operate said apparatus. The **TRANSFEE** shall provide personnel to staff the assigned apparatus per FIREScope ICS standards with the expectation of staffing with four trained fire personnel for out of county assignments. The Cal

OES engine may be assigned to out of area assignments for up to 14 days, plus travel time. When local government personnel, staffing Cal OES apparatus, are committed to extended assignments there may be a need to replace or rotate personnel. Personnel rotation will follow

the direction outlined in the California Fire Assistance Agreement when assigned to an incident within California. Crew rotation for incidents outside of California shall be consistent with the appropriate forest's agencies policy and coordinated by Cal OES.

5. Personal Protective Equipment (PPE) and Specialized Equipment. In addition to providing the standard complement of firefighting PPE, it shall be the TRANSFEREE'S responsibility to provide its personnel with all other PPE that may be required by NFPA 1901, other NFPA Standards, and California Title 8. This shall include, but not be limited to, one Traffic Vest (ANSI / ISEA 207) for each seating position. In addition, we recommend chainsaw chaps be provided.

6. Training. Personnel assigned shall meet wildland fire and ICS standards established in the California Incident Command Certification System (CICCS) or NWCG 310-1 (August 2002 version). Personnel staffing Cal OES Type III engines will include the following qualifications: company officer (Engine Boss/ENGB), apparatus operator (engineer), and firefighter (FFT1 or FFT2). Assignees agree to participate in an off-road train-the-trainer course and to adopt an off-road training program for their respective agencies.

7. Dispatching. All movement of the apparatus shall be handled through the official dispatching channels of TRANSFEREE. TRANSFEREE dispatchers will recognize and act on all official requests for movement of the apparatus in conformance with the Fire and Rescue Annex (California Fire and Rescue Mutual Aid System) to the State Emergency Plan and its subsequent revisions. STATE reserves the right to dispatch, direct the dispatch of, or temporarily reassign the said apparatus and equipment whenever, in the opinion of the Director of the Governor's Office of Emergency Services, their representatives or Operational Area and Regional Fire and Rescue Coordinators, such equipment and apparatus is essential to the protection of life and property in another jurisdiction or in the best interest of the STATE.

8. Mutual Aid Response. Procedures for mutual aid response shall be in accordance with California Fire Service and Rescue Emergency Mutual Aid Plan.

9. Reimbursable Response. Reimbursement for mutual aid may be provided pursuant to a governor's disaster proclamation or when conditions warrant invoking the California Fire Assistance Agreement, the State of Nevada Cooperative Agreement, or the Interstate Compact as appropriate. There is no other existing provision for mutual aid reimbursement.

10. Temporary Use. TRANSFEREE shall be permitted to use their assigned apparatus for temporary cover of fire stations when emergency conditions warrant, or when regular apparatus is out of service for repairs. In either case the ASSIGNEE shall immediately notify the Operational Area Dispatch Center. The ASSIGNEE further agrees that Cover-in or Standby of said fire apparatus exceeding 90 days is at the discretion of the STATE

11. Temporary Transfer.

a. An assignment of the apparatus or any portion thereof by TRANSFEREE for any

period not exceeding seven consecutive days within a given Operational Area may be made with the consent of the Operational Area Fire and Rescue Coordinator and the **STATE**, providing that at the time such apparatus is received, such assignee furnish **TRANSFEREE** and **STATE** a

letter to the effect that he assumes all obligations and criteria of **TRANSFEREE** with respect to such apparatus under this agreement during the period of assignment, including insurance coverage in accordance with Paragraph 13 or 14, as appropriate. Any assignment by **TRANSFEREE** for a period of more than seven consecutive days shall be subject to authorization by the **STATE** and execution of an "Agreement for the Temporary Transfer of Vehicular Equipment", with the agency requesting the transfer.

b. Whenever apparatus is assigned in accordance with the provisions of this paragraph, regular **TRANSFEREE** shall be relieved of its obligations under this agreement during such period of assignment.

c. Complete a written Temporary Cal OES Apparatus Assignment Record, Exhibit "B". The **TRANSFEREE** will retain one copy, the Temporary Assignee will retain one copy, and one copy will be forwarded to the Governor's Office of Emergency Services Fire and Rescue Division.

12. Reports and Records. **TRANSFEREE** shall maintain daily and monthly reports on the details of Apparatus Use on OES F-101 Form. A Smoke Opacity Test, Pump Test, and Hose Test, and Ladder Test shall be completed annually. Written results of all tests and reports shall be forwarded to the Governor's Office of Emergency Services, Fire and Rescue Division, by the end of the calendar year. A recent copy of the tests and reports shall be maintained in the vehicle logbook.

13. Report of Accidents. **TRANSFEREE** shall immediately notify Cal OES Fire and Rescue following any and all accidents involving this apparatus. It shall be the responsibility of **TRANSFEREE** to fill out State Form 270, "Report of Automobile Accident," and file the report with the Governor's Office of Emergency Services. A copy of this report shall be retained by the **TRANSFEREE** and the original and four copies forwarded to the Governor's Office of Emergency Services.

14. Insurance Protection. (Non- State Agencies)

a. **TRANSFEREE** agrees forthwith to furnish evidence of insurance protecting the legal liability of the **TRANSFEREE** and the **STATE** for liability and/or property damage with a combined single limit of 1,000,000.00 per occurrence, by means of a Certificate of Insurance naming State of California as Additional Insured. Said certificate shall contain an agreement by the insurance company that it will not cancel said policy without 15 days prior written notice to the **STATE** and that the **STATE** is not liable for the payment of any premiums or assessments thereon. Said certificate must include the description of the apparatus including VIN, state license number and Cal OES unit number.

b. In the event the **TRANSFEREE** is self-insured, **TRANSFEREE** in lieu of a certificate of insurance shall furnish the **STATE** a written statement of such fact. In such event **TRANSFEREE** agrees to hold the **STATE** harmless from any personal injury or property damage claims arising out of its maintenance, use or operation of the apparatus under the terms

of this agreement.

c. Physical damage insurance, including collision coverage and comprehensive

coverage, shall be obtained. The **STATE** will be named as a loss payee. The description of the vehicle and the necessary amount of insurance required is outlined in attached Exhibit "C" which is by this reference made a part hereof.

15. Insurance Protection. (State Agencies) Any insurance necessary for coverage of the apparatus shall be the sole responsibility of the department having custody of the vehicle. **TRANSFEE** agrees to report apparatus as being under its control to the Insurance Officer, Department of General Services.

16. Termination of Agreement.

a. Either party may terminate this agreement upon 14 days written notice to other party, or **TRANSFEE** may relinquish or **STATE** may repossess any portion of the apparatus upon like notice to the other party, except that **STATE** may repossess any portion thereof without written notice whenever it deems the same is not being maintained in accordance with this agreement.

b. Upon the termination of this agreement, **TRANSFEE** agrees to return said apparatus in the same condition as received, reasonable wear and tear, acts of God, and conditions over which he has no control excepted.

c. As inventory changes occur, or items of equipment are replaced, deleted or added by the **STATE** or replaced by **TRANSFEE**, it is mutually agreed that no amendment to this agreement need be made at the time of the change; provided however, at the termination of this agreement a complete reconciliation of all equipment will be made. **TRANSFEE** further agrees that all replacements for equipment or apparatus will be made with identical or substantially like items as approved by the **STATE**.

d. Nothing in this agreement shall be construed to create a new property interest or right of action for the **TRANSFEE**.

17. Unauthorized Use of Cal OES Apparatus and Equipment. Use of this apparatus other than as specified in paragraph 1 will be considered a breach of this agreement

18. Use of Radio Equipment

a. **STATE** will furnish at **STATE'S** sole cost, radio equipment installed in the apparatus to be operated on the following frequencies: 151.145 - 170.925.

b. **STATE** agrees to maintain said equipment without cost to **TRANSFEE**.

c. The **TRANSFEE** agrees to operate said radio equipment in accordance with the Rules and Regulations of the Federal Communications Commission.

State of California  
GOVERNOR'S OFFICE OF EMERGENCY SERVICES  
Fire and Rescue Division

d. Ownership of said equipment is in the **STATE**, and all applications to the Federal Communications Commission seeking authority to add, modify or replace radio equipment covered by this agreement shall be made by and in the name of the State of California. To activate this agreement and in compliance with the control requirements of the Communications

Act of 1934, as amended, the **STATE** hereby deputizes the Chief of the agency of said **TRANSFEEEE**, and such volunteers, regularly employed and salaried assistants as shall be designated by the Chief of the agency as his agents to operate said radio equipment as specified in paragraph "c" above.

e. **STATE** assumes no liability hereunder for claims or losses accruing or resulting to any person, firm or corporation furnishing or supplying work, services or material or services in connection with the performance of this agreement or for any claims and losses accruing or resulting to any person, firm or corporation injured or damaged by performance of either party hereunder.

19. All notices herein provided to be given, or which may be given by either party to the other shall be deemed to have been fully given when made in writing and deposited in the U.S. mail, registered and postage prepaid and addressed as follows: To the **TRANSFEEEE** at [REDACTED], [REDACTED], [REDACTED], [REDACTED], and to the **STATE** at Governor's Office of Emergency Services, Fire and Rescue Division, 3650 Schriever Ave., Mather, CA 95655. The address to which notices shall or may be mailed as aforesaid to either party shall or may be changed by written notice given by such party to the other, as hereinabove provided; but nothing herein contained shall preclude the giving of any such notice by personal service.

20. It is mutually understood and agreed that no alteration or variation of the terms of this agreement shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreements not incorporated herein, and no alterations or variations of the terms hereof unless made in writing between the parties hereto shall be binding on any of the parties hereto.

21. The **STATE** may in its sole discretion and for such good cause as it determines waive in writing in whole or in part any requirement of this agreement that apparatus and/or equipment shall be maintained in operating condition, or repaired, or replaced, providing that any such waiver shall be applicable only to the specific apparatus or equipment to which it refers.

**IN WITNESS WHEREOF** the parties hereto have executed this agreement upon the date first above written.

**TRANSFEEEE:**

\_\_\_\_\_  
[REDACTED]

By \_\_\_\_\_  
[REDACTED], Chief

**STATE OF CALIFORNIA:**

\_\_\_\_\_  
*Mark S. Ghilarducci*  
Director  
Governor's Office of Emergency Services

By \_\_\_\_\_  
*Kim Zagaris, State Fire and Rescue Chief*



State of California  
GOVERNOR'S OFFICE OF EMERGENCY SERVICES  
Fire and Rescue Division

**EXHIBIT "A"**  
**EQUIPMENT INVENTORY: Type III Engine**

ENGINE NUMBER:	LICENSE NUMBER:	VIN NUMBER:
1 #5 ABC Extinguisher		1 Drip Torch
1 DOT First Aid Kit		1 Hose Roller w/Receiver Adaptor
4 Intercom Headset		2 Fuel Can, 2 1/2 gallon
2 Wye 2 1/2 "x 2-1 1/2"		2 Interface Brackets
1 Wye 1 1/2" x 2 1/2"		1 Foam Concentrate Transfer Hose
3 Wildland Hose Clamp		2 Nozzle, 1 1/2 "Break-apart, Combo, Structural
2 Wildland Spanner		1 Nozzle, 1 1/2 "Combo, Structural
2 1 1/2 " to 2 1/2 " Hose Spanner		1 Nozzle, 2 1/2 "Combo, Structural
1 4" to 2 1/2 " Adapter, Double Female		2 Thermo Gel Concentrate – 5 Gallon
1 Mallet, Rubber		1 Thermo Gel Back Pack
1 Fence Pliers		1 Thermo Gel Nozzle/Educator/Hose
5 Wildland Hose Tee, 1 1/2 "x 1"		1 Thermo Gel Pickup Tube
3 Nozzle, 1" Combo, Wildland		3 Hard Suction, 4" x 8'
2 Nozzle, 1 1/2 "Combo, Wildland		1 Strainer, 4"
1 Ejector, 1 1/2 "w/Strainer		1 Ladder, 3 Section, 20'
1 Portable Pump, Cal OES# _____ Serial# _____		1 Pike Pole, 8'
1 Hose, 1 1/2" x 10', Hard Suction		1 Radio, Bendix-King, Handheld Serial# _____ Cal OES# _____ DGS# _____
1 Strainer, 1 1/2"		
1 Strainer, 1 1/2", Floating		
1 Coupling, 2 1/2 ", DM		1 Radio, Kenwood, Mobile Serial# _____ Cal OES# _____ DGS# _____
1 Coupling 2 1/2 ", DF		
1 Coupling 1 1/2 ", DM		
1 Coupling 1 1/2 ", DF		
1 Coupling 1", DM		1 Digging Bar, 5'
1 Coupling 1", DF		10 Hose, 3" x 50'
2 Reducer, 2 1/2 "x 1 1/2 "		4 Hose, 1 1/2 "x 50', Structural
4 Reducer, 1 1/2 "x 1"		10 Hose, 1 1/2 "x 100', Wildland
1 Increaser, 1 1/2 "to 2 1/2 "		8 Hose, 1" x 100', Wildland
1 Wrench Hydrant"		1 Hose, 2 1/2 "x 30', Soft Suction
2 Shovel, Round Point		3 Hose, Booster, 3/4" x 50'
2 Pulaski		1 Spineboard
3 Mc Leod (Thau Tool)		1 Rubbish Hook
1 Axe, Pick Head		1 Trauma Kit
1 Axe, Flat Head		1 Burn Pack
1 Halligan Tool		1 Spineboard Head Immobilizer
1 Bolt Cutter, 30"		1 Fast Back Harness for Spineboard
1 Bolt Cutter, 18"		2 Back Pack Pump
1 Hammer, Sledge, 8#		1 Back Pack Pump Fill Tube
2 Chock Block		1 Extinguisher, 20# BC
1 Chain saw, 24" Bar		1 Bottle Jack, 12 ton
1 Chainsaw, w/ conventional chain and tool kit, Cal OES# _____ Serial# _____		1 Set, Triangle Reflectors
1 Bar Oil, 1 gallon		1 Chain, Tow w/hook
		1 Rope, 1/2" x 100', Utility in Bag

REMARKS: \_\_\_\_\_

ACCEPTED BY: \_\_\_\_\_ TITLE: \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_ DATE: \_\_\_\_\_

State of California  
GOVERNOR'S OFFICE OF EMERGENCY SERVICES  
Fire and Rescue Division

**EXHIBIT "B"**  
**TEMPORARY CAL OES APPRATUS ASSIGNMENT RECORD**

NO.	ARTICLE	OES DECAL	QUANTITY
1.	500 GPM Type III Fire Engine, complete with equipment per attached Exhibit "A" of Agreement for Temporary Transfer of Vehicular Equipment.	OES - [REDACTED]	1
2.	License No: [REDACTED]		
3.	VIN No: [REDACTED]		
4.	Engine No: [REDACTED]		
5.	Proof of Insurance: _____		
6.	Inventory Completed: _____		
7.			
8.			
9.			
10.			
11.			

REASON FOR TEMPORARY TRANSFER:           New Assignee          

SIGNATURES:

\_\_\_\_\_  
PERMANENT TRANSFEREE

Date \_\_\_\_\_

\_\_\_\_\_  
TEMPORARY ASSIGNEE

Date \_\_\_\_\_

**EXHIBIT "C"**  
**INSURANCE REQUIREMENTS**

Part of the agreement through which the State makes a temporary transfer of vehicular equipment is the agreement on the part of the transferee to furnish certain evidence of insurance. Your organization, as a transferee of equipment, will want to be mindful of these requirements and assure they are complied with.

**Liability Insurance**

A certificate of insurance shall be furnished to the State providing minimum limits of insurance as follows:

**BODILY INJURY and PROPERTY DAMAGE LIABILITY \$1,000,000.00 PER OCCURANCE**

A certificate of insurance will have the following provisions included:

1. The State of California shall be named Additional Insured.
2. The insurance company shall agree that in the event of cancellation, 15 days prior written notice will be given to the State.
3. The State shall not be responsible for premium or assessments.
4. Certificate of Insurance must include the description of the apparatus including identification number, State license number and Cal OES unit number.

**Physical Damage Insurance**

The transfer agreements place certain responsibilities upon your organization for the safekeeping of the vehicle and equipment. The State will look to your organization for reimbursement for repair or replacement cost in the event the vehicle or equipment is damaged by misuse or negligence or by other causes, except normal wear and tear, acts of God and conditions over which your organization has no control.

**Description of Apparatus**

**VEHICLE**

\_\_\_\_\_

**VALUE**

\_\_\_\_\_

License Number: \_\_\_\_\_

VIN Number: \_\_\_\_\_

Engine Number: \_\_\_\_\_

**EQUIPMENT**

Hose and Appliance \_\_\_\_\_

\_\_\_\_\_

**EXHIBIT "D"**

Original text of letter addressed to the California Fire Service outlining the specifications to be considered for a Type III engine assignment:

As a result of the Governor's Blue Ribbon Commission of the 2003 Fire Siege, the Governor's Office of Emergency Services, Fire and Rescue Division has purchased forty Model 34 Type III fire engines.

Cal OES Fire and Rescue Division is notifying agencies that are interested in becoming a Cal OES assignee of the new Type III fire engines. These fire engines will be assigned in groups of five for strike team configuration response as needed within the Cal OES Regions. Agencies desiring to house and staff these apparatus must meet the following criteria in order for consideration of assignment. All of these items must be addressed in your apparatus request.

**Training:**

- Personnel responding with an Cal OES engine shall meet wildland fire and ICS training standards established in the California Incident Command Certification System (CICCS) or NWCG 310-1 (Current version) for the following positions;
  - 1 Engine Boss or Captain
  - 1 Engine Operator (Engineer)
  - 1 Type 1 or 2 Firefighter
- The department has or will adopt a 4X4 Driver Training Program

**Cal OES Type III assignees will be expected to meet and accept the following of work assignments & staffing:**

- Backfire, Burnout, Holding, and Mop-Up
- Progressive Hose Lays, Hose Lays supplemented with portable pumps
- Construct Hand lines
- Mobile Pumping
- Operate in Off-Road Environment
- Meet the expected 7-Day minimum assignment period in compliance with the California Fire Assistance Agreement.
- Must have Wildland Fire Mission and currently own Type III Fire Engines and meet FIREScope compliant 3-person staffing
- An in addition the ability to staff 4-person staffing for out of county dispatches
- The transfer agreement that assigns a State Cal OES Engine requires that a department staff the engine for immediate need with 3 fully trained personnel.
- The department should assess is it has the staffing capability to send the engine out (minimum 3 fire fighters) for 14 days (excluding travel time)



City Council  
Agenda Report

**Agenda Item 15.**

DATE: November 10, 2020  
TO: Honorable Mayor and City Councilmembers  
FROM: Graham Mitchell, City Manager  
SUBJECT: COVID-19 Status Report

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**RECOMMENDATION:**

No action required.

**BACKGROUND:**

Beginning at its October 27th meeting, the City Council received a status report on COVID-19 related information. Staff is providing an update to that report, along with additional information requested by the City Council.

During the meeting, staff will be able to address questions that the City Council may have and receive feedback on information that may be useful in future presentations.

Prepared By: Graham Mitchell, City Manager

Reviewed By: N/A

Approved By: N/A

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City Council  
Agenda Report

DATE: November 10, 2020  
TO: Honorable Mayor and City Councilmembers  
FROM: Graham Mitchell, City Manager  
SUBJECT: Extending COVID-19 Relief Measures

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RECOMMENDATION:

That the City Council considers extending COVID-19 relief measures to businesses and residents.

BACKGROUND:

Earlier this summer, in response to COVID-19's impact to El Cajon residents and businesses, the City Council relaxed zoning rules and some fees. Specifically, the following temporary measures were put in place through December 31, 2020:

- Waived late fees on unpaid sewer balances (*Although, the City has since changed to tax roll billing system, making late fees moot for any new fees. This fee waiver could still be granted for those which are still outstanding from June 30 and earlier. As of October 31, 2020, there were still 2,233 unpaid sewer bills.*);
- Waived late fees for all Business License accounts;
- Allowed use of public right-of-way, sidewalks, and parking lots for expanded use by businesses without typical permitting;
- Waived Temporary Use Permit fees for expanding outdoor dining; and
- Allowed parks to be used for businesses to operate outdoors without a fee.

It is unlikely that State and County public health orders will be lifted by the end of 2020 in a way that returns normalcy to our business community and to many residents. As such, the City Council may wish to consider extending some of the temporary measures listed above. Staff recommends that any measures considered for extension be through March 31, 2021. At that time, staff recommends that the City Council consider whether another extension is necessary.

Prepared By: Graham Mitchell, City Manager  
Reviewed By: N/A  
Approved By: N/A

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**City Council  
Agenda Report**

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Mayor Wells  
**SUBJECT:** Council Activity Report

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**RECOMMENDATION:**

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

**BACKGROUND:**

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

**REPORT:**

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

October 23, 2020 – Meeting with Developer  
October 25, 2020 – ECTLC Gala  
November 2, 2020 – LAFCO Meeting  
November 10, 2020 – City Council Meeting(s)

I am available to answer questions.

Submitted By: Bill Wells, Mayor

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City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Councilmember Kendrick  
**SUBJECT: COUNCILMEMBER GARY KENDRICK**  
METRO Commission/Wastewater JPA; Heartland Communications;  
Heartland Fire Training JPA.; East County Advanced Purification JPA.

---

**RECOMMENDATION:**

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

**BACKGROUND:**

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

**REPORT:**

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

November 10, 2020 - Metro Wastewater JPA Meeting  
November 10, 2020 - City Council Meeting(s)

I am available to answer questions.

Submitted By: Gary Kendrick, Councilmember

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City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Councilmember McClellan  
**SUBJECT: COUNCILMEMBER BOB MCCLELLAN**  
MTS (Metropolitan Transit System Board); Harry Griffen Park Joint Steering Committee; Heartland Communications – Alternate

---

**RECOMMENDATION:**

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

**BACKGROUND:**

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

**REPORT:**

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

November 10, 2020 - City Council Meeting(s)

I am available to answer questions.

Submitted By: Bob McClellan, Councilmember

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City Council  
Agenda Report

Agenda Item 20.

**DATE:** November 10, 2020

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Councilmember Goble

**SUBJECT: COUNCILMEMBER STEVE GOBLE**

SANDAG – Board of Directors – Alternate; SANDAG Public Safety Committee – Alternate; METRO Commission/Wastewater JPA – Alternate; Chamber of Commerce – Government Affairs Committee; MTS (Metropolitan Transit System Board) – Alternate; East County Advanced Purification JPA - Alternate.

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**RECOMMENDATION:**

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

**BACKGROUND:**

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

**REPORT:**

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

October 29, 2020 - Meeting with Commander, SD Human Trafficking Task Force  
November 2, 2020 - Email with Caroline S @ SD County re: COVID-19 data  
November 5, 2020 - Phone Call with SD County Public Health re: COVID-19  
November 5, 2020 - Message with Greg from Rock Church re: Food Distribution  
November 9, 2020 - Meeting with City Manager  
November 10, 2020 - City Council Meeting(s)

I am available to answer questions.

Submitted By: Steve Goble, Councilmember

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City Council  
Agenda Report

**DATE:** November 10, 2020  
**TO:** Honorable Mayor and City Councilmembers  
**FROM:** Deputy Mayor Phil Ortiz  
**SUBJECT:** **DEPUTY MAYOR PHIL ORTIZ**  
East County Economic Development Council.

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**RECOMMENDATION:**

That the City Council accepts and files the following report of Council/Mayor activities attended during the current agenda period.

**BACKGROUND:**

Government Code Section 53232.3(d) requires members of a legislative body to provide brief reports on meetings attended at the expense of the local agency at the next regular meeting of the legislative body.

**REPORT:**

Since the last City Council meeting, I have attended the following events on behalf of the City of El Cajon:

November 10, 2020 - City Council Meeting(s)

I am available to answer questions.

Submitted By: Phil Ortiz, Deputy Mayor

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City Council  
Agenda Report

DATE: November 10, 2020  
TO: Honorable Mayor and City Councilmembers  
FROM: Mayor Bill Wells and Deputy Mayor Phil Ortiz  
SUBJECT: Regain Local Control from State Legislature

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RECOMMENDATION:

That the City Council concurs to unite with California Cities for Local Control and directs staff to prepare a resolution expressing support to strengthen local democracy, authority, and control as related to land use, housing and zoning issues.

BACKGROUND:

Three months ago, a volunteer organization called California Cities for Local Control (spearheaded by a Councilmember from Torrance, CA) kicked off an effort to spread awareness of how local governments are losing local control from the State legislature. The organization's mission statement is attached to this report. As of last week, 21 cities have adopted resolutions supporting local control staying with city governments, including Beverly Hills, Big Bear Lake, Bradbury, Brawley, Buellton, El Segundo, Glendora, Hawthorne, Hidden Hills, La Habra Heights, Lawndale, Lomita, Manhattan Beach, Palos Verdes Estates, Parlier, Rancho Palos Verdes, Reedley, Rolling Hills, Rolling Hills Estates, Roseville, and Torrance. Another 24 cities are considering adopting a resolution, including the City of Poway which discussed the item on October 20, 2020.

We recommend that the City Council directs staff to prepare a resolution in support of this cause, expressing support for taking actions to strengthen local democracy, local authority, and control of land use, housing, and zoning issues.

For more information about this organization and its efforts, you can visit their Facebook page at <https://www.facebook.com/LocalControlCA/>.

Prepared By: Mayor Bill Wells and Deputy Mayor Phil Ortiz  
Reviewed By: N/A  
Approved By: N/A

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Attachments

Mission Statement

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Mission Statement  
**California Cities FOR Local Control**  
Volunteer Organization

Our mission is to spread awareness and enlist support to ensure that Cities can continue to manage their own land use and zoning issues. We must not allow the State Legislature to mandate changes to our Cities that will remove local control and be detrimental to our communities.

We do this by reaching out to California City Elected Officials to educate and enlist them to our cause. Our activities include, but are not limited to, signing onto petitions, having Cities pass resolutions in support of our efforts, and seeking out allies for possible legal action against the State and/or to promote efforts for a ballot initiative to legislate the desired results.

With this alliance of City Elected Officials working together as one, we stand a better chance of having our message resonate loud and clear to all groups that proclaim to support us.

**WE WILL NOT STAND FOR THIS LOSS OF LOCAL CONTROL AND UNFUNDED MANDATES** being imposed upon us by our State.