

**BOARD MEMBERS:**

**SAHAR ABUSHABAN**  
*Chancellor of the California  
Community Colleges  
Representative*

**SCOTT BUXBAUM**  
*County Board of Education  
Representative*

**GLORIA CHADWICK**  
*Grossmont Healthcare District  
Representative*

**DENNIS DAVIES**  
*City of El Cajon*

**MICHELLE NGUYEN**  
*County Board of Supervisors  
Representative*

**ANTHONY SHUTE**  
*(Former RDA/MMPEG  
Employee) City of El Cajon*

**DEBRA TURNER-EMERSON**  
*County Board of Supervisors  
Representative*

**OB LEGAL COUNSEL:**  
**MEYERS NAVE**

**SUCCESSOR AGENCY**  
**STAFF:**

**DOUGLAS WILLIFORD**  
*Executive Director/  
City Manager*

**MAJED AL-GHAFRY**  
*OB Secretary /  
Assistant City Manager*

**MORGAN FOLEY**  
*General Counsel*

**CLAY SCHOEN**  
*Director of Finance*

**HOLLY REED-FALK**  
*Financial Operations Manager*

**VICTORIA DANGANAN**  
*Senior Accountant*

**ADRIANA CASTAÑEDA**  
*Sr. Management Analyst*

**RON LUIS VALLES**  
*Administrative Secretary*

# AGENDA

City of El Cajon  
Successor Agency – Oversight Board  
8:00 a.m., Wednesday, January 20, 2016

El Cajon City Hall  
Fifth Floor Conference Room  
200 Civic Center Way, El Cajon, CA 92020

I. CALL TO ORDER & PLEDGE OF ALLEGIANCE:

II. ROLL CALL:

III. AGENDA CHANGES:

IV. PUBLIC COMMENT: (This is the opportunity for a member of the public to address the Oversight Board on any item of business within the jurisdiction of the Board that is not on the agenda. Under State law no action can be taken on items brought forward under Public Comment, except to refer the item to the staff for administrative action or to place it on a future agenda.)

V. ACTION ITEMS:

1. Approval of Action Minutes – December 16, 2015, meeting
2. Approval of Professional Services Agreement with Stearns, Conrad and Schmidt, Consulting Engineers, Inc. to perform further groundwater investigations at the Park Row property located at the intersection of Park Boulevard and Ballantyne Street.
3. Approval of the Successor Agency Fiscal Year 2016-2017 Budget, including the Administration Budget.
4. Approval of Recognized Obligation Payment Schedule (“ROPS 16-17”) for the period July 1, 2016, to June 30, 2017.

VI. OTHER ITEMS FOR CONSIDERATION:

VII. STAFF COMMUNICATIONS:

1. Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2015, and Written Communication Between Auditor and Client.

VIII. BOARD REPORTS/COMMENTS:

IX. ADJOURNMENT:

# **SUMMARY MINUTES**

## **Successor Agency to the El Cajon Redevelopment Agency Oversight Board**

**Meeting - Wednesday, December 16, 2015  
El Cajon City Hall, Fifth Floor Conference Room  
200 Civic Center Way, El Cajon, CA 92020**

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**BOARD PRESENT:** Sahar Abushaban, Gloria Chadwick, Dennis Davies, Michelle Nguyen, Anthony Shute and Debra Turner-Emerson (Chair)

**BOARD ABSENT:** Scott Buxbaum

**OB LEGAL COUNSEL:** George Eiser III, representing law firm of Meyers Nave

**STAFF PRESENT:** Assistant City Manager Majed Al-Ghafry, Director of Finance Clay Schoen, Senior Accountant Victoria Danganan, Senior Management Analyst and Administrative Secretary Ron Luis Valles

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### **CALL TO ORDER AND PLEDGE OF ALLEGIANCE:**

The meeting was called to order at 8:03 a.m. by TURNER-EMERSON.

**PUBLIC COMMENT:** None

### **ACTION ITEM NO. 1: APPROVAL OF ACTION MINUTES – August 19, 2015**

CHADWICK made a motion, seconded by SHUTE, to approve the minutes of the August 19, 2015, 2015, meeting. **Motion carried 5-0 (ABUSHABAN, abstained due to absence; BUXBAUM, absent).**

### **ITEM NO. 2: SENATE BILL 107 AND AMENDMENTS.**

EISER discussed Senate Bill 107 and amendments, which included extending the Oversight Board to July 1, 2018 (previously July 1, 2016), funding provision, enforceable obligations, excess bond proceeds, loan limits, the Recognized Obligation Payment Schedule (ROPS), Long Range Property Management Plan and the dissolution of Successor Agencies. [He presented a handout with key statues to Senate Bills 107]. No action required by the board.

**ACTION ITEM NO. 3: ADOPT RESOLUTION APPROVING THE 2016 OVERSIGHT BOARD MEETING DATES FOR THE THIRD WEDNESDAYS OF EVERY MONTH.**

AL-GHAFRY presented the calendar.

DAVIES made a motion, seconded by CHADWICK, to adopt Resolution OB-07-15 approving the 2016 Oversight Board Meeting dates for the third Wednesdays of every month at 8 a.m. in the Fifth Floor Conference Room of City Hall at 200 Civic Center Way.

**Motion carried 6-0 (BUXBAUM, absent).**

**ACTION ITEM NO. 4: NAME A VICE CHAIR FOR THE OVERSIGHT BOARD.**

AL-GHAFRY informed that when Jim Griffin resigned, no Vice Chair was named.

SHUTE made a motion, seconded by ABUSHABAN, to name DENNIS DAVIES as Vice Chair of the Oversight Board.

**Motion carried 5-0 (BUXBAUM, absent; DAVIES, abstained).**

**STAFF COMMUNICATIONS:**

AL-GHAFRY updated several upcoming projects including the Courtyard by Marriot, a possible 80-room hotel at the old police station located at 100 Fletcher Parkway, and escrow closing the sale of 572-588 Johnson Avenue. He also replied to delays with the ECPAC project due to the receipt of only one bid which was at \$1 million higher than the budget allowed. Staff anticipates receiving bids in March 2016 with facility re-opening in January 2017.

**BOARD REPORTS/COMMENTS:**

There were none.

**ADJOURNMENT:**

CHADWICK made a motion, seconded by SHUTE, to adjourn the regularly-scheduled meeting of the El Cajon Successor Agency Oversight Board at 8:33 a.m. this 16th day of December 2015, to 8:00 a.m., January 20, 2016, in the Fifth Floor Conference Room at City Hall, 200 Civic Center Way, El Cajon, California.

**Motion carried 6-0 (ABUSHABAN, absent).**

APPROVED:

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Debra Turner-Emerson, Chairperson

ATTEST:

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Majed Al-Ghafry, Oversight Board Secretary



**AGENDA REPORT**  
**CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD**  
**January 20, 2016, Meeting**

**SUBJECT: APPROVAL OF PROFESSIONAL SERVICES AGREEMENT WITH STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC. TO PERFORM FURTHER GROUNDWATER INVESTIGATIONS AT THE PARK ROW PROPERTY LOCATED AT THE INTERSECTION OF PARK BOULEVARD AND BALLANTYNE STREET.**

**RECOMMENDED ACTION:** That the Oversight Board adopts the proposed Resolution OB-01-16 to:

Approve the Agreement for Professional Services ("Agreement") between the Successor Agency and Stearns, Conrad and Schmidt, Consulting Engineers, Inc. ("SCS Engineers") to perform further groundwater investigations at the Park Row property located at the intersection of Park Boulevard and Ballantyne Street as ordered by the California Regional Water Quality Board ("San Diego Water Board").

**BACKGROUND:** Pursuant to Health and Safety Code Section 34173 (f), the City of El Cajon, in its capacity as the Successor Agency to the El Cajon Redevelopment Agency, is charged with carrying out existing cleanup plans related to environmental contamination issues on properties located at the former redevelopment project area.

Health and Safety Code Section 34177.3(a) provides that successor agencies may create enforceable obligations to comply with an enforceable obligation that existed prior to June 28, 2011. An enforceable obligation in the form of a Reimbursement and Indemnity Agreement for the environmental remediation of Park Row, a former El Cajon Redevelopment Agency ("Agency") property located at the intersection of Park Boulevard and Ballantyne Street, was entered into on December 16, 2003.

On June 16, 2015, Successor Agency staff and its consultant SCS Engineers met with the California Regional Water Quality Board, San Diego Region ("San Diego Water Board") to discuss historical data from the groundwater monitoring reports for the site. Staff and consultant were also seeking site closure using the "No-Threat Closure Policy" administered by the State Water Board.

On September 15, 2015, the San Diego Water Board issued a determination letter stating that the site did not qualify for closure under the State's Low-Threat Closure Policy and directed the Successor Agency to further investigate the second historic release discovered offsite on Wells Avenue, east of the intersection with Graves Avenue (Attachment 4). Over the years, the plume has migrated northwest across Wells Avenue towards Graves Street and now impacts the residential zones with apartment buildings. The second plume, with a different chemical footprint, has no identifiable source and was deduced by the San Diego Water Board to originate from the source in Park Row.

In response to the San Diego Water Board's order, SCS Engineers submitted a proposal (Attachment 3) to conduct further groundwater investigations and necessary corrective actions for site closure. SCS Engineers has been performing the ongoing hazardous remediation and groundwater monitoring activities at the site since June 2010.

On November 10, 2015, the City Council, in its capacity as the Successor Agency to the El Cajon Redevelopment Agency, authorized the Executive Director to execute an agreement between the Successor Agency and SCS Engineers to perform further groundwater testing. The proposed contract is not to exceed the total amount of \$107,000 for a term of eighteen (18) months to allow the necessary time to complete the investigations ordered by the San Diego Water Board.

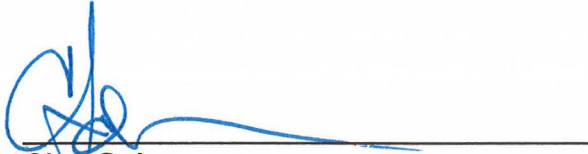
Separate approval by the Oversight Board is required for the Agreement that will allow SCS Engineers to perform further ground water investigations at Park Row, including conducting the necessary corrective actions to bring the site to closure, as directed by the San Diego Water Board.

**FISCAL IMPACT:** Funding for the services provided by SCS Engineers is included in the current Recognized Obligation Payment Schedule ("ROPS 15-16B"). Additional funding is appropriated and requested in the Fiscal Year 2016-17 Budget and ROPS 16-17, which are companion items on today's Oversight Board agenda.

**ATTACHMENTS:**

1. Proposed Resolution OB-01-16
2. Professional Services Agreement - Draft
3. Stearns, Conrad and Schmidt, Consulting Engineers, Inc. - Proposal 10/26/15
4. California Regional Water Quality Board, San Diego Region letter 9/17/2015

**Prepared by:**



**Clay Schoen**  
**Director of Finance**

**Reviewed by:**



**Majed Al-Ghafry**  
**Secretary / Assistant City Manager**

**Approved by:**



**Douglas Williford**  
**Executive Director / City Manager**

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RESOLUTION NO. OB-01-16

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY APPROVING THE PROFESSIONAL SERVICES AGREEMENT WITH STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC. TO PERFORM FURTHER GROUNDWATER INVESTIGATIONS AT THE PARK ROW PROPERTY LOCATED AT THE INTERSECTION OF PARK BOULEVARD AND BALLANTYNE STREET.

WHEREAS, Health and Safety Code section 34173 (f) requires the City of El Cajon, as the Successor Agency to the El Cajon Redevelopment Agency, to carry out existing cleanup plans related to environmental contamination issues on properties located at the former redevelopment project area; and

WHEREAS, Health and Safety Code section 34177.3(a) provides that successor agencies may create enforceable obligations to comply with an enforceable obligation that existed prior to June 28, 2011; and

WHEREAS, an enforceable obligation in the form of a Reimbursement and Indemnity Agreement for the environmental remediation of the Park Row property located at the intersection of Park Boulevard and Ballantyne Street was entered into on December 16, 2003; and

WHEREAS, on September 15, 2015, the California Regional Water Quality Board, San Diego Region ("San Diego Water Board") issued a determination letter (Attachment 4) stating that the site did not qualify for closure under the State's Low-Threat Closure Policy and directed the Successor Agency to further investigate the second historic release, which was deduced by the San Diego Water Board to originate from the source in Park Row; and

WHEREAS, SCS Engineers submitted a proposal (Attachment 3) in the amount not to exceed \$107,000 to conduct further groundwater investigations and necessary corrective actions to bring site closure as directed by the San Diego Water Board; and

WHEREAS, the City Council, acting in its capacity as the Successor Agency, on November 10, 2015, authorized the Executive Director to enter into an Agreement between Successor Agency and SCS Engineers to perform additional groundwater investigations; and

WHEREAS, the Agreement will allow SCS Engineers, Inc. to perform additional groundwater investigations at Park Row and conduct the necessary corrective actions for site closure ordered by the San Diego Water Board, pursuant to the Reimbursement and Indemnity Agreement dated December 16, 2003, which is an enforceable obligation.

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY, AS FOLLOWS:

- A. The Oversight Board finds that:
1. The recitals above are true and correct and have been incorporated herein by reference.
  2. Approval to execute an Agreement is exempt from the California Environmental Quality Act (CEQA) under section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed agreements will not cause a significant adverse physical change to the environment either directly or indirectly.
  3. Health and Safety Code section 34173 (f) requires the City of El Cajon, as the Successor Agency to the El Cajon Redevelopment Agency, to carry out existing cleanup plans related to environmental contamination issues on properties located at the former redevelopment project area.
  4. Health and Safety Code section 34177.3(a) provides that successor agencies may create enforceable obligations to comply with an enforceable obligation that existed prior to June 28, 2011. An enforceable obligation in the form of a Reimbursement and Indemnity Agreement for the environmental remediation of the Park Row property at the intersection of Park Boulevard and Ballantyne Street was entered into on December 16, 2003.
  5. Since June 2010, SCS Engineers, Inc., has performed ongoing groundwater monitoring and testing at Park Row for the Successor Agency and is the firm most qualified to conduct further groundwater investigations and necessary corrective actions to bring closure to the site, pursuant to Health and Safety Code section 34173(f).
- B. The Oversight Board hereby APPROVES the Professional Service Agreement with SCS Engineers, Inc. to conduct further groundwater investigations and conduct corrective actions to bring closure to the site, pursuant to Health and Safety Code section 34173(f), and approves execution of said Agreement by the City Manager, or such person designated by the City Manager, acting in the capacity of Chief Executive Officer of the Successor Agency.

PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 20th day of January 2016, by the following vote to wit:

AYES :  
NOES :  
ABSENT :

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Debra Turner-Emerson, Chairperson

ATTEST:

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Majed Al-Ghafry, Oversight Board Secretary

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**AGREEMENT FOR PROFESSIONAL SERVICES  
BETWEEN  
THE CITY OF EL CAJON AS SUCCESSOR AGENCY  
TO THE EL CAJON REDEVELOPMENT AGENCY  
AND  
STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC.,  
DBA SCS ENGINEERS**

This Agreement for Professional Services ("AGREEMENT") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2016, by and between the CITY OF EL CAJON, a California charter city and municipal corporation, solely in its capacity as SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY ("SUCCESSOR AGENCY") and STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC., a Virginia corporation, dba SCS ENGINEERS, ("CONSULTANT").

In consideration of the mutual covenants and conditions set forth herein, the parties agree as follows:

**Section 1. Term of Agreement.**

Subject to the provisions of Section 19 "Termination of Agreement" of this AGREEMENT, the term of this AGREEMENT shall be from January 1, 2016 through June 30, 2017. Such term may be extended upon written agreement of both parties to this AGREEMENT, and the approval of the oversight board to the SUCCESSOR AGENCY ("OVERSIGHT BOARD").

**Section 2. Scope of Services.**

CONSULTANT agrees to perform the services set forth in that certain proposal entitled "Proposal to Conduct Additional Site Assessment, Groundwater Monitoring and Sampling, Soil Vapor Survey and Risk Assessment, Provide Underground Storage Tank Cleanup Fund Assistance, and Serve as Regulatory Agency Liaison - Magnolia Villas, 315 N. Magnolia Avenue, El Cajon, California," dated October 26, 2015, (the "Scope of Services") attached hereto as Exhibit "A" and incorporated herein as if fully set forth; provided, however, that should any covenant, requirement, provision or condition of the Scope of Services be in conflict with any covenant, requirement, provision or condition of this AGREEMENT, the terms of this AGREEMENT shall prevail.

**Section 3. Additional Services.**

CONSULTANT shall not be compensated for any services rendered in connection with its performance of this AGREEMENT which are in addition to or outside of those set forth in this AGREEMENT or listed in the Scope of Services, unless such additional services are authorized in advance and in writing by the legislative body or City Manager of SUCCESSOR AGENCY, with the approval of the OVERSIGHT BOARD. CONSULTANT shall be compensated for any such additional services in the amounts and in the manner agreed to by the legislative body or City Manager, with the approval of the OVERSIGHT BOARD.

#### **Section 4. Compensation and Method of Payment.**

(a) Subject to any limitations set forth in this AGREEMENT, SUCCESSOR AGENCY agrees to pay, and CONSULTANT agrees to accept for said services the total compensation (including reimbursement for actual expenses) in an amount not to exceed ONE HUNDRED SEVEN THOUSAND DOLLARS AND NO CENTS (\$107,000.00), unless additional compensation is approved in writing by the legislative body or City Manager of SUCCESSOR AGENCY, which is subject to the approval of the OVERSIGHT BOARD.

(b) Each month CONSULTANT shall furnish to SUCCESSOR AGENCY an **original** invoice for all services performed and expenses incurred during the preceding month. The invoice shall detail charges by the following categories: labor (by sub-category), travel, materials, equipment, supplies, subcontractor contracts and miscellaneous expenses. SUCCESSOR AGENCY shall independently review each invoice submitted by CONSULTANT to determine whether the services performed and expenses incurred are in compliance with the provisions of this AGREEMENT. In the event that no charges or expenses are disputed, the invoice shall be approved and paid according to the terms set forth in subsection (c). In the event SUCCESSOR AGENCY disputes any charges or expenses, SUCCESSOR AGENCY shall return the original invoice to CONSULTANT for correction and resubmission.

(c) Except as to any charges for services performed or expenses incurred by CONSULTANT, which are disputed by SUCCESSOR AGENCY, SUCCESSOR AGENCY will use its best efforts to cause CONSULTANT to be paid within thirty (30) days of receipt of CONSULTANT's invoice.

(d) Payment to CONSULTANT for services performed pursuant to this AGREEMENT shall not be deemed to waive any defects in services performed by CONSULTANT.

#### **Section 5. Inspection and Final Acceptance.**

SUCCESSOR AGENCY may inspect and accept or reject any of CONSULTANT's services under this AGREEMENT, either during performance or when completed. SUCCESSOR AGENCY shall reject or finally accept CONSULTANT's services within sixty (60) days after submitted to SUCCESSOR AGENCY. SUCCESSOR AGENCY shall reject services by a timely written explanation, otherwise CONSULTANT's services shall be deemed to have been accepted. SUCCESSOR AGENCY's acceptance shall be conclusive as to such services except with respect to latent defects, fraud and such gross mistakes as amount to fraud. Acceptance of any of CONSULTANT's services by SUCCESSOR AGENCY shall not constitute a waiver of any of the provisions of this AGREEMENT including, but not limited to, sections 15 and 16, pertaining to indemnification and insurance, respectively.

#### **Section 6. Ownership of Documents.**

All original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents prepared, developed or discovered by CONSULTANT in the course of providing any services pursuant to this AGREEMENT shall become the sole property of SUCCESSOR AGENCY and may be used, reused or otherwise disposed of by SUCCESSOR AGENCY without the permission of CONSULTANT. Upon

completion, expiration or termination of this AGREEMENT, CONSULTANT shall turn over to SUCCESSOR AGENCY all such original maps, models, designs, drawings, photographs, studies, surveys, reports, data, notes, computer files, files and other documents.

**Section 7. Consultant's Books and Records.**

(a) CONSULTANT shall maintain any and all documents and records demonstrating or relating to CONSULTANT's performance of services pursuant to this AGREEMENT. CONSULTANT shall maintain any and all ledgers, books of account, invoices, vouchers, canceled checks or other documents or records evidencing or relating to services, expenditures and disbursements charged to SUCCESSOR AGENCY pursuant to this AGREEMENT. Any and all such documents or records shall be maintained in accordance with generally accepted accounting principles and shall be sufficiently complete and detailed so as to permit an accurate evaluation of the services provided by CONSULTANT pursuant to this AGREEMENT. Any and all such documents or records shall be maintained for three years from the date of execution of this AGREEMENT and to the extent required by laws relating to audits of public agencies and their expenditures.

(b) Any and all records or documents required to be maintained pursuant to this section shall be made available for inspection, audit and copying, at any time during regular business hours, upon written request by SUCCESSOR AGENCY or its designated representative. Copies of such documents or records shall be provided directly to SUCCESSOR AGENCY for inspection, audit and copying when it is practical to do so; otherwise, unless an alternative is mutually agreed upon, such documents and records shall be made available at CONSULTANT's address indicated for receipt of notices in this AGREEMENT.

(c) Where SUCCESSOR AGENCY has reason to believe that any of the documents or records required to be maintained pursuant to this section may be lost or discarded due to dissolution or termination of CONSULTANT's business, SUCCESSOR AGENCY may, by written request, require that custody of such documents or records be given to the requesting party and that such documents and records be maintained by the requesting party. Access to such documents and records shall be granted to SUCCESSOR AGENCY, as well as to its successors-in-interest and authorized representatives.

**Section 8. Status of Consultant.**

(a) CONSULTANT is and shall at all times remain a wholly independent contractor and not an officer, employee or agent of SUCCESSOR AGENCY. CONSULTANT shall have no authority to bind SUCCESSOR AGENCY in any manner, or to incur any obligation, debt or liability of any kind on behalf of or against SUCCESSOR AGENCY, whether by contract or otherwise, unless such authority is expressly conferred under this AGREEMENT or is otherwise expressly conferred in writing by SUCCESSOR AGENCY.

(b) The personnel performing the services UNDER this AGREEMENT on behalf of CONSULTANT shall at all times be under CONSULTANT's exclusive direction and control. Neither SUCCESSOR AGENCY, nor any elected or appointed boards, officers, officials, employees or agents of SUCCESSOR AGENCY, shall have control over the conduct of CONSULTANT or any of CONSULTANT's officers, employees or agents, except as set forth in this AGREEMENT. CONSULTANT shall not at any time or in any manner represent that

CONSULTANT or any of CONSULTANT's officers, employees or agents are in any manner officials, officers, employees or agents of SUCCESSOR AGENCY.

(c) Neither CONSULTANT, nor any of CONSULTANT's officers, employees or agents, shall obtain any rights to retirement, health care or any other benefits, which may otherwise accrue, to SUCCESSOR AGENCY's employees. CONSULTANT expressly waives any claim CONSULTANT may have to any such rights, and shall indemnify and protect SUCCESSOR AGENCY from and against any claims to such rights made by CONSULTANT's officers, employees or agents.

(d) CONSULTANT hereby represents and warrants to SUCCESSOR AGENCY that none of its employees or contractors serving as CONSULTANT's representative under this Agreement shall be a "retired annuitant" under the any public retirement system in the State of California, such as the California Public Employees' Retirement System ("CalPers"), the County Employees Retirement Law of 1937 (the "1937 Act"), the California State Teachers' Retirement System ("CalSTRS"), or any other similar retirement system available to California public employees, intended to replace, in whole or in part, or work.

**Section 9. Standard of Performance.**

CONSULTANT represents and warrants that it has the qualifications, experience and facilities necessary to properly perform the services required under this AGREEMENT in a thorough, competent and professional manner. CONSULTANT shall at all times faithfully, competently and to the best of its ability, experience and talent, perform all services described herein. In meeting its obligations under this AGREEMENT, CONSULTANT shall employ, at a minimum, generally accepted standards and practices utilized by persons engaged in providing services similar to those required of CONSULTANT under this AGREEMENT.

**Section 10. Compliance with Applicable Laws; Permits and Licenses.**

CONSULTANT shall keep itself informed of and comply with all applicable federal, state and local laws, statutes, codes, ordinances, regulations and rules in effect during the term of this AGREEMENT. CONSULTANT shall obtain any and all licenses, permits and authorizations necessary to perform the services set forth in this AGREEMENT. Neither SUCCESSOR AGENCY, nor any elected or appointed boards, officers, officials, employees or agents of SUCCESSOR AGENCY, shall be liable, at law or in equity, as a result of any failure of CONSULTANT to comply with this section.

**Section 11. Nondiscrimination.**

CONSULTANT shall not discriminate, in any way, against any person on the basis of race, color, religious creed, national origin, ancestry, sex, sexual orientation, age, physical handicap, medical condition or marital status in connection with or related to the performance of this AGREEMENT.

**Section 12. Unauthorized Aliens.** *[Intentionally omitted.]*

**Section 13. Conflicts of Interest.**

(a) CONSULTANT covenants that neither it, nor any officer or principal of its firm, has or shall acquire any interest, directly or indirectly, which would conflict in any manner with the interests of SUCCESSOR AGENCY or which would in any way hinder CONSULTANT's performance of services under this AGREEMENT. CONSULTANT further covenants that in the performance of this AGREEMENT, no person having any such interest shall be employed by it as an officer, employee, agent or subcontractor without the express written consent of the City Manager. CONSULTANT agrees to at all times avoid conflicts of interest or the appearance of any conflicts of interest with the interests of SUCCESSOR AGENCY in the performance of this AGREEMENT.

(b) If applicable, CONSULTANT shall at all times comply with the terms of the Political Reform Act and SUCCESSOR AGENCY's Conflict of Interest Code (Chapter 2.75 of the El Cajon Municipal Code). Application of this subdivision (b) shall be determined by SUCCESSOR AGENCY and shall be set forth in Exhibit "B" (Conflict of Interest Determination). The level of disclosure categories shall be set by SUCCESSOR AGENCY and shall reasonably relate to the Scope of Services provided by CONSULTANT under this AGREEMENT.

(c) SUCCESSOR AGENCY understands and acknowledges that CONSULTANT is, as of the date of execution of this AGREEMENT, independently involved in the performance of non-related services for other governmental agencies and private parties. CONSULTANT is unaware of any stated position of SUCCESSOR AGENCY relative to such projects. Any future position of SUCCESSOR AGENCY on such projects shall not be considered a conflict of interest for purposes of this section.

**Section 14. Confidential Information; Release of Information.**

(a) All information gained by CONSULTANT in performance of this AGREEMENT shall be considered confidential, unless such information is in the public domain. All instruments of service provided by CONSULTANT in performance of this AGREEMENT shall be considered a public record under California law. CONSULTANT shall not release or disclose any such information or instruments of service to persons or entities other than SUCCESSOR AGENCY without prior written authorization from the City Manager, except as may be required by law.

(b) CONSULTANT, its officers, employees, agents or subcontractors, shall not, without prior written authorization from the City Manager or unless requested by the City Attorney of SUCCESSOR AGENCY, voluntarily provide declarations, letters of support, testimony at depositions, response to interrogatories or other information concerning the services performed under this AGREEMENT. Response to a subpoena or court order shall not be considered "voluntary" provided CONSULTANT gives SUCCESSOR AGENCY notice of such court order or subpoena.

(c) If CONSULTANT, or any officer, employee, agent or subcontractor of CONSULTANT, provides any information or instruments of service in violation of this AGREEMENT, then SUCCESSOR AGENCY shall have the right to reimbursement and

indemnity from CONSULTANT for any damages, costs and fees, including attorneys' fees, caused by or incurred as a result of CONSULTANT's conduct.

(d) CONSULTANT shall promptly notify SUCCESSOR AGENCY should CONSULTANT, its officers, employees, agents or subcontractors be served with any summons, complaint, subpoena, notice of deposition, request for documents, interrogatories, request for admissions or other discovery request, court order or subpoena from any party regarding this AGREEMENT and the work performed thereunder. SUCCESSOR AGENCY retains the right, but has no obligation, to represent CONSULTANT or be present at any deposition, hearing or similar proceeding. CONSULTANT agrees to cooperate fully with SUCCESSOR AGENCY and to provide SUCCESSOR AGENCY with the opportunity to review any response to discovery requests provided by CONSULTANT. However, this right to review any such response does not imply or mean the right by SUCCESSOR AGENCY to control, direct, or rewrite said response.

**Section 15. Indemnification.**

(a) SUCCESSOR AGENCY and its respective elected and appointed boards, officials, officers, agents, employees and volunteers (individually and collectively, "INDEMNITEES") shall have no liability to CONSULTANT or any other person for, and CONSULTANT shall indemnify, protect and hold harmless INDEMNITEES from and against, any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses, including reasonable attorneys' fees and disbursements (collectively "CLAIMS"), which INDEMNITEES may suffer or incur or to which INDEMNITEES may become subject by reason of or arising out of any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise occurring as a result of CONSULTANT's negligent performance of any services under this AGREEMENT, or by the negligent or willful acts or omissions of CONSULTANT, its agents, officers, directors, subcontractors or employees, committed in performing any of the services under this AGREEMENT.

(b) The foregoing obligations of CONSULTANT shall not apply to the extent that the CLAIMS arise from the sole negligence or willful misconduct of SUCCESSOR AGENCY or its elected and appointed boards, officials, officers, agents, employees and volunteers.

**Section 16. Insurance.**

(a) CONSULTANT agrees to obtain and maintain in full force and effect, during the term of this AGREEMENT, commercial general liability insurance of not less than \$2,000,000. Such insurance policy shall comply with El Cajon City Council Policy D-3, which is attached hereto as Exhibit "C" and made a part of this AGREEMENT. If there is any conflict between Exhibit "C" and this section 16, the terms of Exhibit "C" shall apply. All insurance policies shall be subject to approval by SUCCESSOR AGENCY as to form and content.

(b) CONSULTANT shall furnish properly executed endorsements and certificates of insurance to SUCCESSOR AGENCY prior to commencement of services under this AGREEMENT. Such endorsements and certificates shall:

1. Clearly evidence all coverages required above, including specific evidence of a separate endorsement naming SUCCESSOR AGENCY as an additional named insured;
2. Indicate whether coverage provided is on claims-made or occurrence basis; and
3. Provide that such insurance shall not be materially changed, terminated, or allowed to expire except on thirty (30) days prior written notice, via first class mail to SUCCESSOR AGENCY.
4. CONSULTANT agrees to provide SUCCESSOR AGENCY with copies of all required policies upon request.

(c) CONSULTANT shall also obtain and maintain professional liability insurance coverage in an amount not less than \$1,000,000.

(d) CONSULTANT shall maintain Workers' Compensation insurance with statutory limits, and employer's liability insurance with limits of not less than \$1,000,000 per accident.

#### **Section 17. Assignment.**

The expertise and experience of CONSULTANT are material considerations for this AGREEMENT. SUCCESSOR AGENCY has an interest in the qualifications of and capability of the persons and entities that will fulfill the duties and obligations imposed upon CONSULTANT under this AGREEMENT. In recognition of that interest, CONSULTANT shall not assign or transfer this AGREEMENT or any portion of this AGREEMENT or the performance of any of CONSULTANT's duties or obligations under this AGREEMENT without the prior written consent of the legislative body of SUCCESSOR AGENCY, with the approval of the OVERSIGHT BOARD. Any attempted assignment shall be ineffective, null and void, and shall constitute a material breach of this AGREEMENT entitling SUCCESSOR AGENCY to any and all remedies at law or in equity, including summary termination of this AGREEMENT. SUCCESSOR AGENCY acknowledges, however, that CONSULTANT, in the performance of its duties pursuant to this AGREEMENT, may utilize subcontractors.

#### **Section 18. Continuity of Personnel.**

CONSULTANT shall make every reasonable effort to maintain the stability and continuity of CONSULTANT's staff assigned to perform the services required under this AGREEMENT. CONSULTANT shall notify SUCCESSOR AGENCY of any changes in CONSULTANT's staff assigned to perform the services required under this AGREEMENT, prior to any such performance.

#### **Section 19. Termination of Agreement.**

(a) SUCCESSOR AGENCY may terminate this AGREEMENT, with or without cause, at any time by giving thirty (30) days written notice of termination to CONSULTANT. In the event such notice is given, CONSULTANT shall cease immediately all work in progress.

(b) SUCCESSOR AGENCY may terminate this AGREEMENT at any time if funds are no longer appropriated for the work to be performed by CONSULTANT.

(c) CONSULTANT may terminate this AGREEMENT at any time upon thirty (30) days written notice of termination to SUCCESSOR AGENCY.

(d) If either CONSULTANT or SUCCESSOR AGENCY fails to perform any material obligation under this AGREEMENT, then, in addition to any other remedies, either CONSULTANT or SUCCESSOR AGENCY may terminate this AGREEMENT immediately upon written notice.

(e) Upon termination of this AGREEMENT by either CONSULTANT or SUCCESSOR AGENCY, all property belonging exclusively to SUCCESSOR AGENCY, which is in CONSULTANT's possession, shall be returned to SUCCESSOR AGENCY. CONSULTANT shall furnish to SUCCESSOR AGENCY a final invoice for services performed and expenses incurred by CONSULTANT, prepared as set forth in Section 4 of this AGREEMENT. This final invoice shall be reviewed and paid in the same manner as set forth in Section 4 of this AGREEMENT.

**Section 20. Default.**

In the event that CONSULTANT is in default under the terms of this AGREEMENT, SUCCESSOR AGENCY shall not have any obligation or duty to continue compensating CONSULTANT for any services performed after the date of default and may terminate this AGREEMENT immediately by written notice to CONSULTANT.

**Section 21. Excusable Delays.**

CONSULTANT shall not be liable for damages, including liquidated damages, if any, caused by delay in performance or failure to perform due to causes beyond the control of CONSULTANT. Such causes include, but are not limited to, acts of God, acts of the public enemy, acts of federal, state or local governments, acts of SUCCESSOR AGENCY, court orders, fires, floods, epidemics, strikes, embargoes, and unusually severe weather. The term and price of this AGREEMENT shall be equitably adjusted for any delays due to such causes.

**Section 22. Cooperation by Successor Agency.**

All public information, data, reports, records, and maps as are existing and available to SUCCESSOR AGENCY as public records, and which are necessary for carrying out the services as outlined in the Scope of Services, shall be furnished to CONSULTANT in every reasonable way to facilitate, without undue delay, the services to be performed under this AGREEMENT.

**Section 23. Notices.**

All notices required or permitted to be given under this AGREEMENT shall be in writing and shall be personally delivered, or sent by telecopier or certified mail, postage prepaid and return receipt requested, addressed as follows:

To SUCCESSOR AGENCY: Dennis Davies, Deputy Director  
City of El Cajon Public Works Department  
200 Civic Center Way  
El Cajon, CA 92020



To CONSULTANT:

Daniel E. Johnson, Vice President  
Stearns, Conrad and Schmidt, Consulting Engineers, Inc.  
8799 Balboa Avenue, Suite 200  
San Diego, CA 92123

Notice shall be deemed effective on the date personally delivered or transmitted by facsimile or, if mailed, five (5) days after deposit of the same in the custody of the United States Postal Service.

**Section 24. Authority to Execute.**

The person or persons executing this AGREEMENT on behalf of CONSULTANT represents and warrants that he/she/they has/have the authority to so execute this AGREEMENT and to bind CONSULTANT to the performance of its obligations hereunder.

**Section 25. Binding Effect.**

This AGREEMENT shall be binding upon the heirs, executors, administrators, successors and assigns of the parties.

**Section 26. Modification of Agreement.**

No amendment to or modification of this AGREEMENT shall be valid unless made in writing and approved by CONSULTANT and by the legislative body or City Manager of SUCCESSOR AGENCY, and the OVERSIGHT BOARD. The parties agree that this requirement for written modifications cannot be waived and that any attempted waiver shall be void.

**Section 27. Waiver.**

Waiver by any party to this AGREEMENT of any term, condition, or covenant of this AGREEMENT shall not constitute a waiver of any other term, condition, or covenant. Waiver by any party of any breach of the provisions of this AGREEMENT shall not constitute a waiver of any other provision, or a waiver of any subsequent breach or violation of any provision of this AGREEMENT. Acceptance by SUCCESSOR AGENCY of any work or services by CONSULTANT shall not constitute a waiver of any of the provisions of this AGREEMENT.

**Section 28. Law to Govern; Venue.**

This AGREEMENT shall be interpreted, construed and governed according to the laws of the State of California. In the event of litigation between the parties, venue in state trial courts shall lie exclusively in the County of San Diego, East County Division. In the event of litigation in a U.S. District Court, venue shall lie exclusively in the Southern District of California, in San Diego. CONSULTANT hereby expressly waives any right to remove any action from San Diego County as is otherwise permitted by Code of Civil Procedure section 394.

**Section 29. Dispute Resolution.**

The parties hereby mutually agree that should any dispute arise out of or relate to this AGREEMENT, or its alleged breach thereof, said parties shall first attempt to settle such dispute or alleged breach by good faith negotiation. If, after good faith negotiation the parties are unable to resolve the dispute, the parties may, but are not obligated to submit the dispute to mediation under the Commercial Mediation Rules of the American Arbitration Association before resorting to arbitration, litigation, or other action.

**Section 30. Attorneys' Fees, Costs and Expenses.**

In the event litigation or other proceeding is required to enforce or interpret any provision of this AGREEMENT, the prevailing party in such litigation or other proceeding shall be entitled to an award of reasonable attorneys' fees, costs and expenses, in addition to any other relief to which it may be entitled.

**Section 31. Entire Agreement.**

This AGREEMENT, including the attached Exhibits "A," "B" and "C," is the entire, complete, final, and exclusive expression of the parties with respect to the matters addressed therein and supersedes all other agreements or understandings, whether oral or written, or entered into between CONSULTANT and SUCCESSOR AGENCY prior to the execution of this AGREEMENT. No statements, representations or other agreements, whether oral or written, made by any party, which are not embodied herein shall be valid and binding. To the extent that the terms and conditions of this AGREEMENT conflict with, or are in any way inconsistent with, the terms and conditions of Exhibits "A," "B" and "C," the terms and conditions of this AGREEMENT will prevail. No amendment to this AGREEMENT shall be valid and binding unless in writing, duly executed by the parties or their authorized representatives, and approved by the OVERSIGHT BOARD.

**Section 32. Severability.**

If a term, condition or covenant of this AGREEMENT is declared or determined by any court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions of this AGREEMENT shall not be affected thereby and the AGREEMENT shall be read and construed without the invalid, void or unenforceable provision(s).

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, the parties hereto have caused this AGREEMENT to be executed the day and year first above written.

**CITY OF EL CAJON,**  
a California charter city and  
municipal corporation, as  
**SUCCESSOR AGENCY TO THE**  
**EL CAJON REDEVELOPMENT AGENCY**

**STEARNS, CONRAD AND SCHMIDT,**  
**CONSULTING ENGINEERS, INC.,**  
a Virginia corporation,  
dba SCS ENGINEERS

By \_\_\_\_\_  
Douglas Williford, City Manager

By \_\_\_\_\_  
Daniel E. Johnson, Vice President

**ATTEST:**

By \_\_\_\_\_  
Curtis Jang, Senior Vice President/Treasurer

\_\_\_\_\_  
Belinda A. Hawley, CMC, City Clerk

**APPROVED AS TO CONTENT:**

\_\_\_\_\_  
Majed Al-Ghafry, Assistant City Manager

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Morgan L. Foley, City Attorney

**DRAFT**

Council Date: 11/10/15  
Item #: 1.7

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Environmental Consultants  
and Contractors

8799 Balboa Avenue  
Suite 290  
San Diego, CA 92123

858 571-5500  
FAX 858-571-5357  
www.scsengineers.com

## SCS ENGINEERS

October 26, 2015

Project Number: 01212281.01

Mr. David Keltner, P.E.  
City of El Cajon  
200 Civic Center Way  
El Cajon, California 92020

**RE: Proposal to Conduct Additional Site Assessment, Groundwater Monitoring and Sampling, Soil Vapor Survey and Risk Assessment, Provide Underground Storage Tank Cleanup Fund Assistance, and Serve as Regulatory Agency Liaison**

**Site: Magnolia Villas  
315 North Magnolia Avenue  
El Cajon, California**

Dear Mr. Keltner:

SCS Engineers (SCS) is pleased to submit this scope of services change (SSC3) to conduct additional site assessment activities, groundwater monitoring and sampling activities, soil vapor survey and risk assessment, provide underground storage tank cleanup fund assistance, and provide appropriate project management and regulatory agency liaison for the above-referenced Site pursuant to the requirements of the California Regional Water Quality Control Board (RWQCB). Upon your signature, SSC3 will serve as an amendment to Exhibit 00 to the Consulting Agreement (Contract) between SCS and City of El Cajon (Client).

### 1 BACKGROUND

Pursuant to RWQCB requirements and your recent request, SCS is pleased to present this proposal for environmental consulting services for the Site and the ongoing leaking underground storage tank investigation. Historical information and background history of the Site may be found in our most recent groundwater monitoring report, *June 2015 Groundwater Monitoring Report for 315 North Magnolia Avenue, El Cajon, California (RWQCB Case Number: 9UT1401)*, dated June 29, 2015.

SCS personnel met with you and the RWQCB on June 16, 2015, to discuss historical data, RWQCB Low-Threat Closure Policy, and steps toward Site closure. Subsequently, the RWQCB issued a directive letter dated September 15, 2015 to further investigate the nature, extent, and mobility of the release by conducting additional site assessment activities including groundwater investigation onsite and downgradient and evaluate potential vapor risk offsite. Once the data and reports have been submitted, the RWQCB will review them and provide guidance on what additional work, if any, is necessary to bring the case to closure.

**EXHIBIT "A"**

## SITE DESCRIPTION SUMMARY

Site Name: Magnolia Villas

Site Owner: Magnolia Villas Home Owner's Association and Priest Development Corporation

Site Address: 315 North Magnolia Avenue, El Cajon, California  
(The Site has also been identified as 327 N. Magnolia Avenue)

RWQCB Case No: 9UT1401

Global ID: T0607300241

Assessor's Parcel Numbers (APNs): 448-420-01 to 68 and 488-421-01 to 54

## 2 OBJECTIVES

The objectives of the proposed scope of service are:

- Prepare and submit a workplan to the RWQCB to conduct additional site assessment activities to meet the objectives in the RWQCB letter dated September 15, 2015.
- Conduct additional site assessment activities onsite and offsite to further investigate the groundwater plume in the northwest portion of the Site and downgradient extent of the plume.
- Conduct groundwater monitoring and sampling to assess the possible presence of phase-separated hydrocarbons (PSH), depth-to-groundwater, hydraulic gradient, and the extent and concentrations of total petroleum hydrocarbons as gasoline (TPHg), benzene, toluene, ethylbenzene, xylenes (BTEX), and related chemicals of concern (CoCs) as well as evaluate the stability of the dissolved-phase contaminant plume.
- Evaluate potential vapor intrusion risks to residence from contaminated groundwater beneath the buildings to the north of the Site. SCS will assess the presence and concentrations of constituents of concern (CoCs) in vapor. If CoCs are detected, SCS will then conduct a health risk assessment to assess the likelihood that a significant<sup>1</sup> health risk is present in occupied structures as a result of the CoCs in groundwater.
- Prepare and submit routine reimbursement request(s) for the work described in this proposal to the USTCF on behalf of the City of El Cajon.

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<sup>1</sup> For the purposes of this assessment, significant is defined as greater than one in 1,000,000 excess lifetime cancer risk.

- Provide project management support such as City of El Cajon and regulatory agency liaison, correspondence, and meetings.

### **3 SCOPE OF SERVICES**

#### **TASK 13 PREPARATION AND SUBMITTAL OF WORKPLAN FOR ADDITIONAL SITE ASSESSMENT**

Pursuant to RWQCB requirements, a workplan is required for additional assessment activities at the above-referenced Site. Therefore, SCS personnel will prepare and submit a workplan to RWQCB. The findings of past fieldwork activities, discussions from the June 2015 meeting with RWQCB and client, and the directive letter from the RWQCB dated September 15, 2015 will serve as the foundation for the Site investigation. This workplan will purpose direct push groundwater sampling, the installation of three additional groundwater monitoring wells, soil vapor sampling, and will present the specific tasks designed to achieve the objectives and will describe the procedures used in the field, including the type of collection methods and laboratory analyses to be performed. This workplan will be submitted to RWQCB for approval prior to implementing the work discussed in the workplan.

#### **TASK 14 DRILLING AND GROUNDWATER SAMPLING FROM EIGHT DIRECT PUSH BORINGS**

The RWQCB is requiring additional assessment of the groundwater plume in the northwest portion of the Site. SCS believes soil and groundwater data collected from eight direct push borings in this area will achieve the RWQCB's requirements. The data obtained from the eight direct push borings will also be used to provide rationale for the location of the onsite groundwater monitoring well.

##### **Preparation for Field Work**

##### **Preparation of Health and Safety Plan**

A health and safety plan for work conducted at the Site and workers within the "exclusion zone" is required pursuant to the regulations found in 29 Code of Federal Regulations (CFR) Part 1910.120 and California Code of Regulations (CCR), Title 8, Section 5192. Therefore, a health and safety plan will be prepared for the proposed scope of services, and will outline the potential chemical and physical hazards that may be encountered during drilling and groundwater sampling activities. The appropriate personal protective equipment and emergency response procedures for the anticipated site-specific chemical and physical hazards will be detailed in this plan. SCS and contracted personnel involved with the proposed field work will be required to sign this document in order to encourage proper health and safety practices.

##### **Utility Search and Markout**

SCS will notify Underground Service Alert (USA), as required by state law. A private utility locator will be retained to locate and markout possible utilities in the vicinity of the proposed

boring locations. This procedure is designed to minimize the likelihood of drilling into a subsurface utility.

#### **Boring Permit Application**

SCS will submit the necessary application and fee to obtain a boring permit with the DEH for the drilling of eight temporary borings. Note that this assumes the property owner (Priest Development) will provide ready access and sign the property owner consent form to be included in the DEH boring permit application to allow drilling at the Site.

#### **Subcontractor Management**

The appropriate subcontractor services will be obtained such as sample analysis, private utility locator, and other required contractor services. This task also includes time to coordinate and manage subcontractors, such as the analytical laboratory, secure the necessary specialized equipment, and prepare for field mobilization. The estimated budget also includes limited time for project management activities such as planning, project status updates, and budget and invoice review by the project manager.

#### **Drilling and Sampling**

SCS will use Hydropunch® sampling techniques to collect preliminary groundwater data to be used to guide the placement of new groundwater monitoring wells at the Site. Hydropunch® samples will be used on the northwest portion of the Site in attempt to better define the extent of the petroleum hydrocarbon impacted groundwater plume between wells MW7-2007 and MW11R to the east of MW1-2007. One permanent groundwater monitoring well will be placed, as discussed below based upon the sample results from the Hydropunch® sampling. Please note that actual boring locations are subject to modification based on RWQCB approval, on Site access constraints, and our professional judgment.

A direct-push sampling rig will be used to drill approximately eight soil borings at selected locations. All of the borings will be advanced to groundwater, at which point a groundwater sample will be collected using a Hydropunch® or similar sampler. Up to two soil samples will be collected from each boring at the interpreted capillary fringe/saturated zone and/or based on field screening. Based on observations during the quarterly groundwater monitoring events conducted by SCS at the Site, groundwater is expected to be encountered between approximately 15 and 20 feet bgs. Soil samples will be collected for lithological logging purposes only.

Please note that while we will attempt to achieve our target depths, we may not be able to do so due to drilling "refusal" from rocks or the hardness/resistance of the soils. The drilling activities are expected to take one day to complete, assuming boring locations are readily accessible.

Because a "direct-push" drilling method is anticipated, soil cuttings will not be generated from the drilling. The borings will be backfilled with hydrated bentonite granules or grout. If an alternative drilling method is necessary, disposal of generated soil cuttings will be required.

A groundwater sample will be collected using a Hydropunch® or similar sampler and disposable bailer. Purge water is not anticipated to be generated during groundwater sampling.



Pursuant to DEH sampling requirements, the sampling equipment will be decontaminated onsite between soil samples to minimize the likelihood of "cross-contaminating" the samples and to minimize the potential for a "false positive" in the soil samples analyzed.

#### **Groundwater Sample Analysis**

A state-accredited off-site laboratory will be used to analyze the collected samples for groundwater characterization. We anticipate that eight groundwater samples will be analyzed for total petroleum hydrocarbons as gasoline (TPHg); benzene, toluene, ethylbenzene, total xylenes (BTEX); methyl tertiary butyl ether (MTBE), di-isopropyl ether (DIPE), ethyl tertiary butyl ether (ETBE), amyl methyl ether (TAME), and tertiary butyl alcohol (TBA) collectively referred to as fuel oxygenates in accordance with EPA Method 8260B.

#### **Report Preparation**

SCS will prepare and submit a transmittal letter with tabulated data and figure(s) showing sample results from the direct push sampling activities to the RWQCB. The letter will include a recommendation for the location to install the on-Site groundwater monitoring well.

In addition to the transmittal letter, the findings of the field investigation and laboratory results from the above scope of services will be presented in the assessment report described in Task 15 below. Time for SCS staff to prepare the appropriate sections regarding work performed in the scope described in Task 14 is included in the budget for Task 14.

### **TASK 15 DRILLING AND INSTALLATION OF THREE GROUNDWATER MONITORING WELLS**

In accordance with RWQCB requirements, SCS proposes to install a total of three additional groundwater monitoring wells to further delineate the horizontal extent of volatile organic compounds (VOCs) at the Site and downgradient of the Site. The anticipated location of each proposed groundwater monitoring well is described below:

- One on-Site well approximately 150-200 feet east of existing well MW1-2007
- One off-Site well approximately 75-100 feet north of existing well MW12
- One off-Site well approximately 75-100 feet east of existing well MW12

#### **Preparation for Field Work**

##### **Preparation of Health and Safety Plan**

A health and safety plan for work conducted at the Site and workers within the "exclusion zone" is required pursuant to the regulations found in 29 Code of Federal Regulations (CFR) Part 1910.120 and California Code of Regulations (CCR), Title 8, Section 5192. Therefore, a health and safety plan will be prepared for the proposed scope of services, and will outline the potential chemical and physical hazards that may be encountered during drilling and sampling activities.

The appropriate personal protective equipment and emergency response procedures for the anticipated site-specific chemical and physical hazards will be detailed in this plan. SCS and contracted personnel involved with the proposed field work will be required to sign this document in order to encourage proper health and safety practices.

#### **Utility Search and Markout**

SCS will notify Underground Service Alert (USA), as required by state law. A private utility locator will be retained to locate and markout possible utilities in the vicinity of the proposed groundwater monitoring wells. This procedure is designed to minimize the likelihood of drilling into a subsurface utility.

#### **Well Permit Application and Private Property Access Agreement**

SCS will submit the necessary application and fee to obtain a monitoring well permit with the DEH for the installation of three groundwater monitoring wells. In addition, negotiations with and access agreements for monitoring wells offsite will be conducted.

Because the level of effort associated with obtaining site access is unknown (and based on SCS experience can be highly variable) SCS has assumed the following level of effort, which should be considered a "bid allowance":

- Eight hours Project Professional
- Two hours Project Director
- One hour Administrative

In addition, Client assistance will be integral to negotiate site access and we have assumed that the Client will provide support and assistance in these negotiations (e.g., drafting or review of access agreements; assistance/attendance at meetings).

#### **Subcontractor Management**

The appropriate subcontractor services will be obtained such as sample analysis, private utility locator, and other required contractor services. This task also includes time to coordinate and manage subcontractors, such as the analytical laboratory, secure the necessary specialized equipment, and prepare for field mobilization. The estimated budget also includes limited time for project management activities such as planning, client communication and liaison, project status updates, and budget and invoice review by the project manager.

#### **Drilling and Soil Sampling**

A truck-mounted drilling rig equipped with hollow stem augers will be used to drill one soil boring to a depth of up to approximately 30 feet below grade surface (bgs) and two soil borings to depths of up to approximately 35 feet bgs. The drilling depths are based on the reported depth to groundwater in the site vicinity.

Please note that while we will attempt to achieve our target depths, we may not be able to do so due to drilling "refusal" from rocks or the hardness/resistance of the soils. The drilling activities are expected to take two consecutive days to complete, assuming boring locations are readily accessible.

During the drilling activities, soil samples will be collected at approximately 5-foot-depth intervals, at significant lithological changes, at the capillary fringe, and at other appropriate depths based on the professional judgment of the on-site geologist. Based upon our previous observations at the Site it is likely that groundwater will be encountered at approximately 15 to 20 feet bgs on-Site and 25 to 30 feet bgs off-Site.

As many as four samples will be collected from each soil borings, or a total of up to 12 samples will be collected. Soil samples will be described in general accordance with the Unified Soil Classification System. Rock samples will be described appropriately.

As required by County of San Diego guidelines, a steam cleaner will either be on-site to steam clean the augers between soil borings, or pre-cleaned augers will be used to minimize the likelihood of cross-contaminating a given boring and to minimize the potential for a false positive in the soil samples analyzed. The soil samples from each boring will be collected, when possible, with a split-spoon or similar type sampler. The split-spoon sampler will be cleaned between sampling events with a cleaning process consisting of a water-Alconox™ solution wash, and two tap water rinses.

Soil samples will be driven into brass or stainless steel tubes. The ends of the sample tubes will be covered with Teflon® sheeting, and tightly closed with end caps for handling and transportation activities. The sample containers will be labeled and packed in ice-filled coolers for delivery to a laboratory for analysis. Chain-of-custody procedures will be implemented for sample tracking. A written analytical report will be provided by the laboratory upon completion of the sample testing. Soil cuttings will be placed in Department of Transportation (DOT)-rated 55-gallon drums. Please note for budgetary purposes we have assumed that these wells will be installed during a single mobilization.

#### **Soil Sample Analysis**

An off-Site state-accredited laboratory will be used to analyze the collected soil samples for the following:

- Up to 12 soil samples will be analyzed for TPHg in general accordance with California Department of Health Services Leaking Underground Full Tank (CAL DHS LUFT) or EPA 8015B Modified Method.
- One soil sample from each boring will be analyzed for BTEX and fuel oxygenates in general accordance with EPA Method 8260B.

### **Groundwater Monitoring Well Installation**

After each boring is drilled, a groundwater monitoring well will be installed. The wells will be constructed of 2-inch-diameter polyvinyl chloride (PVC) casing and screen. We anticipate installing 15 feet of 0.020-inch screened casing from the total depth of each boring and completing the casing interval with blank casing. An appropriately graded sand filter pack will be installed around the well screen and extending at least two feet above the screened interval. After the installation of the sand filter pack, but before the bentonite seal is placed, the well will be surged to settle the sand pack.

A minimum of 3 feet of bentonite seal will be placed and hydrated above the sand filter pack. The annular space above the seal will be filled with bentonite grout up to 3 feet below grade. The well will be completed with a traffic-rated road box set in a 3-foot-diameter concrete apron in accordance with current DEH guidelines.

### **Well Development**

The three new monitoring wells will be developed with a surge block or similar device. The process of surging and purging will be repeated several times as necessary after well completion until the well development process is judged complete. Development water will be placed in appropriate 55-gallon drums, which will be labeled and left on-site pending receipt of analytical results and evaluation of disposal options.

### **Installation of Dedicated Low-flow Bladder Pumps**

SCS will purchase and install three new dedicated low-flow bladder pumps and tubing. The pumps will be installed in the new groundwater monitoring wells.

### **Well Survey**

After completion, all new Site monitoring wells will be surveyed and tied into the existing datum and well network by a licensed land surveyor to allow for an accurate estimate of groundwater elevation and gradient in accordance with State of California regulations.

### **Disposal of Soil Cuttings, Rinsate Water, and Purged Groundwater**

Soil cuttings, rinsate water, and purged groundwater generated during the well installation and development activities will be placed in appropriate 55-gallon drums. The disposal of the soil cuttings and rinsate water may be dependent upon the concentrations of petroleum hydrocarbons encountered. For budgetary purposes, we have assumed that all drums will be disposed as non-hazardous waste.

If the City of El Cajon is unable to provide an authorized representative to sign the manifests at the time of scheduled waste pickup, SCS will provide a representative who is qualified under 49 CFR Subpart H (Parts 172.700-704), to act as the signatory for the generator (the City of El Cajon). Your signature on this proposal indicates your agreement for SCS to act as your authorized agent, if necessary.

### **Report Preparation**

Based on the findings of the field investigation and laboratory results from the drilling and sampling activities a report (Assessment Report) will be prepared in general accordance with RWQCB guidelines. This Report will include laboratory reports, chain-of-custody records, figures, tabulated analytical results, soil sampling results, boring logs, and appropriate supporting documentation. The Report will be peer reviewed and signed by the appropriately licensed professional. The work conducted at the Site will be overseen by a professional geologist.

### **Electronic Delivery Format Upload**

In addition, pursuant to State of California law, an electronic delivery format (EDF) report of the semi-annual groundwater sample laboratory analytical results, depths to groundwater and a PDF copy of the Reports will be prepared and submitted to the State of California GeoTracker database.

## **TASK 16 FOURTH QUARTER 2015 SEMI-ANNUAL GROUNDWATER MONITORING AND SAMPLING EVENT AND REPORTING**

SCS proposes to conduct one full groundwater monitoring and sampling event during the fourth quarter 2015 (4Q2015). All twelve wells will be monitored for depth to groundwater and the presence of PSH using an inter-phase probe with the manufacturer's reported accuracy of 0.01 foot. Purging and groundwater sampling will be performed in general accordance with DEH guidelines. Purge water generated during purging and sampling will be placed in appropriate 55-gallon drums which will be labeled and stored on the Site pending disposal.

The eight on-Site wells (MW1-2007 through MW8-2007) and four off-Site wells (MW10, MW11R, MW12, and MW13) will be monitored and sampled using the low-flow method with the dedicated bladder pumps and tubing in each well. The sample will be collected after the groundwater quality meter has been disconnected from the tubing, and the sample will be decanted directly into appropriate, laboratory-supplied containers.

All groundwater samples will be labeled and transported in an ice-packed cooler under chain-of-custody procedures to a state-accredited laboratory for the following analyses:

- TPHg in general accordance with EPA Method 8015 or CA DHS LUFT Method
- BTEX and fuel oxygenates in accordance with EPA Method 8260B

### **Disposal of Purged Groundwater**

Purged groundwater and rinsate generated during the assessment activities will be placed in an appropriate 55-gallon drum. The disposal of the groundwater and rinsate may be dependent upon the concentrations of petroleum hydrocarbons encountered. For budgetary purposes, we have assumed that one drum will be generated and disposed as non-hazardous waste.

If the City of El Cajon is unable to provide an authorized representative to sign the manifests at the time of scheduled waste pickup, SCS will provide a representative who is qualified under 49 CFR Subpart H (Parts 172.700-704), to act as the signatory for the generator (the City of El Cajon). The budget includes time for our representative to travel to and from the Site and for the disposal of one drum of non-hazardous waste. Your signature on this proposal indicates your agreement for SCS to act as your authorized agent, if necessary.

#### **Report Preparation**

Based on the findings of the field investigation and laboratory results from the fourth quarter 2015 sampling event a groundwater monitoring report (4Q2015 Report) will be prepared in general accordance with RWQCB guidelines. This 4Q2015 Report will cover the routine groundwater monitoring and include laboratory reports, chain-of-custody records, figures, tabulated analytical results, groundwater sampling results, and appropriate supporting documentation. The 4Q2015 Report will be peer reviewed and signed by the appropriately licensed professional. The work conducted at the Site will be overseen by a professional geologist.

#### **Electronic Delivery Format Upload**

In addition, pursuant to State of California law, an electronic delivery format (EDF) report of the semi-annual groundwater sample laboratory analytical results, depths to groundwater and a PDF copy of the Reports will be prepared and submitted to the State of California GeoTracker database.

### **TASK 17 FIRST QUARTER 2016 LIMITED GROUNDWATER MONITORING AND SAMPLING EVENT**

SCS proposes to conduct one limited groundwater monitoring and sampling event during the first quarter 2016 (1Q2016). This sampling event will occur after the installation of the three proposed wells. All twelve wells and three new wells will be monitored for depth to groundwater and the presence of PSH using an inter-phase probe with the manufacturer's reported accuracy of 0.01 foot. Purging and groundwater sampling will be performed on the three new wells in general accordance with DEH guidelines. Purge water generated during purging and sampling will be placed in appropriate 55-gallon drums which will be labeled and stored on the Site pending disposal.

The three new wells will be purged and sampled using the low-flow method with dedicated bladder pumps and tubing in each well. The sample will be collected after the groundwater quality meter has been disconnected from the tubing, and the sample will be decanted directly into appropriate, laboratory-supplied containers.

All groundwater samples will be labeled and transported in an ice-packed cooler under chain-of-custody procedures to a state-accredited laboratory for the following analyses:

- TPHg in general accordance with EPA Method 8015 or CA DHS LUFT Method

- BTEX and fuel oxygenates in accordance with EPA Method 8260B

#### **Disposal of Purged Groundwater**

Purged groundwater and rinsate generated during the assessment activities will be placed in appropriate 55-gallon drums. The disposal of the groundwater and rinsate may be dependent upon the concentrations of petroleum hydrocarbons encountered. For budgetary purposes, we have assumed that one drum will be generated and disposed as non-hazardous waste.

If the City of El Cajon is unable to provide an authorized representative to sign the manifests at the time of scheduled waste pickup, SCS will provide a representative who is qualified under 49 CFR Subpart H (Parts 172.700-704), to act as the signatory for the generator (the City of El Cajon). The budget includes time for our representative to travel to and from the Site and for the disposal of one drum of non-hazardous water. Your signature on this proposal indicates your agreement for SCS to act as your authorized agent, if necessary.

#### **Report Preparation**

The findings of the field investigation and laboratory results from the above scope of services will be presented in a single report described in Task 18 below. Time for SCS staff to prepare the appropriate sections regarding work performed in the scope described in Task 17 is included in the budget for Task 17.

#### **Electronic Delivery Format Upload**

In addition, pursuant to State of California law, an electronic delivery format (EDF) report of the groundwater sample laboratory analytical results and depths to groundwater will be prepared and submitted to the State of California GeoTracker database.

### **TASK 18 SECOND QUARTER 2016 GROUNDWATER MONITORING AND SAMPLING EVENT AND REPORTING**

SCS proposes to conduct one full groundwater monitoring and sampling event during the second quarter 2016 (2Q2016). All fifteen wells will be monitored for depth to groundwater and the presence of PSH using an inter-phase probe with the manufacturer's reported accuracy of 0.01 foot. Purging and groundwater sampling will be performed in general accordance with DEH guidelines. Purge water generated during purging and sampling will be placed in appropriate 55-gallon drums which will be labeled and stored on the Site pending disposal.

The nine on-Site wells (MW1-2007 through MW8-2007 and 1 new well) and six off-Site wells (MW10, MW11R, MW12, MW13, and 2 new wells) will be monitored and sampled using the low-flow method with the dedicated bladder pumps and tubing in each well. The sample will be collected after the groundwater quality meter has been disconnected from the tubing, and the sample will be decanted directly into appropriate, laboratory-supplied containers.

All groundwater samples will be labeled and transported in an ice-packed cooler under chain-of-custody procedures to a state-accredited laboratory for the following analyses:

- TPHg in general accordance with EPA Method 8015 or CA DHS LUFT Method
- BTEX and fuel oxygenates in accordance with EPA Method 8260B

#### **Disposal of Purged Groundwater**

Purged groundwater and rinsate generated during the assessment activities will be placed in appropriate 55-gallon drums. The disposal of the groundwater and rinsate may be dependent upon the concentrations of petroleum hydrocarbons encountered. For budgetary purposes, we have assumed that one drum will be generated and disposed as non-hazardous waste.

If the City of El Cajon is unable to provide an authorized representative to sign the manifests at the time of scheduled waste pickup, SCS will provide a representative who is qualified under 49 CFR Subpart H (Parts 172.700-704), to act as the signatory for the generator (the City of El Cajon). The budget includes time for our representative to travel to and from the Site and for the disposal of one drum of non-hazardous water. Your signature on this proposal indicates your agreement for SCS to act as your authorized agent, if necessary.

#### **Report Preparation**

Based on the findings of the field investigation and laboratory results from the above scope of services from Task 17 and 18, one groundwater monitoring report (2Q2016 Report) will be prepared in general accordance with RWQCB guidelines. This 2Q2016 Report will cover the routine groundwater monitoring events and include laboratory reports, chain-of-custody records, figures, tabulated analytical results, groundwater sampling results, and appropriate supporting documentation. The 2Q2016 Report will be peer reviewed and signed by the appropriately licensed professional. The work conducted at the Site will be overseen by a professional geologist.

#### **Electronic Delivery Format Upload**

In addition, pursuant to State of California law, an electronic delivery format (EDF) report of the semi-annual groundwater sample laboratory analytical results, depths to groundwater and a PDF copy of the Reports will be prepared and submitted to the State of California GeoTracker database.

### **TASK 19 SOIL VAPOR SURVEY AND RISK ASSESSMENT**

In accordance with RWQCB requirements, SCS proposes to collect soil vapor data at eight locations near residential buildings to the north of the Site to evaluate potential vapor intrusion to indoor air. The eight proposed soil vapor sampling locations are located on the property north of the Site at 280 Wells Avenue. The residential buildings at this property are located near groundwater monitoring wells MW11R and MW12.



## **Preparation for Fieldwork**

### **Preparation of Health and Safety Plan**

A health and safety plan for work conducted at the Site and workers within the "exclusion zone" is required pursuant to the regulations found in 29 Code of Federal Regulations (CFR) Part 1910.120 and California Code of Regulations (CCR), Title 8, Section 5192. Therefore, a health and safety plan will be prepared for the proposed scope of services, and will outline the potential chemical and physical hazards that may be encountered during soil vapor sampling activities. The appropriate personal protective equipment and emergency response procedures for the anticipated site-specific chemical and physical hazards will be detailed in this plan. SCS and contracted personnel involved with the proposed field work will be required to sign this document in order to encourage proper health and safety practices.

### **Utility Search and Markout**

SCS will notify Underground Service Alert (USA), as required by state law. A private utility locator will be retained to locate and markout possible utilities in the vicinity of the proposed groundwater monitoring wells. This procedure is designed to minimize the likelihood of drilling into a subsurface utility.

### **Private Property Access Agreement**

Negotiations with and access agreements for soil vapor sampling offsite will be conducted. SCS anticipates collecting all eight soil vapor samples from the property located at 280 Wells Avenue.

Because the level of effort associated with obtaining site access is unknown (and based on SCS experience can be highly variable) SCS has assumed the following level of effort, which should be considered a "bid allowance":

- Four hours Project Professional
- One hours Project Director
- One hour Administrative

In addition, Client assistance will be integral to negotiate site access and we have assumed that the Client will provide support and assistance in these negotiations (e.g., drafting or review of access agreements; assistance/attendance at meetings).

### **Subcontractor Management**

The appropriate subcontractor services will be obtained such as utility clearance, drilling, sample analysis, and other required contractor services. This task also includes time to coordinate and manage subcontractors, secure the necessary specialized equipment, and prepare for field mobilization.

### **Soil Vapor Borings**

SCS proposes to collect up to 8 soil vapor samples from temporary vapor wells. The soil vapor sampling probe, which consists of a 1-inch diameter, hollow, metal rod will be driven to the desired sampling depth using a roto-hammer at up to 8 locations. Soil vapor samples will be collected from approximately 5 feet below grade. The estimated budget includes the analysis of one duplicate sample. Sampling will be conducted following Department of Toxic Substances Control guidelines. The soil vapor probe holes will be backfilled with appropriate backfill materials. Please note that while we will make our best effort to achieve the target depths and collect soil vapor samples, we may not be able to do so because of the hardness or resistance of the soil encountered during drilling. Chain-of-custody procedures will be implemented for sample tracking. Note that the RWQCB may require multiple sampling events. If so, SCS will prepare and submit a permit application and construct the probes as semi-permanent soil vapor sampling wells. This would result in contingency monies being used from Task 22 described below, if required.

### **Laboratory Analysis**

The soil vapor samples will be analyzed by a State-accredited laboratory. Samples will be analyzed for VOCs including BTEX and fuel oxygenates in general accordance with Modified EPA Method 8260SV. The estimated budget includes the analysis of as many as 8 soil vapor samples. If additional sample analysis is deemed necessary based on laboratory data, field observations, or our professional opinion, additional costs will be incurred. A written analytical report will be provided by the laboratory upon the completion of the sample testing.

### **Vapor Migration Limited Health Risk Assessment**

If detectable concentrations of VOCs are encountered in the soil vapor beneath the Site, a limited human health risk assessment will be conducted. This assessment will include a review of the information developed from the soil vapor survey to assess the extent and concentration of VOCs in soil vapor, if any, beneath the Site. In addition, this task will include identification of potential vapor migration pathways, and will identify likely future receptors for subsurface contaminants. Based on this information, SCS will develop a reasonable and defensible vapor phase transport model. SCS personnel will then assess whether a potential significant human health risk exists off-Site based on the available data and current land uses.

### **Report Preparation**

The findings of the field investigation and laboratory results from the above scope of services in Task 19 will be included in either the Assessment Report or the 2Q2016 Report. Time for SCS staff to prepare the appropriate sections in the report is included in Task 19.

## TASK 20 PREPARE AND SUBMIT A USTCF REIMBURSEMENT REQUEST

SCS will prepare and submit a request for the reimbursement of recent invoices consisting of the following:

- Preparation of spreadsheet with reimbursable costs (well installation, sampling, etc.)
- File review to provide agency correspondence and directives
- Organization of all invoices to be reimbursed and the required subcontractor backup and cancelled checks to the same
- Inclusion of required contracts and EDF submittals
- Preparation of a scope of work narrative
- Liaise with the USTCF as questions arise pertaining to the reimbursement request
- Inclusion of requisite forms
- Client meeting to review completed reimbursement request(s)
- Subsequent reimbursement requests (not appeals) should the USTCF place items in the "pending" category requiring further clarification
- Subsequent reimbursement requests

SCS will base their cost to prepare a reimbursement request on an hourly time and materials basis to prepare each reimbursement request. Please note that some of the costs included in this task are past costs.

## TASK 21 PROJECT MANAGEMENT/REGULATORY AGENCY LIAISON AND NEGOTIATION AND SUPPORT

This task includes SCS project management as well as regulatory agency correspondence, meetings, and liaison. The estimated budget for this task is based on an hourly time and materials basis and includes meeting preparation time and attendance at meeting(s) by the licensed professional geologist, a principal of the firm, and the project manager.

In addition, this task includes Client Meetings and updates, and other follow up or support, as required or directed by the Client.

## TASK 22 RWQCB CONTINGENCY

The scope of work described in Tasks 14 through 19 is based on the SCS's understanding of the RWQCB requirements described in their September 15, 2015 directive letter. The scope of work described above will be included in the workplan that will be submitted to the RWQCB for approval. Please note that the RWQCB may modify the scope of work proposed in the workplan, which SCS cannot determine or budget for until the proposed workplan is submitted and reviewed by the RWQCB. Examples of out of scope items the RWQCB could require are additional sample locations, additional samples per boring, analysis of additional constituents, ect. This task is a contingency to allow budget for potential out of scope work required by the RWQCB that is outside of SCS's proposed scope of work described in Tasks 14 through 19. If the workplan is approved by the RWQCB without modification, SCS will not charge to this task.

#### 4 BUDGET AND SCHEDULE

The SCS team stands ready to begin this project immediately upon receipt of the signed Contract. SCS estimates that Task 13 can be completed within 2-3 weeks of the signed contract and additional work thereafter will be completed as quickly and efficiently as possible. Possible impediments to the schedule include property access negotiations, timely RWQCB approval, availability of subcontractors, and the timing of permits. Results from the field work should be available approximately two weeks from each sampling event. Reports will be prepared and submitted to the RWQCB within 60 working days of the receipt of all laboratory data. SCS expects to complete the scope of work described in SSC3 by July 31, 2016.


Task	Description	Estimated Cost
13	Preparation and Submittal of Workplan for Additional Site Assessment	\$2,800
14	Drilling and Groundwater Sampling from Eight Direct Push Borings	\$16,600
15	Drilling and Installation of Three Groundwater Monitoring Wells	\$30,500
16	Fourth Quarter 2015 Semi-Annual Groundwater Monitoring and Sampling Event and Reporting	\$10,600
17	First Quarter 2016 Limited Quarterly Groundwater Monitoring and Sampling Event	\$4,000
18	Second Quarter 2016 Semi-Annual Groundwater Monitoring and Sampling Event and Reporting	\$13,000
19	Soil Vapor Survey and Risk Assessment	\$7,500
20	Prepare and Submit USTCF Reimbursement Request	\$3,000
21	Project Management and Regulatory Agency Liaison and Negotiation	\$3,500
22	RWQCB Contingency	\$15,000
	<b>Total Cost - Not to Exceed</b>	<b>\$106,500</b>

The Total Time and Materials Not to Exceed Cost For the Site Assessment Activities Described in Tasks 13, 14, 15, 16, 17, 18, 19, 20, 21, and 22 Herein Is \$ 106,500.

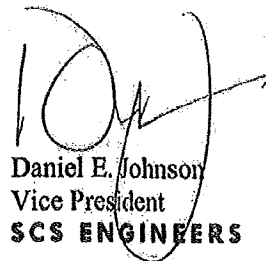
Compensation described herein shall be subject to renegotiation if authorization to proceed has not been given within 30 days of the date of the Agreement of Services. We propose to perform our services, and invoice, in accordance with the executed Consulting Agreement and the attached Schedule of Rates and Conditions of Service.

If we can be of further assistance, or if you have any questions regarding the above scope of services, please contact one of the undersigned at (858) 571-5500.

Sincerely,



Chris Crosby, MBA  
Project Professional  
SCS ENGINEERS



Daniel E. Johnson  
Vice President  
SCS ENGINEERS

## CONDITIONS OF SERVICE

This Proposal is based on, but not limited to, the following conditions:

### GENERAL CONDITIONS

We would be pleased to perform services in addition to those described in this Proposal. However, additional services that are requested that are not specifically outlined in this Proposal will be billed to the City of El Cajon as an additional cost per our Fee Schedule contained herein. We also respectfully request written notification of any additional tasks that you desire us to perform.

### CLIENT SERVICE SUPPORT

The City of El Cajon will provide available reports (such as geotechnical and grading), maps, as-built drawings, and all other documentation regarding historical land usage and Site history, including, but not limited to, construction plans, subsurface investigations, geophysical studies, and copies of previous environmental studies. If "as built" are not available or are inaccurate, SCS is not responsible for damages of any kind from this investigation to features including, but not limited to, subsurface structures, utilities, appurtenances, and improvements, including consequential damages.

### USTCF

SCS agrees to provide the City of El Cajon with necessary detailed invoices and backup to support claims made to the USTCF. For an additional fee as noted in Task 3, SCS will submit requests for reimbursement to the USTCF, including but not limited to the preparation of necessary spreadsheets and backup documentation. USTCF assistance will not be provided by SCS until receipt of notice to proceed with Task 3 from the City of El Cajon.

**SCS ENGINEERS**

**SCS ENGINEERS SAN DIEGO  
FEE SCHEDULE**  
(Effective April 1, 2015 through March 31, 2016)

	<b>Rate/Hour</b>
Clerical .....	72
Administrative/Secretarial.....	74
Technician.....	80
Senior Engineering Technician.....	82
CADD Drafter.....	86
Designer/Drafter .....	88
Office Services Manager/Project Administrator.....	88
Technical Editor.....	92
Associate Staff Professional .....	92
Project Analyst.....	100
Office Services Manager/Senior Project Administrator .....	105
Staff Professional I.....	105
Staff Professional II .....	113
Project Professional I.....	120
Project Professional II.....	128
Construction Superintendent.....	123
Laboratory Manager.....	133
Senior Project Professional I.....	146
Senior Project Professional II .....	156
Certified Safety Professional .....	169
Certified Environmental Manager .....	169
Certified Industrial Hygienist .....	169
Project Manager I.....	169
Project Manager II .....	179
Senior Project/Technical Manager.....	198
Project Director.....	218
Principals.....	See Note 7

**General Terms**

1. Scheduled rates are effective through March 31, 2016. Work performed thereafter is subject to a new Fee Schedule.
2. Scheduled labor rates include overhead, administration, and profit. Costs for outside consultants and subcontractors, equipment/supplies, and for job-related employee travel and subsistence, are billed at actual cost plus a 10 percent administrative fee.



3. Charges for SCS field equipment and instruments will be in accordance with SCS's Field Equipment Rental Rates Schedule in effect at the time the work is performed. Vehicles will be charged at the Federal mileage rate then in effect.
4. Invoices will be prepared monthly or more frequently for work in progress, unless otherwise agreed. Invoices are due and payable upon receipt. Invoices not paid within 30 days are subject to a service charge of 1.5 percent per month on the unpaid balance.
5. Payment of SCS invoices for services performed will not be contingent upon the client's receipt of payment from other parties, unless otherwise agreed in writing. Client agrees to pay legal costs, including attorney's fees, incurred by SCS in collecting any amounts past due and owing on client's accounts.
6. For special situations such as expert court testimony and limited consultation, hourly rates will be on an individually negotiated basis and general litigation support will be charged at normal hourly rates.
7. Hourly rates for Principals will be on an individually negotiated basis. Typically, these rates are \$245/hour for Vice Presidents and other Principals and \$290/hour for Senior Vice Presidents and Senior Executives.
8. Per diem will be charged on all projects requiring overnight stays from our office. The per diem rate is \$175.00 per day per person or the federal per diem rate for the area, whichever is greater.
9. Overtime will be charged at 125 percent of standard rates for weekday work in excess of 8 hours. Work performed on holidays and weekends will be charged at 150 percent of standard rates.



**EQUIPMENT FEES - 01 OFFICES**  
 (Effective April 1, 2014 through March 31, 2015)

Description	Daily or Each	Weekly	Monthly
<b>Consumables</b>			
Per Diem	\$175.00		
Per Diem FUND	\$125.00		
PPE Supplies and Misc. Equipment	\$25.00	\$75.00	\$200.00
Monitoring Equipment Unit Charge	\$1.00		
Ballers-Disposable	\$15.00		
Bentonite Chips (bag)	\$15.00		
Bladder, Disposable	\$15.00		
Cement/Asphalt (sack)	\$10.00		
Distilled Water	\$10.00		
DOT 55-Gallon Drum	\$65.00		
Locking Caps-2"	\$20.00		
Locking Caps-4"	\$22.00		
Locking Well Caps	\$20.00		
Padlock	\$15.00		
Tubing (3/8 or 1/4-inch polyethylene) - per foot	\$0.15		
Tubing (Polyethylene/Teflon lined) - per foot	\$1.45		
Tedlar Bag, 1 Liter	\$13.00		
Tedlar Bag, 3 Liter	\$15.00		
Tedlar Bag, 5 Liter	\$17.00		
Tubes with Caps/Teflon Sheets	\$8.00		
Tyvek Suit (Polylaminated)	\$15.00		
Tyvek Suit (Standard)	\$10.00		
Respirator Cartridge	\$35.00		
Upside-Down Marking Paint	\$9.00		
Visqueen 10 mil 20' x 100'	\$115.00		
<b>Equipment</b>			
<b>Gas and Air Quality Sampling/Monitoring</b>			
Anemometer/Barometer	\$25.00	\$75.00	\$225.00
Anemometer/Thermometer - Extech	\$25.00	\$75.00	\$225.00
Combustible Gas Meter (LEL/02)	\$50.00	\$150.00	\$450.00
Composite Bomb Sampler	\$50.00	\$150.00	\$450.00
Drager Pump	\$25.00		
Drager CMS Analyzer	\$50.00		
Drager CMS Analyzer Chips	\$150.00		
Dust Meter (personal data Ram or equivalent)	\$75.00	\$225.00	\$675.00

**EQUIPMENT FEES - 01 OFFICES**  
 (Effective April 1, 2014 through March 31, 2015)

Description	Daily or Each	Weekly	Monthly
Dust-Trak	\$125.00	\$325.00	\$975.00
Flow Meter Thermometer, Supco CMF	\$5.00	\$10.00	\$25.00
Gas Detector - Gastec, LEL, O2, CH4	\$125.00		
GEM 2000	\$150.00	\$450.00	\$1,350.00
Gillian Air Sampling Pump (1)	\$50.00		
Gillian Air Sampling Pump (case of 4)	\$400.00		
Indoor Air Quality Meter, TSI Q-Track 8551	\$85.00	\$250.00	\$750.00
Landtec GEM 500 LFG Monitor	\$100.00	\$300.00	\$900.00
Magnehelic Gauge	\$5.00	\$15.00	\$45.00
Manometer, Digital	\$15.00	\$45.00	\$135.00
Manometer, Omega HHP-2080	\$25.00	\$75.00	\$225.00
Meter, Davis Air Flow	\$5.00	\$15.00	\$45.00
Meter, 4-Gas (QRAE or equivalent)	\$100.00	\$300.00	\$900.00
MultiRae Plus Multi (day)	\$100.00	\$250.00	\$750.00
Particle Sampler, SKC GS-3 Respirable Dust Cyclones	\$10.00	\$25.00	\$75.00
Particle Sampler, Zefon Bio Pump ZBP-1000	\$75.00	\$200.00	\$600.00
Personal/Ambient Air Sampling Pumps	\$25.00	\$75.00	\$225.00
Photovac FID	\$75.00	\$225.00	\$675.00
PID-MiniRAE 2000	\$75.00	\$225.00	\$675.00
PID-MiniRAE 3000	\$80.00	\$240.00	\$720.00
Pump, SKC Hi & Low Flow 224-44XR Pump	\$25.00	\$75.00	\$225.00
Pump, SKC Hi & Low Flow 224-44XR Pumps (5-pack)	\$75.00	\$225.00	\$675.00
Pump, SKC Low-Flow 222-4 Pump	\$25.00	\$75.00	\$225.00
Pump, SKC Low-Flow 210-1002 Pump	\$25.00	\$75.00	\$225.00
RKI Eagle 401 Multi	\$100.00	\$250.00	\$750.00
TSI Q-Trak 8551 Indoor Air Quality Meter	\$75.00	\$225.00	\$675.00
TVA 1000B FID Only	\$150.00	\$450.00	\$1,350.00
TVA 1000B PID FID	\$180.00	\$540.00	\$1,620.00
Vacuum Box, SKC	\$35.00	\$75.00	\$225.00
Velocalc, TSI 8345	\$40.00	\$120.00	\$360.00
Weather Station	\$35.00	\$105.00	\$315.00
<b>Soil Sampling</b>			
Geoprobe 540 MT (>8 hours, overtime/hour)	\$200.00		
Geoprobe 540 MT (4 hours - 1 Tech)	\$900.00		
Geoprobe 540 MT (8 hours - 2 Tech)	\$2,300.00		
Geoprobe 540 MT (8 hours - 1 Tech)	\$1,700.00		
Soil Sampling Kit (Hand Auger)	\$75.00	\$225.00	\$675.00

**EQUIPMENT FEES - 01 OFFICES**  
 (Effective April 1, 2014 through March 31, 2015)

Description	Daily or Each	Weekly	Monthly
Soil Sampling Kit (Flighted Auger Kit w/Bosch Rotary Hammer)	\$150.00	\$450.00	\$1,350.00
<b>Water Sampling/Monitoring</b>			
Interface Probe	\$50.00	\$150.00	\$450.00
Water Level Meter, QED w/drawdown control	\$45.00		
Water Level Meter	\$35.00	\$75.00	\$225.00
Water Purging Pump/12V DC Pump	\$50.00	\$150.00	\$450.00
Water Purging Pump-Grundfos	\$100.00	\$250.00	\$750.00
Grundfos Redi-flo	\$130.00	\$300.00	\$675.00
Horiba U-52 Water Quality Mtr	\$125.00	\$375.00	\$1,125.00
Horiba U-53	\$125.00	\$375.00	\$1,125.00
Peristaltic Pump	\$125.00	\$375.00	\$1,125.00
QED Micropurge Backpack Controller	\$100.00	\$300.00	\$900.00
QED Drawdown Controller	\$50.00	\$150.00	\$450.00
QED MP-10	\$75.00	\$225.00	\$675.00
QED MP 15 Micro purge controller/CO2	\$100.00	\$300.00	\$900.00
QED MP20	\$125.00	\$375.00	\$1,125.00
Turbidity Meter	\$35.00	\$75.00	\$225.00
<b>Miscellaneous Equipment</b>			
Decibel Meter, sound	\$35.00	\$75.00	\$225.00
Generator	\$60.00	\$180.00	\$360.00
Light Meter, Extech	\$10.00	\$25.00	\$75.00
Microbial Sampler, Aerotech 6	\$25.00	\$75.00	\$225.00
MIE Personal DataRAM	\$100.00	\$300.00	\$900.00
Moisture Meter	\$20.00	\$60.00	\$120.00
XRF Analyzer	\$500.00	\$1,500.00	\$5,000.00
<b>Other Charges</b>			
Vehicle/Company Truck-Half Day	\$50.00		
Vehicle/Company Truck-Full Day	\$100.00		
Vehicle/Company Car-Half Day	\$40.00		
Vehicle/Company Car-Full Day	\$80.00		
Vehicle surcharge for over 100/miles in 1-day - per mile	\$0.51		

**EQUIPMENT FEES - 01 OFFICES**  
 (Effective April 1, 2014 through March 31, 2015)

Description	Daily or Each	Weekly	Monthly
<b>Consumables</b>			
Per Diem	\$175.00		
Per Diem FUND	\$125.00		
PPE Supplies and Misc. Equipment	\$25.00	\$75.00	\$200.00
Monitoring Equipment Unit Charge	\$1.00		
Ballers-Disposable	\$15.00		
Bentonite Chips (bag)	\$15.00		
Bladder, Disposable	\$15.00		
Cement/Asphalt (sack)	\$10.00		
Distilled Water	\$10.00		
DOT 55-Gallon Drum	\$65.00		
Locking Caps-2"	\$20.00		
Locking Caps-4"	\$22.00		
Locking Well Caps	\$20.00		
Padlock	\$15.00		
Tubing (3/8 or 1/4-inch polyethylene) - per foot	\$0.15		
Tubing (Polyethylene/Teflon lined) - per foot	\$1.45		
Tedlar Bag, 1 Liter	\$13.00		
Tedlar Bag, 3 Liter	\$15.00		
Tedlar Bag, 5 Liter	\$17.00		
Tubes with Caps/Teflon Sheets	\$8.00		
Tyvek Suit (Poly laminated)	\$15.00		
Tyvek Suit (Standard)	\$10.00		
Respirator Cartridge	\$35.00		
Upside-Down Marking Paint	\$9.00		
Visqueen 10 mil 20' x 100'	\$115.00		
<b>Equipment</b>			
<b>Gas and Air Quality Sampling/Monitoring</b>			
Anemometer/Barometer	\$25.00	\$75.00	\$225.00
Anemometer/Thermometer - Extech	\$25.00	\$75.00	\$225.00
Combustible Gas Meter (LEL/O2)	\$50.00	\$150.00	\$450.00
Composite Bomb Sampler	\$50.00	\$150.00	\$450.00
Drager Pump	\$25.00		
Drager CMS Analyzer	\$50.00		
Drager CMS Analyzer Chips	\$150.00		
Dust Meter (personal data Ram or equivalent)	\$75.00	\$225.00	\$675.00

**EQUIPMENT FEES - 01 OFFICES**  
 (Effective April 1, 2014 through March 31, 2015)

Description	Daily or Each	Weekly	Monthly
Dust-Trak	\$125.00	\$325.00	\$975.00
Flow Meter Thermometer, Supco CMF	\$5.00	\$10.00	\$25.00
Gas Detector - Gastec, LEL, O2, CH4	\$125.00		
GEM 2000	\$150.00	\$450.00	\$1,350.00
Gillian Air Sampling Pump (1)	\$50.00		
Gillian Air Sampling Pump (case of 4)	\$400.00		
Indoor Air Quality Meter, TSI Q-Track 8551	\$85.00	\$250.00	\$750.00
Landtec GEM 500 LFG Monitor	\$100.00	\$300.00	\$900.00
Magnehelic Gauge	\$5.00	\$15.00	\$45.00
Manometer, Digital	\$15.00	\$45.00	\$135.00
Manometer, Omega HHP-2080	\$25.00	\$75.00	\$225.00
Meter, Davis Air Flow	\$5.00	\$15.00	\$45.00
Meter, 4-Gas (QRAE or equivalent)	\$100.00	\$300.00	\$900.00
MultiRae Plus Multi (day)	\$100.00	\$250.00	\$750.00
Particle Sampler, SKC GS-3 Respirable Dust Cyclones	\$10.00	\$25.00	\$75.00
Particle Sampler, Zefon Bio Pump ZBP-1000	\$75.00	\$200.00	\$600.00
Personal/Ambient Air Sampling Pumps	\$25.00	\$75.00	\$225.00
Photovac FID	\$75.00	\$225.00	\$675.00
PID-MiniRAE 2000	\$75.00	\$225.00	\$675.00
PID-MiniRAE 3000	\$80.00	\$240.00	\$720.00
Pump, SKC Hi & Low Flow 224-44XR Pump	\$25.00	\$75.00	\$225.00
Pump, SKC Hi & Low Flow 224-44XR Pumps (5-pack)	\$75.00	\$225.00	\$675.00
Pump, SKC Low-Flow 222-4 Pump	\$25.00	\$75.00	\$225.00
Pump, SKC Low-Flow 210-1002 Pump	\$25.00	\$75.00	\$225.00
RKI Eagle 401 Multi	\$100.00	\$250.00	\$750.00
TSI Q-Trak 8551 Indoor Air Quality Meter	\$75.00	\$225.00	\$675.00
TVA 1000B FID Only	\$150.00	\$450.00	\$1,350.00
TVA 1000B PID FID	\$180.00	\$540.00	\$1,620.00
Vacuum Box, SKC	\$35.00	\$75.00	\$225.00
Velocalc, TSI 8345	\$40.00	\$120.00	\$360.00
Weather Station	\$35.00	\$105.00	\$315.00
<b>Soil Sampling</b>			
Geoprobe 540 MT (>8 hours, overtime/hour)	\$200.00		
Geoprobe 540 MT (4 hours - 1 Tech)	\$900.00		
Geoprobe 540 MT (8 hours - 2 Tech)	\$2,300.00		
Geoprobe 540 MT (8 hours - 1 Tech)	\$1,700.00		
Soil Sampling Kit (Hand Auger)	\$75.00	\$225.00	\$675.00

**EQUIPMENT FEES - 01 OFFICES**  
 (Effective April 1, 2014 through March 31, 2015)

Description	Daily or Each	Weekly	Monthly
Soil Sampling Kit (Flighted Auger Kit w/Bosch Rotary Hammer)	\$150.00	\$450.00	\$1,350.00
<b>Water Sampling/Monitoring</b>			
Interface Probe	\$50.00	\$150.00	\$450.00
Water Level Meter, QED w/drawdown control	\$45.00		
Water Level Meter	\$35.00	\$75.00	\$225.00
Water Purging Pump/12V DC Pump	\$50.00	\$150.00	\$450.00
Water Purging Pump-Grundfos	\$100.00	\$250.00	\$750.00
Grundfos Redi-flo	\$130.00	\$300.00	\$675.00
Horiba U-52 Water Quality Mtr	\$125.00	\$375.00	\$1,125.00
Horiba U-53	\$125.00	\$375.00	\$1,125.00
Peristaltic Pump	\$125.00	\$375.00	\$1,125.00
QED Micropurge Backpack Controller	\$100.00	\$300.00	\$900.00
QED Drawdown Controller	\$50.00	\$150.00	\$450.00
QED MP-10	\$75.00	\$225.00	\$675.00
QED MP 15 Micro purge controller/CO2	\$100.00	\$300.00	\$900.00
QED MP20	\$125.00	\$375.00	\$1,125.00
Turbidity Meter	\$35.00	\$75.00	\$225.00
<b>Miscellaneous Equipment</b>			
Decibel Meter, sound	\$35.00	\$75.00	\$225.00
Generator	\$60.00	\$180.00	\$360.00
Light Meter, Exttech	\$10.00	\$25.00	\$75.00
Microbial Sampler, Aerotech 6	\$25.00	\$75.00	\$225.00
MIE Personal DataRAM	\$100.00	\$300.00	\$900.00
Moisture Meter	\$20.00	\$60.00	\$120.00
XRF Analyzer	\$500.00	\$1,500.00	\$5,000.00
<b>Other Charges</b>			
Vehicle/Company Truck-Half Day	\$50.00		
Vehicle/Company Truck-Full Day	\$100.00		
Vehicle/Company Car-Half Day	\$40.00		
Vehicle/Company Car-Full Day	\$80.00		
Vehicle surcharge for over 100/miles in 1-day - per mile	\$0.51		

**STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC.**  
**dba SCS ENGINEERS**  
**Groundwater Testing at Park Row**

**CONFLICT OF INTEREST DETERMINATION**

CONSULTANT, as a consultant to the SUCCESSOR AGENCY, shall at all times comply with the terms of the Political Reform Act and the local conflict of interest ordinance. CONSULTANT shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before SUCCESSOR AGENCY in which CONSULTANT has a financial interest as defined in Government Code Section 87103. CONSULTANT represents that it has no knowledge of any financial interests that would require it to disqualify itself from any matter on which it might perform services for SUCCESSOR AGENCY.

“CONSULTANT<sup>1</sup>” means an individual who, pursuant to a contract with a state or local agency:

- (A) Makes a governmental decision whether to:
1. Approve a rate, rule or regulation;
  2. Adopt or enforce a law;
  3. Issue, deny, suspend, or revoke any permit, license, application, certificate, approval, order, or similar authorization or entitlement;
  4. Authorize SUCCESSOR AGENCY to enter into, modify, or renew a contract provided it is the type of contract that requires SUCCESSOR AGENCY approval;
  5. Grant SUCCESSOR AGENCY approval to a contract that requires SUCCESSOR AGENCY approval and to which SUCCESSOR AGENCY is a party, or to the specifications for such a contract;
  6. Grant SUCCESSOR AGENCY approval to a plan, design, report, study, or similar item;
  7. Adopt, or grant SUCCESSOR AGENCY approval of, policies, standards, or guidelines for SUCCESSOR AGENCY, or for any subdivision thereof; **or**
- (B) Serves in a staff capacity with SUCCESSOR AGENCY and in that capacity participates in making a governmental decision as defined in Regulation 18702.2 or performs the same or substantially all the same duties for SUCCESSOR AGENCY that would otherwise be performed by an individual holding a position specified in City of El Cajon's Conflict of Interest Code.

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<sup>1</sup> The City of El Cajon's Conflict of Interest Code and the Political Reform Act, which are applicable to the Successor Agency, refer to “consultants,” not “contractors.” The Successor Agency's professional services agreements might refer to the hired professional as a “contractor,” not a “consultant,” in which case the Conflict of Interest Code may still apply. The Conflict of Interest Code, however, does not cover public works contractors.

**STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC.**  
**dba SCS ENGINEERS**  
**Groundwater Testing at Park Row**

DISCLOSURE DETERMINATION:

1. CONSULTANT/CONTRACTOR will not be “making a government decision” or “serving in a staff capacity” as defined in Sections A and B above.

No disclosure required.

2. CONSULTANT/CONTRACTOR will be “making a government decision” or “serving in a staff capacity” as defined in Sections A and B above. As a result, CONSULTANT/CONTRACTOR shall file, with the City Clerk of the City of El Cajon in a timely manner as required by law, a Statement of Economic Interest (Form 700) as required by the City of El Cajon Conflict of Interest Code, and the Fair Political Practices Commission, to meet the requirements of the Political Reform Act. \*

Dept. Director  
Signature \_\_\_\_\_

Date \_\_\_\_\_

Name Majed Al-Ghafry,  
Assistant City Manager Department Public Works

General Counsel Approval of  
Determination \_\_\_\_\_

Executive Director Approval \_\_\_\_\_

\*Consultant’s disclosure of investments, real property, income, loans, business positions and gifts, shall be limited to those reasonably related to the project for which Consultant has been hired by Successor Agency. The scope of disclosure for Consultant is attached hereto as Exhibit B-1.



**STEARNS, CONRAD AND SCHMIDT, CONSULTING ENGINEERS, INC.**  
**dba SCS ENGINEERS**  
**Groundwater Testing at Park Row**

**CONFLICT OF INTEREST SCOPE OF DISCLOSURE**

(For use in preparing California Form 700)

Investments: “Investment” means a financial interest in any business entity engaged in the business of remediation of contaminants, including, but not limited to businesses engaged in soils and groundwater contaminant remediation, transportation of contaminated materials, and any other contractors, firms or material suppliers that could receive a financial benefit arising out of consultant's performance under this Agreement.

Real Property: “Real property” interests are limited to real property in the City of El Cajon, wherever located.

Sources of Income: “Sources of income” means income (including loans, business positions, and gifts) of CONSULTANT, or CONSULTANT’s spouse or domestic partner in excess of \$500 or more during the reporting period from sources that are business entities engaged in the business of remediation of contaminants, including, but not limited to businesses engaged in soils and groundwater contaminant remediation, transportation of contaminated materials, and any other contractors, firms or material suppliers that could receive a financial benefit arising out of consultant's performance under this Agreement.

**CITY OF EL CAJON  
CITY COUNCIL POLICY**

<b>SUBJECT :</b>	Insurance Requirements	<b>POLICY</b>
		D-3
<b>REFERENCE :</b>	Adopted 7/26/94 Amended 11/29/05 Amended 04/14/15	<b>EFFECTIVE</b>
		04/14/15
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		1 of 8

**PURPOSE**

To provide a uniform City policy for liability insurance requirements and to establish procedures for its consistent application.

**BACKGROUND**

To help protect the City against liability, all individuals, contractors, agencies and organizations conducting business in association with, on behalf of, or in certain circumstances within the City of El Cajon are required to maintain adequate liability insurance coverage acceptable to the City.

Because of the differing levels of protection needed for various activities conducted within the City, the City has established policy limits and standards which directly relate to the type of activity being conducted.

**POLICY**

All individuals, contractors, agencies, and organizations conducting business either for the City of El Cajon (or the Successor Agency to the El Cajon Redevelopment Agency) or pursuant to an ordinance, resolution, agreement or policy requiring the maintenance of liability insurance shall provide proof of liability insurance in the following amounts and written on an occurrence basis (claims made coverage will be accepted only after verifying that occurrence coverage is not available):

1. A combined single limit policy with aggregate limits in the amount of \$2 million for all construction projects and for carnivals, subdivisions, and pollution coverage subject to section 5.c. under the heading "INSURANCE STANDARDS," with a maximum deductible or self-insurance retention ("SIR") of \$500,000; for policies not having a "combined single limit," minimum limits in amounts as follows:

Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

Unless staff determines that circumstances (i.e. high risk project, etc.) require the higher limit, the \$2,000,000 limit shall be decreased to \$1,000,000 with a maximum deductible or SIR of \$150,000, when:

**EXHIBIT "C"**

**CITY OF EL CAJON  
CITY COUNCIL POLICY**

<b>SUBJECT :</b>	Insurance Requirements	<b>POLICY</b>	D-3
<b>REFERENCE :</b>	Adopted 7/26/94 Amended 11/29/05 Amended 04/14/15	<b>EFFECTIVE</b>	<b>PAGE</b>
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- a. The public improvements portion of a subdivision project is less than \$50,000; or
  - b. A construction project (in accordance with the Standard Specifications for Public Works Construction—and the Standard Special Provisions, the “Green Book”) is for less than \$50,000.
2. Except as otherwise provided in this policy, a combined single limit policy with aggregate limits in the amount of \$2 million for all others, including, but not limited to, athletic leagues, recreation groups, towing companies and public service agencies; for policies not having a “combined single limit,” minimum limits in amounts as follows:
- Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury and personal & advertising injury with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.
3. A combined single limit policy with aggregate limits in the amount of \$250,000 for homeowners insurance or \$500,000 for commercial general liability insurance for small business owners, in either event only where the insurance is required for work in the public right-of-way. “Small business owners” are defined as commercial businesses, or a professional or administrative office uses, where the owners of the business work on-site as their primary calling or vocation, and having no more than two (2) employees not related by blood or marriage.
  4. Selected high-risk activities that would otherwise fall under the criteria for category 2 shall be evaluated by staff on a case-by-case basis to determine whether or not the above limits are sufficient. The imposition of liability limits exceeding \$2 million for such high-risk activities is appealable to the City Council.
  5. \$1,000,000 for taxicab companies.
  6. \$500,000 or actual value, whichever is greater, for “valuable papers” and “in transit” insurance where City records or personal property is being transported or stored outside of City property.

**CITY OF EL CAJON  
CITY COUNCIL POLICY**

<b>SUBJECT :</b>	Insurance Requirements		<b>POLICY</b>  D-3
<b>REFERENCE :</b>	Adopted 7/26/94 Amended 11/29/05 Amended 04/14/15	<b>EFFECTIVE</b>  04/14/15	<b>PAGE</b>  3 of 8

7. Exceptions to the above limits may be made for non-profit, charitable, political, community and religious organizations.
8. The policy or policies of insurance may be for all operations or activities of the party purchasing the policy or policies provided, however, that the City or the Successor Agency may require a separate policy exclusively for operations of the purchaser where the City Manager, in his or her sole discretion, determines that a single policy would be inadequate to protect the City or Successor Agency in the event of multiple catastrophes.
9. Workers' compensation insurance shall meet the minimum limits required by law.

**INSURANCE STANDARDS**

1. ADMITTED CARRIER / BEST'S RATING A, CLASS VII
  - a. Insurers must be "admitted" carriers pursuant to the provisions of the California Insurance Code and in accordance with all requirements of the State Insurance Commission and must be listed in the:

"OFFICIAL PUBLICATION  
DEPARTMENT OF INSURANCE  
STATE OF CALIFORNIA  
45 Fremont Street  
San Francisco, California 94105

INSURANCE ORGANIZATIONS AUTHORIZED BY THE INSURANCE  
COMMISSION TO TRANSACT BUSINESS OF INSURANCE  
IN THE STATE OF CALIFORNIA DURING  
[the most recent year for which  
the publication is available]."

or

"California Department of Insurance Company Profile."

**CITY OF EL CAJON  
CITY COUNCIL POLICY**

<b>SUBJECT :</b>	Insurance Requirements	<b>POLICY</b>
		D-3
<b>REFERENCE :</b>	Adopted 7/26/94 Amended 11/29/05 Amended 04/14/15	<b>EFFECTIVE</b>
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- b. Insurers must have a Best's rating of A, Class VII or higher (this rating includes those insurers with a minimum policyholder's surplus of \$50 to \$100 million). Exceptions to the Best's rating may be considered when an insurance carrier meets all other standards and can satisfy surplus amounts equivalent to an A, Class VII rating. An exception to the rating requirement may be made for the California State Compensation Insurance Fund if not rated.

2. NON-ADMITTED CARRIER / BEST'S RATING A, Class XII

Exceptions to the "admitted" requirement may be considered when a non-admitted insurance carrier meets all other standards herein and:

- a. is either (i) listed in:

California Department of Insurance  
List of Approved Surplus Line Insurers

LISTING OF FILINGS

or (ii) is currently a party to co-operation agreements with foreign insurance regulatory authorities acceptable to the City Manager or City Attorney (for example, for insurers located in the United Kingdom, agreements must be with both the Prudential Regulatory Authority ("PRA") and the Financial Conduct Authority ("FCA"), or such successor authority or authorities of PRA and FCA;

- b. either the carrier or its parent company has a Best's rating of A, Class VII (this rating include those insurers with a minimum policyholder's surplus of \$50 to \$100 million;
- c. has ten years or more experience in the business of insurance; and
- d. if applicable, the reinsurance carrier has a qualified rating.

3. GENERAL – INSURANCE CERTIFICATES / ADDITIONAL INSURED

All insurers (including those insuring against pollution or discharges of hazardous materials) must provide certificates of insurance and endorsements evidencing coverage prior to the start of any contract. All certificates or endorsements must include:

**CITY OF EL CAJON  
CITY COUNCIL POLICY**

<b>SUBJECT :</b>	Insurance Requirements		<b>POLICY</b>  D-3
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- Name of insurance company issuing each policy.  
All insurers must provide an original endorsement naming the City of El Cajon (and/or the Successor Agency to the El Cajon Redevelopment Agency), and its (their) elected and appointed officials, officers, employees and volunteers (for purposes of this Policy, individually and collectively, the “City Insureds”) as additional insureds. This inclusion as additional insureds shall not be required of Workers’ Compensation or professional liability policies of insurance, and may be waived for “valuable papers” coverage with the approval of the City Attorney.
- All insurers must provide an original endorsement stating that the insurance coverage shall be primary insurance as respects the City of El Cajon (and/or the Successor Agency to the El Cajon Redevelopment Agency), and its (their) elected and appointed officials, officers, employees and volunteers (for purposes of this Policy, individually and collectively, the “City Insureds. Any insurance or self-insurance maintained by the Entity, its officers, officials, employees, or volunteers shall be excess of the Contractor’s insurance and shall not contribute with it.
- Waiver of Subrogation endorsement is required on Workers’ Compensation Coverage.
- Address of named insured.
- Description of coverage, including any special coverage required by the contract.
- Policy numbers.
- Policy periods (If claims made basis, must include retroactive date and length of time allowed as extended reporting period).
- Coverage type (occurrence form vs. claims made).
- Authorized signature and date of issuance. An original signature is required: a digital signature is acceptable so long as it complies with the requirements of Government Code §16.5.
- Unless approved by the City Manager or designee, no certificate shall be accepted that qualifies the obligation of the carrier to provide 30 days written notice of cancellation of the policy. With the approval of the City Attorney the obligation to provide notice of cancellation may be reduced to ten (10) days, but only for termination due to the non-payment of any premium.

**CITY OF EL CAJON  
CITY COUNCIL POLICY**

<b>SUBJECT :</b>	Insurance Requirements	<b>POLICY</b>	D-3
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4. PUBLIC WORKS PROJECTS

In addition to the standards set forth above, insurance policies for public works projects must also meet the following insurance requirements set out in the most recent edition of the Green Book adopted by the City Council:

- a. All insurance certificates shall bear an endorsement or shall have attached a rider whereby it is provided that, in the event of expiration or proposed cancellation of such policy for any reason whatsoever, the City shall be notified by certified mail, return receipt requested, giving a sufficient time before the date thereof to comply with any applicable law or statute, but in no event less than thirty (30) days before expiration or cancellation is effective, the provisions of section 3 herein notwithstanding; and
- b. Compliance with Labor Code §§3700 and 3800 relating to Workers' Compensation.
- c. Requirements of the Green Book shall prevail.

5. PUBLIC RIGHT-OF-WAY

An applicant for permit(s) to do work within the public right-of-way may establish satisfactory proof of liability insurance in the following manner:

a. CONTRACTORS

Contractors must furnish the City with a certificate of liability insurance, which meets the requirements set forth above and any other City requirements contained in this policy.

b. HOMEOWNERS / PROPERTY OWNERS

Homeowners/Property owners requesting a permit to do work within City rights-of-way or easements immediately adjacent to their respective owned or occupied property, solely for the owner's personal benefit, shall be required to furnish the City with a copy of their homeowner's/property owner's liability insurance policy, which meets the requirements set forth above, with the minimum limits described in category 3 under the heading "**POLICY**," above. The policy must be effective during the entire period of the proposed work, plus two (2) calendar years, and must provide coverage for claims arising from the work performed, or improvements owned, by the homeowner in the right-of-way or easement. If the encroachment is

**CITY OF EL CAJON  
CITY COUNCIL POLICY**

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ongoing, annual proof of insurance shall be required. The requirement to name the City as an additional insured, and the requirement for a policy for two (2) additional calendar years, may each be waived by the City Council or the City Manager (or her designee) in cases of extreme hardship, in their discretion.

c. **POLLUTION EXCLUSION**

Applications for the installation of monitoring wells for the evaluation of groundwater pollution or for the discharge of formerly polluted groundwater into the City sewer system must be accompanied by a certificate of liability insurance provided by the property owner. Such liability insurance may not contain a pollution exclusion clause and must explicitly indemnify the City against all hazards which may result from either of these activities, including a worsening of pollution, either within the subsurface adjacent to the original pollution or within the City sewer system.

If the property owner is unable to provide insurance which addresses both general liability and pollution liability, the environmental company or other appropriately qualified entity contracting with the property owner for either monitoring well installation or groundwater pollution remediation, may furnish pollution liability insurance on behalf of the property owner.

Any insurance approved under this subsection c. shall be an occurrence policy, and shall otherwise comply with the provisions of this Policy.

d. **PUBLIC UTILITIES**

This policy as it relates to work in the public rights-of-way shall not be applicable to Cable TV, Helix Water District, Padre Dam Municipal Water District, SBC, San Diego Gas & Electric, or any other public utility.

e. **TRANSPORTATION / OVERSIZE LOADS – PERMITS – See Chapter 10.24 of the El Cajon Municipal Code.**



**CITY OF EL CAJON  
CITY COUNCIL POLICY**

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**TIME LIMITS / CANCELLATION PROVISIONS**

All liability insurance required pursuant to this policy shall provide coverage for a sufficient time period to protect the City from liability. The insurer is required to provide a minimum of thirty (30) days-notice of cancellation of any policy. With the approval of the City Attorney (except as provided in section 4, herein) this obligation may be reduced to not less than ten (10) days written notice, but only for termination due to the non-payment of any premium. In no event shall a policy be accepted which terminates prior to the completion of the activity to be covered.

In certain circumstances, it may be impracticable to obtain continuing insurance coverage due to the duration of the activity or the cost of premature renewal. Under such circumstances, an exception to the coverage period may be made so long as the policy is renewed or replaced with an acceptable insurance carrier and there is no lapse in coverage. Maintenance of proper insurance coverage is a material term of any contract with the City and failure to maintain or renew coverage or to provide evidence of renewal may be treated as a material breach of contract.

**ALTERNATIVE RISK MANAGEMENT PRACTICES; SELF-INSURANCE; RISK-POOLING**

Alternative risk management practices, such as self-insurance, risk pooling, risk retention groups, and other such programs, will be accepted in lieu of commercial insurance policies provided that the coverage meets the requirements of this Policy. Any such alternative risk management practices must meet the financial strength and surplus requirements reflected by the Best's Ratings required of commercial insurance under this Policy.

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SEP 18 2015  
CITY OF EL CAJON  
ENGINEERING DIVISION

OB AGENDA ITEM NO. 2  
Attachment 4  
CA Regional Water letter  
EDMUND G. BROWN JR.  
GOVERNOR  
MATTHEW RODRIGUEZ  
SECRETARY FOR  
ENVIRONMENTAL PROTECTION

## California Regional Water Quality Control Board, San Diego Region

September 15, 2015

**In reply refer to / attn.**  
**T0607300241:ccheng**

Mr. David Keltner  
City of El Cajon  
Department of Public Works  
200 Civic Center Way  
El Cajon, CA 92020

**Subject: Groundwater Monitoring Reports, El Cajon Summit (T0607300241),  
315 North Magnolia Avenue, El Cajon, California**

Dear Mr. Keltner:

The California Regional Water Quality Control Board, San Diego Region (San Diego Water Board) has completed its review of the following groundwater monitoring reports prepared by SCS Engineers on behalf of the City of El Cajon: June and December 2014, and June 2015 dated April 6 and June 29, 2015, respectively. A meeting between the San Diego Water Board, the City of El Cajon and its consultant SCS Engineers was held on June 16, 2015 at the San Diego Water Board to discuss historical data, State Water Board's Low-Threat Closure Policy (LTCP), and steps towards site closure.

The San Diego Water Board does not concur with the recommendation in the April 6 report that the site be considered for closure. Current site conditions do not meet the LTCP closure criteria as summarized below.

1. General Criteria e - Staff finds that neither all the potential sources or pathways, nor the extent of soil, groundwater, and vapor contamination at the site have been comprehensively investigated and delineated. For example, historical data indicated that high levels of benzene exist at the northwest corner of the property (well MW9) but that general area was not fully investigated; high level of dichloroethane (DCA, 1,000 ppb) was detected in well MW7 but was not further investigated; the highly contaminated groundwater plume has migrated to offsite residential area, and the down gradient extent of the plume has not been delineated.
2. Groundwater-Specific Criteria – Staff finds that the plume length has not been determined; the benzene concentrations exceeded either the 1,000 ppb (MW5 and MW 12) or the 3,000 ppb (MW 11) threshold values; concentrations of total

HENRY ABARBANEL, PH.D. CHAIR | DAVID GIBSON, EXECUTIVE OFFICER

2375 Northside Drive, Suite 100, San Diego, CA 92108-2700 | (619) 516-1990 | [www.waterboards.ca.gov/sandiego](http://www.waterboards.ca.gov/sandiego)




petroleum hydrocarbons as gasoline (TPHg) and benzene in the above wells showed increasing or fluctuating trends thus inconsistent with a stable or decreasing plume.


- 3. Petroleum Vapor Intrusion to Indoor Air - Staff finds that vapor risks from contaminated soil and groundwater have not been fully assessed.

Under the authority of Porter-Cologne Act and subdivisions (a) and (b) of Section 25296.10 of the Health and Safety Code, the San Diego Water Board directs the City of El Cajon to further investigate the nature, extent, and mobility of the release, and to conduct corrective actions as necessary to bring the site to closure under the LTCP. Please submit corresponding workplan(s) to this agency for review and approval in a timely manner.

In the subject line of any response, please include the reference number: T0607300241:ccheng. For questions or comments, please contact Mr. Charles Cheng by phone at 619-521-3359, or by email at [ccheng@waterboards.ca.gov](mailto:ccheng@waterboards.ca.gov).

Sincerely,

  
 Charles Cheng, PG  
 Engineering Geologist  
 Central Cleanup Unit

  
 Craig L. Carlisle, PG, CEG  
 Senior Engineering Geologist  
 Central Cleanup Unit

CLC:clc:cqc

cc: (via email)

Christopher Crosby, SCS Engineers, [CCrosby@scsengineers.com](mailto:CCrosby@scsengineers.com)

Tech Staff Info & Use	
GT Global ID	T0607300241

**AGENDA REPORT  
SUCCESSOR AGENCY OVERSIGHT BOARD  
January 20, 2016, Meeting**

**SUBJECT: APPROVAL OF THE SUCCESSOR AGENCY FISCAL YEAR 2016-2017 BUDGET, INCLUDING THE ADMINISTRATION BUDGET**

**RECOMMENDED ACTION:** That the Oversight Board adopts the proposed Resolution OB-02-16 to:

1. Approve the Successor Agency Fiscal Year 2016-2017 Budget in the amount of \$9,352,738, which includes the Successor Agency Administration Budget;
2. Approve the Successor Agency Fiscal Year 2016-2017 Administration Budget in the amount of \$250,000; and
3. Authorize the Successor Agency staff to carry out activities outlined in the Cooperation Agreement approved by the Oversight Board on April 26, 2012, which are necessary to meet approved obligations outlined in the proposed budgets, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

**BACKGROUND:**

Presented for approval and adoption is the Successor Agency Fiscal Year 2016-2017 Budget, including the Successor Agency Fiscal Year 2016-2017 Administration Budget (together the "Budgets"). Both Budgets were prepared in conjunction with the City's Capital Improvement Project Plan and annual budget process that is currently underway, and consist of activity and project costs that will be included in the proposed City budget for Fiscal Year 2016-2017.

As required under Health and Safety Code ("CH&SC") section 34177(j), the Successor Agency must prepare a proposed administrative budget for each fiscal year and submit it to the Oversight Board for its approval. The proposed administrative budget includes:

1. Estimated amounts for Successor Agency administrative costs for the upcoming six-month fiscal period;
2. Proposed sources of payment for the costs identified; and
3. Proposals for arrangements for administrative and operations services provided by the City.

Administrative cost allowances are limited to a maximum of three percent (3%) of the actual property tax distributed to the Successor Agency in the preceding fiscal year and shall not be less than two hundred fifty thousand dollars (\$250,000). Staff has prepared the Successor Agency Administration Budget at \$250,000 for Fiscal Year 2016-17 to be funded with property tax allocation from the Redevelopment Property Tax Trust Fund (the "RPTTF").

The proposed administrative budget includes staff services and supplies/materials provided by the City to administer the tasks and functions of the Successor Agency. Outside legal, financial, and other professional/technical consultants will be utilized for special services and expertise necessary to wind down the affairs of the former El Cajon Redevelopment Agency.

The Successor Agency Fiscal Year 2016-17 Budget also includes funding for the following enforceable obligations, activities, and projects:

1. Successor Agency Debt Service (\$5,539,738): Payments of principal and interest on the tax allocation bonds and the costs of financial services related to the debt issues.
2. Hazardous Materials Testing - Park & Ballantyne (\$107,000): Environmental remediation costs associated with a Reimbursement and Indemnity Agreement dated December 16, 2003. The sampling events and monitoring reports indicate a highly contaminated plume released from the site requiring further groundwater investigations as ordered by the California Regional Water Quality Control Board, San Diego Region.
3. Hazardous Materials Testing - Prescott Promenade (\$11,000): Environmental remediation costs associated with a Settlement Agreement dated September 15, 1995. The budgeted amount is an estimate of the Agency's share (20%) of remediation costs.
4. Former Police Station (100 Fletcher Parkway) (\$305,000): Promissory Note payment and ongoing property management and maintenance and disposition costs until property is sold. On October 2, 2015, an Exclusive Negotiation Agreement (ENA) between the Successor Agency and Brixton Capital and Excel Hotel Group Inc. for the disposition of the real property was approved by the State Department of Finance (DOF). Upon completion of the negotiation, the terms of the sale of the property will be contained in a Disposition Development Agreement to be presented to the Oversight Board and DOF for approval.
5. Civic Center Complex Revitalization Project (\$20,000): Property maintenance and disposition costs for the property located at 115 Rea Avenue until disposal.

6. Housing Authority Development and Revitalization Activities (\$700,000) Housing project located at 230 South Sunshine Avenue to provide affordable housing units to veterans and families. Funding for the project includes housing bond proceeds carried over from prior fiscal year, plus interest earnings.
7. Fire Station 6 Renovation (\$410,000): Capital improvement project for the complete renovation of the Fire Station 6 complex, which is a 30-year-old building and one of the busiest fire stations in the San Diego County. Construction is underway with scheduled completion in summer 2016. The project budget, funded by bond proceeds, is the estimated carry over from Fiscal Year 2015-16.
8. Ronald Reagan Community Center Improvements (\$1,060,000): Capital improvement project for the renovation and improvement of the 25-year-old Community Center that is used extensively for civic events. The renovations to the existing facility will include both interior and exterior improvements that will bring the facility in compliance with the Americans with Disabilities Act. The project is currently in the design phase. Construction is scheduled to begin in spring of 2016 with anticipated completion by November 2016. In addition to the estimated \$800,000 of bond proceeds carried over from Fiscal Year 2015-16, \$260,000 of unexpended bond proceeds has been reallocated to this project.
9. East County Performing Arts Center (ECPAC) Improvements (\$950,000): Capital improvement project for major improvements needed for the ECPAC facility. Roof replacement of the facility is currently underway. Other improvements, including HVAC upgrades and installation of new carpet, theater seating, stage lighting, and other furnishings, are out to bid. Project funding includes bonds proceeds carried over from Fiscal Year 2015-16.

Enforceable obligations, activities, and projects identified in the Successor Agency Fiscal Year 2016-17 Budget will be further detailed in the Recognized Obligation Payment Schedule ("ROPS 16-17"), which is a companion item on today's Oversight Board agenda.

Finally, in the absence of contracting procedures for the Oversight Board, the Successor Agency will continue to employ the policies, procedures and practices in place with the City of El Cajon with respect to execution and re-entering into contracts necessary for the continuation of activities outlined in the Budget, as authorized under the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan, approved by the Oversight Board on April 26, 2012.

**FISCAL IMPACT:**

This action will approve the Successor Agency Fiscal Year 2016-17 Budget with estimated funding of \$9,352,738, which includes the minimum \$250,000 Administrative Allowance.


**ATTACHMENTS:**

1. Proposed Resolution OB-02-16
2. Successor Agency - Fiscal Year 2016-17 Budget Summary
3. Budget Activity and Project Sheets

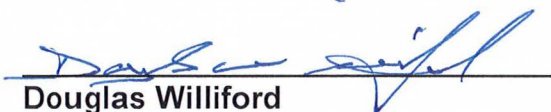
**Prepared by:**

  
\_\_\_\_\_  
**Clay Schoen**  
Director of Finance

**Reviewed by:**

  
\_\_\_\_\_  
**Majed Al-Ghafry**  
Secretary / Assistant City Manager

**Approved by:**

  
\_\_\_\_\_  
**Douglas Williford**  
Executive Director / City Manager



RESOLUTION NO. OB-02-16

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE FISCAL YEAR 2016-2017 SUCCESSOR AGENCY BUDGET, INCLUDING THE SUCCESSOR AGENCY ADMINISTRATION BUDGET.

WHEREAS, the Oversight Board (the "Oversight Board") of the Successor Agency of the former El Cajon Redevelopment Agency (the "Successor Agency") held a regularly-scheduled meeting on January 20, 2016, at which time it considered a proposed Successor Agency Budget, including the Successor Agency Administration Budget for the period of July 1, 2016, to June 30, 2017; and

WHEREAS, the City of El Cajon as Successor Agency Fiscal Year 2016-2017 Budget totals \$9,352,738 from all funding sources, including Bond proceeds, Successor Agency Reserves, and Other Funds, of which \$250,000 is for Successor Agency Administration;

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY, AS FOLLOWS:

- A. The Oversight Board finds that:
  - 1. The recitals above are true and correct and are incorporated herein by this reference.
  - 2. Approval of the Successor Agency Budget and the Successor Agency Administrative Budget is exempt from the California Environmental Quality Act (CEQA) under section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed budgets will not cause a significant adverse physical change to the environment either directly or indirectly.
- B. The Oversight Board hereby APPROVES the Fiscal Year 2016-2017 Successor Agency Budget of \$9,352,738 from all funding sources, including Bond proceeds, Successor Agency Reserves, and Other Funds.
- C. The Oversight Board hereby APPROVES the Successor Agency Administration Budget for Fiscal Year 2016-2017 of \$250,000 to be paid from Redevelopment Property Tax Trust Funds ("RPTTF").
- D. The Oversight Board hereby AUTHORIZES the Chair to submit the approved Successor Agency Budget for the period of July 1, 2016, to June 30, 2017 to the County Auditor Controller, the State Department of Finance, the County

Administrative Officer, the State Controller's Office, and to post the budget on the Successor Agency website.

- E. The Oversight Board hereby AUTHORIZES Successor Agency staff to carryout activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan approved by the Oversight Board on April 26, 2012, which are necessary to meet obligations outlined in the ROPS, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 20<sup>th</sup> day of January 2016, by the following vote to wit:

AYES :  
NOES :  
ABSENT :

\_\_\_\_\_  
Debra Turner-Emerson, Chairperson

ATTEST:

\_\_\_\_\_  
Majed Al-Ghafry, Oversight Board Secretary

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**SUCCESSOR AGENCY TO THE EL CAJON REDEVELOPMENT AGENCY  
ADOPTED BUDGET  
FISCAL YEAR 2016-17**

Activity/Project		ROPS 2016-17		Total Fiscal Year 2016-17
		July-Dec 2016	Jan-Jun 2017	
<b><u>Bond Proceeds</u></b>				
HA1501	Housing Authority Development & Revitalization Projects	\$ 350,000	\$ 350,000	\$ 700,000
RD1502S	Fire Station 6 Renovation	410,000	-	410,000
RD1503S	Ronald Reagan Community Center Plaza	1,060,000	-	1,060,000
RD1504S	El Cajon Performing Arts Center Improvements	400,000	550,000	950,000
		<b>\$ 2,220,000</b>	<b>\$ 900,000</b>	<b>\$ 3,120,000</b>
<b><u>Reserve Funds</u></b>				
0490000	Successor Agency Debt Service	\$ 800,000	\$ -	\$ 800,000
RD0705S	Hazardous Materials Testing-Prescott Promenade	5,500	5,500	11,000
		<b>\$ 805,500</b>	<b>\$ 5,500</b>	<b>\$ 811,000</b>
<b><u>Other Funds</u></b>				
RD0704S	Hazardous Materials Testing-Park & Ballantyne	\$ 50,000	\$ -	\$ 50,000
<b><u>RPTTF - Non Administrative</u></b>				
0490000	Successor Agency Debt Service	\$ 2,374,580	\$ 2,365,158	\$ 4,739,738
RD0704S	Hazardous Materials Testing-Park & Ballantyne	33,500	23,500	57,000
RD0801S	Former Police Station (100 Fletcher Parkway)	272,500	32,500	305,000
RDR0703S	Civic Center Complex Revitalization Project	11,000	9,000	20,000
		<b>\$ 2,691,580</b>	<b>\$ 2,430,158</b>	<b>\$ 5,121,738</b>
<b><u>RPTTF - Administrative</u></b>				
0590110	Successor Agency Administration	\$ 125,000	\$ 125,000	\$ 250,000
<b>Total Fiscal Year 2016-17 Budget</b>		<b>\$ 5,892,080</b>	<b>\$ 3,460,658</b>	<b>\$ 9,352,738</b>



## SUCCESSOR AGENCY FUNDS FISCAL YEAR 2016-17

**ACTIVITY:** Successor Agency Debt Service

**ACTIVITY NO:** 0490000

The Successor Agency is responsible for making the required principal and interest payments on the outstanding tax allocation bonds of the former redevelopment agency. The Successor Agency receives property taxes from the Redevelopment Property Tax Trust Fund to make debt service payments on the 2000, 2005, and 2007 tax allocation bonds. The Successor Agency also ensures compliance with the bond covenants by performing annual financial audits, filing continuing disclosure reports, and maintaining the reserve requirements with the fiscal agent.

The Fiscal Year 2016-17 budget for the Successor Agency Debt Service includes funding of the principal and interest payments on the bonds and costs of services related to the debt issues.

	ROPS Line No.	Prior Years Actual	2015-16 Estimated	2016-17 July- December Proposed	2016-17 January - June Proposed	2016-17 Total Proposed
<b>Debt Service:</b>						
2000 Bonds - Principal	1	105,000	50,000	55,000	27,500	<b>82,500</b>
2000 Bonds - Interest	1	4,276,343	1,215,135	606,618	604,527	<b>1,211,145</b>
2005 Bonds - Principal	2	3,140,000	1,125,000	1,170,000	612,500	<b>1,782,500</b>
2005 Bonds - Interest	2	5,154,611	1,373,886	674,990	650,128	<b>1,325,118</b>
2007 Bonds - Principal	3	990,000	355,000	375,000	195,000	<b>570,000</b>
2007 Bonds - Interest	3	2,086,747	564,488	278,472	270,503	<b>548,975</b>
<b>Professional/Technical Services:</b>						
Trustee Fees & Administration	4	22,684	7,700	6,000	3,000	<b>9,000</b>
Other Professional/Technical	4	2,350	250	3,000	-	<b>3,000</b>
Accounting & Audit	5	27,445	5,505	5,500	2,000	<b>7,500</b>
<b>TOTAL DEBT SERVICE</b>		<b>15,805,180</b>	<b>4,696,964</b>	<b>3,174,580</b>	<b>2,365,158</b>	<b>5,539,738</b>
<b>Sources of Funds:</b>						
Redevelopment Property Tax Trust Funds (RPTTF)		15,805,180	4,688,964	2,374,580	2,365,158	<b>4,739,738</b>
Reserve Balance		-	-	800,000	-	<b>800,000</b>
Other Funds		-	8,000	-	-	-
<b>TOTAL FUNDING</b>		<b>15,805,180</b>	<b>4,696,964</b>	<b>3,174,580</b>	<b>2,365,158</b>	<b>5,539,738</b>

## SUCCESSOR AGENCY FUNDS FISCAL YEAR 2016-17

**ACTIVITY:** Successor Agency Administration

**ACTIVITY NO:** 0590110

The City of El Cajon Successor Agency performs administrative activities to wind down the affairs of the former El Cajon Redevelopment Agency ("Agency"). These activities include monitoring and making payments on the enforceable obligations of the former Agency, disposing of the former Agency's properties and other assets, preparing and submitting financial reports to comply with the requirements of the State, County, and other agencies/parties, and providing administrative support to the Oversight Board.

The Successor Agency has arranged with the City of El Cajon to provide staff services and supplies/materials to administer the responsibilities of the Successor Agency. Outside legal, financial, and other professional/technical consultants will be utilized for special services and/or expertise necessary for the wind down of the former Agency.

The Fiscal Year 2016-17 budget for the Successor Agency administrative costs and the sources of payments for the administrative costs are identified in the table below. Actual costs for each administrative category may be higher or lower than the amounts shown, not to exceed the aggregate total administrative cost allowance for the fiscal year of \$250,000 or up to three percent of the property tax allocation, which ever is greater.

	<b>ROPS Line No.</b>	<b>Prior Years Actual</b>	<b>2015-16 Estimated</b>	<b>2016-17 July- December Proposed</b>	<b>2016-17 January - June Proposed</b>	<b>2016-17 Total Proposed</b>
<b>Administration City Staff:</b>						
Personnel	8	673,728	210,000	100,000	100,000	<b>200,000</b>
<b>Professional/Technical Services:</b>						
Legal	8	43,563	9,000	5,000	5,000	<b>10,000</b>
Finance, Accounting & Audit	8	12,025	-	-	-	<b>-</b>
Records Management	8	1,533	500	500	500	<b>1,000</b>
Other Professional/Technical	8	4,344	30,000	17,500	17,500	<b>35,000</b>
<b>Supplies, Materials, Miscellaneous:</b>						
Office Supplies	8	1,129	200	200	200	<b>400</b>
Postage & Shipping	8	61	-	-	-	<b>-</b>
Public Notices	8	575	200	200	200	<b>400</b>
Trainings/Meetings	8	521	100	100	100	<b>200</b>
Miscellaneous Supplies/Services	8	-	-	1,500	1,500	<b>3,000</b>
<b>TOTAL ADMINISTRATION</b>		<b>737,479</b>	<b>250,000</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>
<b>Sources of Funds:</b>						
Redevelopment Property Tax Trust Funds (RPTTF)		711,942	250,000	125,000	125,000	<b>250,000</b>
Other Funds		25,537	-	-	-	<b>-</b>
<b>TOTAL FUNDING</b>		<b>737,479</b>	<b>250,000</b>	<b>125,000</b>	<b>125,000</b>	<b>250,000</b>



## SUCCESSOR AGENCY FUNDS FISCAL YEAR 2016-17

**ACTIVITY:** Successor Agency - Capital Projects

**ACTIVITY NO:** 0590000

With the dissolution of redevelopment agencies on February 1, 2012, management and monitoring of the real properties, ongoing projects, and agreements of the former redevelopment agency were transferred to the Successor Agency. The Fiscal Year 2016-17 Successor Agency budget for capital projects includes funding for the maintenance and disposition of real properties and carrying out existing cleanup plans of contaminated sites.

The Fiscal Year 2016-17 budget for the Successor Agency capital projects and the funding sources for these projects are summarized in the table below. Budget details are provided in the accompanying project sheets.

<b>PROJECT NAME</b>	<b>PROJECT NO.</b>	<b>PROPOSED BUDGET</b>
Hazardous Material Testing - Park & Ballantyne	RD0704S	107,000.00
Hazardous Material Testing - Prescott Promenade	RD0705S	11,000.00
Former Police Station - 100 Fletcher Parkway	RD0801S	305,000.00
Civic Center Complex Revitalization Project	RDR0703S	20,000.00
<b>TOTAL PROJECT</b>		<b>\$ 443,000.00</b>
<b>FUNDING SOURCES</b>		
		<b>FUNDING</b>
Redevelopment Property Tax Trust Fund (RPTTF)		382,000.00
Other Funds (Rent, Interest, Grants, Miscellaneous)		50,000.00
Reserve Balance		11,000.00
<b>TOTAL FUNDING</b>		<b>\$ 443,000.00</b>

## SUCCESSOR AGENCY FISCAL YEAR 2016-17

**ACTIVITY:** Successor Agency - Capital Projects  
**PROJECT:** Hazardous Materials Testing - Park & Ballantyne

**ACTIVITY** 0590900  
**PROJECT NO:** RD0704S

This project provides for environmental remediation of a former Brownfields Site of a leaking underground storage tank from a former gasoline station. The former El Cajon Redevelopment Agency ("Agency") purchased the property for a residential development. On December 16, 2003, the Agency entered into a Reimbursement and Indemnity Agreement with Priest Development Corporation where the Agency indemnified the developer, and/or agreed to reimburse the developer for the costs of removing hazardous wastes.

On September 15, 2015, the California Regional Water Quality Control Board, San Diego Region ("San Diego Water Board") denied the Successor Agency's request for a site closure and directed the Successor Agency to further investigate the nature, extent, and mobility of highly contaminated groundwater plume that was recently detected in the monitoring wells. The San Diego Water Board also directed the Successor Agency to conduct necessary corrective actions to bring the site to closure in accordance to the State's Low-Threat Closure Policy.

Fiscal Year 2016-17 budget for this Successor Agency project provides funding for environmental remediation and project management costs associated with the Reimbursement and Indemnity Agreement.

	<b>ROPS Line No.</b>	<b>Prior Years Actual</b>	<b>2015-16 Estimated</b>	<b>2016-17 July- December Proposed</b>	<b>2016-17 January - June Proposed</b>	<b>2016-17 Total Proposed</b>
<b>Project Management City Staff:</b>						
Personnel	63	16,866	5,000	3,000	3,000	6,000
<b>Remediation:</b>						
Legal	11	124	300	500	500	1,000
Environmental Testing - SCS	11	94,425	61,700	80,000	20,000	100,000
<b>TOTAL PROJECT</b>		<b>111,415</b>	<b>67,000</b>	<b>83,500</b>	<b>23,500</b>	<b>107,000</b>
<b>Source(s) of Funds:</b>						
Redevelopment Property Tax Trust Funds (RPTTF)		76,842	-	33,500	23,500	57,000
Other Funds		34,573	67,000	50,000	-	50,000
<b>TOTAL FUNDING</b>		<b>111,415</b>	<b>67,000</b>	<b>83,500</b>	<b>23,500</b>	<b>107,000</b>

## SUCCESSOR AGENCY FISCAL YEAR 2016-17

ACTIVITY: Successor Agency - Capital Projects  
PROJECT: Hazardous Materials Testing - Prescott Promenade

ACTIVITY 0590900  
PROJECT NO: RD0705S

This project provides for environmental remediation of a former Brownfields Site with a leaking underground storage tank from a former gasoline station. The former El Cajon Redevelopment Agency ("Agency") purchased and developed the property to a public park. The Agency entered into a Settlement Agreement with the former owners, Texaco, Shell Oil, and Unocal, for shared responsibility of the hazardous waste cleanup efforts. The Agency is responsible for 20% of all future cleanup costs. Ongoing monitoring will occur at the site until four consecutive quarters of testing result to minimal findings that comply with the San Diego County Department of Environmental Health's requirements for closure status.

Fiscal Year 2016-17 budget for this Successor Agency project provides funding for environmental remediation and project management costs associated with the Settlement Agreement.

	ROPS Line No.	Prior Years Actual	2015-16 Estimated	2016-17 July- December Proposed	2016-17 January - June Proposed	2016-17 Total Proposed
<b>Project Management City Staff :</b>						
Personnel	67	1,534	-	-	-	-
<b>Remediation :</b>						
Legal	12	31	-	500	500	1,000
Settlement Agreement (20%)	12	-	-	5,000	5,000	10,000
<b>TOTAL PROJECT</b>		<b>1,565</b>	<b>-</b>	<b>5,500</b>	<b>5,500</b>	<b>11,000</b>
<b>Source(s) of Funds:</b>						
Redevelopment Property Tax Trust Funds (RPTTF)		1,565	-	-	-	-
Reserve Balance		-	-	5,500	5,500	11,000
<b>TOTAL FUNDING</b>		<b>1,565</b>	<b>-</b>	<b>5,500</b>	<b>5,500</b>	<b>11,000</b>

## SUCCESSOR AGENCY FISCAL YEAR 2016-17

**ACTIVITY:** Successor Agency - Capital Projects  
**PROJECT:** 100 Fletcher Parkway (Former Police Station)

**ACTIVITY** 0590900  
**PROJECT NO:** RD0801S

The former police station located at 100 Fletcher Parkway, a key parcel within the Project Area, became available for redevelopment in Fall 2011. The former El Cajon Redevelopment Agency entered into an enforceable obligation with the City through the execution of a Purchase and Sale Agreement, Promissory Note and Deed of Trust, and acquired the property on June 16, 2011. With the dissolution of the redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with managing and overseeing the property to ensure that maintenance is performed and necessary actions are taken to prevent waste and blighting conditions, which would cause a reduction in the value of the asset and negatively impact the businesses and economic growth in the immediate vicinity.

On October 2, 2015, the California Department of Finance (DOF) approved an Exclusive Negotiation Agreement (ENA) between the Successor Agency and Brixton Capital and Excel Hotel Group Inc. for the disposition of the real property. Upon completion of the negotiations, the terms of the sale of the property will be contained in a Disposition Development Agreement to be presented to the Oversight Board and DOF for approval.

The Fiscal Year 2016-17 budget for this Successor Agency project provides funding for the final payment on the Promissory Note, ongoing maintenance and management expenses, and disposition costs of the property.

	ROPS Line No.	Prior Years Actual	2015-16 Estimated	2016-17 July- December Proposed	2016-17 January - June Proposed	2016-17 Total Proposed
<b>Project Management City Staff :</b>						
Personnel	71	79,493	15,000	8,000	8,000	16,000
<b>Promissory Note Payments:</b>						
Principal & Interest	16	2,926,173	1,732,300	230,000	-	230,000
<b>Professional/Technical Services:</b>						
Legal	70	47	-	-	-	-
<b>Property Maintenance:</b>						
Repairs & Maintenance	15	13,762	10,000	3,000	3,000	6,000
Property Taxes & Insurance	15	14,680	10,000	6,000	6,000	12,000
Utilities	15	44,725	2,000	2,500	2,500	5,000
Other Professional/Technical	15	655	-	2,500	2,500	5,000
<b>Property Disposition:</b>						
Appraisal	72	9,500	-	-	-	-
Other Professional/Technical	72	500	15,000	20,000	10,000	30,000
Title, Escrow & Misc. Fees	72	64	200	500	500	1,000
<b>TOTAL PROJECT</b>		<b>3,089,599</b>	<b>1,784,500</b>	<b>272,500</b>	<b>32,500</b>	<b>305,000</b>
<b>Source(s) of Funds:</b>						
Redevelopment Property Tax Trust Funds (RPTTF)		3,089,599	1,772,500	272,500	32,500	305,000
Reserve Balance		-	12,000	-	-	-
<b>TOTAL FUNDING</b>		<b>3,089,599</b>	<b>1,784,500</b>	<b>272,500</b>	<b>32,500</b>	<b>305,000</b>

## SUCCESSOR AGENCY FISCAL YEAR 2016-17

**ACTIVITY:** Successor Agency - Capital Projects  
**PROJECT:** Civic Center Complex Revitalization Project

**ACTIVITY** 0590900  
**PROJECT NO:** RDR0703S

This project primarily served to acquire properties in the downtown area for the development of a mixed-use project and the construction of a public parking facility. As the downtown El Cajon revitalization continues, the City acquired three properties from the Successor Agency for the development of a hotel. These properties included the following sites in the Amended Long Range Property Management Plan ("Amended Plan"): Site #9 Rea public parking lot (APN 488-072-40-00); Site #13 141 Magnolia Ave (APN 488-082-18-00), and Site #14 118-130 Rea Ave (APN 488-082-12-00). The City entered into compensation agreements with the affected taxing entities for the acquisition of the properties; and in December 2014, the sale/transfer of the properties was approved by the Oversight Board and California Department of Finance (DOF). The remaining parcel in this project, Site #12 at 115 Rea Ave (APN 488-083-03-00), is available for sale in the open market subject to approval by the Oversight Board and DOF.

The Fiscal Year 2016-17 budget for this Successor Agency project provides funding for ongoing maintenance and management and disposition costs of the remaining property at 115 Rea Avenue.

	ROPS Line No.	Prior Years Actual	2015-16 Estimated	2016-17 July- December Proposed	2016-17 January - June Proposed	2016-17 Total Proposed
<b>Project Management City Staff :</b>						
Personnel	87	12,340	-	-	-	-
<b>Professional/Technical Services:</b>						
Environmental Testing-Ninyo & Moore	85	4,836	-	-	-	-
<b>Property Maintenance:</b>						
Repairs & Maintenance	21	2,252	3,000	2,000	2,000	4,000
Property Taxes & Insurance	21	37,761	2,000	1,500	1,000	2,500
Utilities	21	632	200	100	100	200
<b>Property Disposition:</b>						
Appraisal	89	27,150	-	3,000	2,000	5,000
Other Professional/Technical	89	-	-	4,000	3,500	7,500
Title, Escrow & Misc. Fees	89	6	-	400	400	800
<b>TOTAL PROJECT</b>		<b>84,977</b>	<b>5,200</b>	<b>11,000</b>	<b>9,000</b>	<b>20,000</b>
<b>Source of Funds:</b>						
Redevelopment Property Tax Trust Funds (RPTTF)		84,977	2,200	11,000	9,000	20,000
Other Funds		-	3,000	-	-	-
<b>TOTAL FUNDING</b>		<b>84,977</b>	<b>5,200</b>	<b>11,000</b>	<b>9,000</b>	<b>20,000</b>



## SUCCESSOR AGENCY FISCAL YEAR 2016-17

**ACTIVITY:** Successor Agency-2007 Bonds Capital Projects

**ACTIVITY NO:** 0597900

With the dissolution of redevelopment agencies on February 1, 2012, the Successor Agency has been tasked with the managing the proceeds from the 2007 Tax Allocation Bonds and identifying potential capital improvement and infrastructure projects within the Project Area. The Fiscal Year 2016-17 budget for the Successor Agency 2007 Bonds Capital Projects includes funding for the capital improvement projects that are consistent with the bond covenants.

Fiscal Year 2016-17 budget for the Successor Agency 2007 Bonds Capital Projects provides funding to the City of El Cajon for capital improvement projects summarized in the table below.

	City Project No.	ROPS Line No.	2015-16 Estimated	2016-17 Proposed Budget
<b>Project Contributions</b>				
Median Improvements (RDR0705S)	PW3484	60	800,000	-
Fire Station 6 Renovation (RD1502S)	IFM3438	94	1,040,000	410,000
Ronald Reagan Community Center Renovation (RD1503S)	IFM3508	95	200,000	1,060,000
East County Performing Arts Center (ECPAC) Improvements (RD1504S)	IFM3471	98	200,000	950,000
<b>TOTAL PROJECT</b>			<b>2,240,000</b>	<b>2,420,000</b>
<b>Source of Funds:</b>				
2007 Tax Allocation Bonds			2,240,000	2,420,000
<b>TOTAL FUNDING</b>			<b>2,240,000</b>	<b>2,420,000</b>

**AGENDA REPORT**  
**CITY OF EL CAJON SUCCESSOR AGENCY OVERSIGHT BOARD**  
**January 20, 2016, Meeting**

**SUBJECT: APPROVAL OF RECOGNIZED OBLIGATION PAYMENT SCHEDULE (“ROPS 16-17”) FOR THE PERIOD JULY 1, 2016, TO JUNE 30, 2017**

**RECOMMENDED ACTION:** That the Oversight Board adopts the proposed Resolution OB-03-16 to:

1. Approve the ROPS 16-17 for the period July 1, 2016, to June 30, 2017;
2. Authorize the Chair to execute the approved ROPS 16-17 for submission to the California Department of Finance (“DOF”), San Diego County Auditor Controller (“CAC”), and State Controller’s Office (“SCO”) and to post the ROPS 16-17 on the Successor Agency website no later than February 1, 2016; and
3. Approve the Successor Agency staff carrying out activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Loan (Cooperation Agreement) approved by the Oversight Board on April 26, 2012, which are necessary to meet approved obligations outlined in the ROPS 16-17, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

**BACKGROUND:**

Pursuant to Health and Safety Code section 34177(o)(1), commencing with the Recognized Obligation Payment Schedule (“ROPS”) covering the period from July 1, 2016 to June 30, 2017 and thereafter, the Successor Agency is required to submit an Oversight Board approved ROPS to the DOF, CAC, and SCO by February 1 of each year.

The proposed ROPS 16-17 for the period of July 1, 2016, through June 30, 2017, is attached and must be approved by the Oversight Board for submission to the DOF, CAC, and SCO. The DOF will complete its review and make a determination as to whether the items are allowable no later than April 15, 2016. Any modifications by the DOF following its review and initial determination will be subject to a meet and confer process.

The ROPS 16-17 was prepared using the format provided by the DOF and includes the following five (5) schedules:

- **Summary Form** - provides a summary of the current ROPS period funding request totals by funding source. The funding sources include Bond Proceeds, Reserve Balances, Other Funds (include rents, grants, asset sale proceeds, interest earnings, and any other revenues derived from the former redevelopment agency), and Redevelopment Property Tax Trust Fund (“RPTTF”).



- **ROPS Detail** - lists the Agency's outstanding obligations, debts, and payments scheduled by funding source.
- **Report of Cash Balances** - presents the changes in cash balances of the funding sources available to the Successor Agency.
- **Notes** - provides additional information for the current ROPS period's items.

On the ROPS Detail schedule, the following are the noteworthy items:

- **Line item 11** represents remediation costs to conduct further groundwater investigations and reporting of contaminants at the Park Row site. Based on the sampling events and reports, a highly contaminated groundwater plume was detected which requires additional testing and monitoring as ordered by the California Regional Water Quality Board, San Diego Region.
- **Line item 16** is the Promissory Note to the City of El Cajon related to the Purchase and Sale Agreement for 100 Fletcher Parkway. The amount includes the balance due on the final installment payment. DOF disallowed a portion of the final installment payment on ROPS 15-16B (January-June 2016) because of AB 1484 provisions that establish the maximum annual loan repayments to the City.
- **Line items 92, 94, 95, and 98** are housing and capital improvement projects in the Redevelopment Project Area that include an affordable housing project and major improvements and renovations of public facilities. Bond proceeds have been programmed for these projects in previous ROPS and are reallocated and rolled forward to ROPS 16-17.

Finally, in conducting its ongoing business in winding down the affairs of the former El Cajon Redevelopment Agency, the Successor Agency will utilize the policies, procedures and practices of the City of El Cajon unless or until the Oversight Board establishes different procedures in the future.

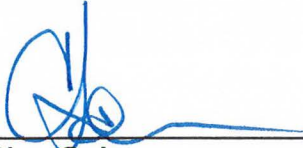
**FISCAL IMPACT:** This action will approve the Recognized Obligation Payment Schedule for the period of July 1, 2016, through June 30, 2017. The total funding requested by the Successor Agency for these enforceable obligations is \$9,352,738.

#### **ATTACHMENTS:**

1. Proposed Resolution OB-03-16
2. Proposed Recognized Obligation Payment Schedule for the period July 1, 2016, to June 30, 2017 (ROPS 16-17)

Oversight Board Agenda Report  
Approval of Recognized Obligation Payment Schedule  
("ROPS 16-17") for the period of July 1, 2016, to June 30, 2017  
January 20, 2016, Agenda

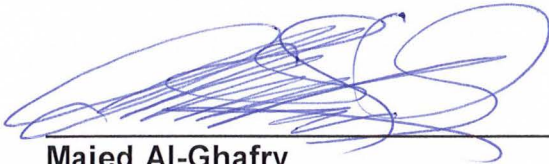
**Prepared by:**



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**Clay Schoen**  
**Director of Finance**

**Reviewed by:**



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**Majed Al-Ghafry**  
**Secretary / Assistant City Manager**

**Approved by:**



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**Douglas Williford**  
**Executive Director/City Manager**

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RESOLUTION NO. OB-03-16

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER EL CAJON REDEVELOPMENT AGENCY APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE PERIOD JULY 1, 2016, TO JUNE 30, 2017 ("ROPS 16-17")

WHEREAS, the Oversight Board (the "Oversight Board") of the Successor Agency of the former El Cajon Redevelopment Agency (the "Successor Agency") held a regularly-scheduled meeting on January 20, 2016, at which time it considered a proposed Recognized Obligation Payment Schedule for the period of July 1, 2016, to June 30, 2017 ("ROPS 16-17"); and

WHEREAS, the Successor Agency requested funding under ROPS 16-17 totaling \$9,352,738 for fiscal year 2016-17 from all sources, including \$3,120,000 from Bond Proceeds, \$811,000 from Reserve Balance, \$50,000 from Other Funds, and \$5,371,738 from Redevelopment Property Tax Trust Funds ("RPTTF").

NOW, THEREFORE, BE IT RESOLVED BY THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OF THE FORMER CITY OF EL CAJON REDEVELOPMENT AGENCY, AS FOLLOWS:

- A. The Oversight Board finds that:
  - 1. The recitals above are true and correct and are incorporated herein by this reference.
  - 2. Approval of the ROPS 16-17 is exempt from the California Environmental Quality Act (CEQA) under section 15061 (b) (3) (General Rule) of the CEQA Guidelines because the proposed amendments will not cause a significant adverse physical change to the environment either directly or indirectly.
- B. The Oversight Board hereby APPROVES the Recognized Obligation Payment Schedule for the period of July 1, 2016, to June 30, 2017, in the form and content attached hereto as **Exhibit "A"** and incorporated herein by this reference, with a total due during Fiscal Year 2016-17 of \$9,352,738, including \$3,120,000 from Bond proceeds, \$811,000 from Reserve Balance, \$50,000 from Other Funds, and \$5,371,738 from RPTTF, subject to any minor conforming, technical, or clarifying changes approved by the City Manager, acting in his capacity as the Chief Executive Officer for the Successor Agency, or such person designated by the City Manager.

- C. The Oversight Board hereby AUTHORIZES the Chair to execute the approved Recognized Obligation Payment Schedule for the period of July 1, 2016, to June 30, 2017, for submission to the County Auditor Controller, State Department of Finance, and State Controller's Office and to post the ROPS 16-17 on the Successor Agency website not later than February 1, 2016.
  
- D. The Oversight Board hereby AUTHORIZES Successor Agency staff to carryout activities outlined in the Cooperation Agreement for Reimbursement of Costs and City/Successor Agency Operations Loan approved by the Oversight Board on April 26, 2012, which are necessary to meet obligations outlined in the ROPS 16-17, including re-entering into third party service agreements for continuation of projects pursuant to City of El Cajon adopted policies, procedures and practices, in place.

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PASSED AND ADOPTED by the Oversight Board of the Successor Agency of the former El Cajon Redevelopment Agency at a regularly-scheduled meeting held this 20<sup>th</sup> day of January 2016, by the following vote to wit:

AYES :  
NOES :  
ABSENT :

\_\_\_\_\_  
Debra Turner-Emerson, Chairperson

ATTEST:

\_\_\_\_\_  
Majed Al-Ghafry, Oversight Board Secretary

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**Recognized Obligation Payment Schedule (ROPS 16-17) - Summary**  
Filed for the July 1, 2016 through June 30, 2017 Period

**Successor Agency:** El Cajon  
**County:** San Diego

<b>Current Period Requested Funding for Enforceable Obligations (ROPS Detail)</b>		<b>16-17A Total</b>	<b>16-17B Total</b>	<b>ROPS 16-17 Total</b>
<b>Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding</b>				
<b>A</b>	<b>Sources (B+C+D):</b>	<b>\$ 3,075,500</b>	<b>\$ 905,500</b>	<b>\$ 3,981,000</b>
B	Bond Proceeds Funding	2,220,000	900,000	3,120,000
C	Reserve Balance Funding	805,500	5,500	811,000
D	Other Funding	50,000	-	50,000
<b>E</b>	<b>Enforceable Obligations Funded with RPTTF Funding (F+G):</b>	<b>\$ 2,816,580</b>	<b>\$ 2,555,158</b>	<b>\$ 5,371,738</b>
F	Non-Administrative Costs	2,691,580	2,430,158	5,121,738
G	Administrative Costs	125,000	125,000	250,000
<b>H</b>	<b>Current Period Enforceable Obligations (A+E):</b>	<b>\$ 5,892,080</b>	<b>\$ 3,460,658</b>	<b>\$ 9,352,738</b>

Certification of Oversight Board Chairman:  
Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

\_\_\_\_\_  
Name Title  
/s/ \_\_\_\_\_  
Signature Date



**EI Cajon Recognized Obligation Payment Schedule (ROPS 16-17) - ROPS Detail**

July 1, 2016 through June 30, 2017

(Report Amounts in Whole Dollars)

A	B	C	F	G	H	I	J	K	16-17A					Q	16-17B					W		
									Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF			16-17A Total	Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		16-17B Total	
									Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin			Bond Proceeds	Reserve Balance	Other Funds	Non-Admin			Admin
Item #	Project Name/Debt Obligation	Obligation Type	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 16-17 Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17A Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17B Total		
						\$ 107,131,494		\$ 9,352,738	\$ 2,220,000	\$ 805,500	\$ 50,000	\$ 2,691,580	\$ 125,000	\$ 5,892,080	\$ 900,000	\$ 5,500	\$ -	\$ 2,430,158	\$ 125,000	\$ 3,460,658		
1	EI Cajon Redevelopment Agency Tax Allocation Refunding Bonds, Issue of 2000	Bonds Issued On or Before 12/31/10	Bank of New York	2000 Bonds - Refunding of bank notes payable & use of proceeds for housing and non-housing projects	Central Business District/Amended Area	30,584,488	N	\$ 1,293,645		27,500		634,118		\$ 661,618				632,027		\$ 632,027		
2	EI Cajon Redevelopment Agency Tax Allocation Refunding Bonds, Issue of 2005	Bonds Issued On or Before 12/31/10	Bank of New York	2005 Bonds - Refunding of 1997 issue & use of proceeds for housing and non-housing projects	Central Business District/Amended Area	51,200,992	N	\$ 3,107,618		585,000		1,259,990		\$ 1,844,990				1,262,628		\$ 1,262,628		
3	EI Cajon Redevelopment Agency Tax Allocation Bonds, Issue of 2007	Bonds Issued On or Before 12/31/10	Bank of New York	2007 Bonds - Use of bond proceeds for non-housing projects	Central Business District/Amended Area	21,513,514	N	\$ 1,118,975		187,500		465,972		\$ 653,472				465,503		\$ 465,503		
4	EI Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity)	Fees	Bank of New York, Bond Logistix, Bond Counsels, County of San Diego	Fiscal agent and trustee administration, arbitrage calculation, and bond counsel services	Central Business District/Amended Area	12,000	N	\$ 12,000				9,000		\$ 9,000				3,000		\$ 3,000		
5	EI Cajon Redevelopment Agency Tax Allocation Bonds - Issues 2000, 2005, and 2007 (Parity Bonds)	Professional Services	RAMS, LLP CPA (current auditors)	Financial auditing services to file an annual audited financial statements with the format required by the bond indentures continuing disclosure.	Central Business District/Amended Area	7,500	N	\$ 7,500				5,500		\$ 5,500				2,000		\$ 2,000		
8	Successor Agency Administration	Admin Costs	City of EI Cajon - Successor Agency	Staff costs, supplies/equipment, records services, meetings	Central Business District/Amended Area	250,000	N	\$ 250,000					125,000	\$ 125,000					125,000	\$ 125,000		
11	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	SCS Engineers, County of San Diego DEH, Legal services (McDougal Love Eckis Boehmer & Foley)	Professional/technical services and County reimbursement/fees for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA	Central Business District/Amended Area	101,000	N	\$ 101,000			50,000	30,500		\$ 80,500				20,500		\$ 20,500		
12	RD0705S - Hazmat Testing Prescott Promenade	Remediation	Phyllis Chrisman Trust Fund c/o mark feiberg, Attorney, Legal services (McDougal Love Eckis Boehmer & Foley)	Professional/technical services for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/Amended Area	11,000	N	\$ 11,000		5,500				\$ 5,500		5,500				\$ 5,500		
13	RD0706S - Southwest Corner Environmental Testing	Remediation	County of San Diego - DEH Legal services (McDougal Love Eckis Boehmer & Foley)	Professional/technical services and County reimbursement/fees for ongoing environmental testing at the SW Corner, a former Brownfields site, as required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/Amended Area	-	N	\$ -						\$ -						\$ -		
15	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Maintenance	SDGE, Helix Water, Ahlee, National Construction Rentals, City of EI Cajon, County of San Diego, various vendors	100 Fletcher Parkway - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing property maintenance to prevent blight conditions in the property and surrounding areas.	Central Business District/Amended Area	28,000	N	\$ 28,000				14,000		\$ 14,000				14,000		\$ 14,000		
16	RD0801S - 100 Fletcher Parkway (Former Police Station)	City/County Loans On or Before 6/27/11	City of EI Cajon	100 Fletcher Parkway - Promissory note on purchase and sale agreement	Central Business District/Amended Area	230,000	N	\$ 230,000				230,000		\$ 230,000						\$ -		
18	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Project Management Costs	City of EI Cajon	Project staff costs related to the enforcement, negotiations, and management of various agreements to protect the Successor Agency's assets. SW Corner (Promenade Square LLC), NW Corner (Priest Development Corp), Smith's DDA, St. Madeleine Sophie's Center, Downtown EI Cajon Brewing Company	Central Business District/Amended Area	-	Y	\$ -						\$ -						\$ -		
21	RDR0703S - Civic Center Complex Revitalization Project	Property Maintenance	SDGE, Helix Water, Ahlee, National Construction Rentals, City of EI Cajon, County of San Diego, Downtown EI Cajon Business Partners, various vendors	Civic Center Complex - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing maintenance to prevent blight conditions in the properties and surrounding areas.	Central Business District/Amended Area	6,700	N	\$ 6,700				3,600		\$ 3,600				3,100		\$ 3,100		
60	RDR0705S - Median Island Improvements Project	Improvement/Infrastructure	City of EI Cajon	Median Island Improvements in the Project Area	Central Business District/Amended Area	-	Y	\$ -						\$ -						\$ -		



**EI Cajon Recognized Obligation Payment Schedule (ROPS 16-17) - ROPS Detail**

July 1, 2016 through June 30, 2017

(Report Amounts in Whole Dollars)

A	B	C	F	G	H	I	J	K	16-17A					Q	16-17B					W		
									Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF			16-17A Total	Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		16-17B Total	
									L	M	N	O	P			R	S	T	U			V
Item #	Project Name/Debt Obligation	Obligation Type	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 16-17 Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17A Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17B Total		
62	RD0704S - Hazmat Testing Park/Ballantyne	Legal	McDougal Love Eckis Boehmer & Foley - this item included with Remediation Item #11	Legal services for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer & former RDA	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
63	RD0704S - Hazmat Testing Park/Ballantyne	Project Management Costs	City of El Cajon	Project staff costs for ongoing environmental testing at Park Magnolia Villas, former Brownfields site, required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA	Central Business District/Amended Area	6,000	N	\$ 6,000				3,000		\$ 3,000					3,000		\$ 3,000	
64	RD0704S - Hazmat Testing Park/Ballantyne	Remediation	Property Owners at Park Magnolia Villas	Settlement/reimbursement due to property owners at Park Magnolia Villas, former Brownfields site, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/Amended Area	-	N	\$ -						\$ -							\$ -	
66	RD0705S - Hazmat Testing Prescott Promenade	Legal	McDougal Love Eckis Boehmer & Foley - this item included with Remediation Item #12	Legal services for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
67	RD0705S - Hazmat Testing Prescott Promenade	Project Management Costs	City of El Cajon	Project staff costs for ongoing environmental testing at the Prescott Promenade, former Brownfields site, required under the Settlement Agreement between Chrisman, Texaco, Shell, Unocal and the former RDA	Central Business District/Amended Area	-	N	\$ -						\$ -							\$ -	
68	RD0706S - Southwest Corner Environmental Testing	Project Management Costs	City of El Cajon	Project staff costs for ongoing environmental testing at the SW Corner, a former Brownfields site, as required by the County DEH, pursuant to the Reimbursement & Indemnity Agreement between the developer and former RDA.	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
70	RD0801S - 100 Fletcher Parkway (Former Police Station)	Legal	McDougal Love Eckis Boehmer & Foley	100 Fletcher Parkway - Legal services for property maintenance, hazardous materials testing/abatement and preparation of the real property for disposition.	Central Business District/Amended Area	-	N	\$ -						\$ -							\$ -	
71	RD0801S - 100 Fletcher Parkway (Former Police Station)	Project Management Costs	City of El Cajon	100 Fletcher Parkway - Project staff costs for ongoing property maintenance, landscaping, hazardous materials testing, abatement, and preparation of the real property for disposition.	Central Business District/Amended Area	16,000	N	\$ 16,000				8,000		\$ 8,000					8,000		\$ 8,000	
72	RD0801S - 100 Fletcher Parkway (Former Police Station)	Property Dispositions	Andrew A. Smith, Commercial Properties Group, Retail Insite, Legal services (McDougal Love Eckis Boehmer & Foley) various vendors.	100 Fletcher Parkway - Appraisal fees, broker fees, legal costs, public notices, and other costs associated with the disposition of the real property.	Central Business District/Amended Area	31,000	N	\$ 31,000				20,500		\$ 20,500					10,500		\$ 10,500	
75	RD1017S - Johnson Avenue Corridor Revitalization Project	Legal	McDougal Love Eckis Boehmer & Foley	Johnson Ave Corridor - Legal services for ongoing environmental testing and remediation of contaminated sites required by the County DEH, in preparation for the disposition of the real property.	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
76	RD1017S - Johnson Avenue Corridor Revitalization Project	Property Maintenance	SDGE, Helix Water, Ahlee, National Construction Rentals, City of El Cajon, County of San Diego, various vendors	Johnson Ave - Landscaping, utilities, repairs/maintenance, property insurance & taxes, fencing costs for ongoing property maintenance for the current tenants and to prevent blight conditions in the property and surrounding areas.	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	



**EI Cajon Recognized Obligation Payment Schedule (ROPS 16-17) - ROPS Detail**

July 1, 2016 through June 30, 2017

(Report Amounts in Whole Dollars)

A	B	C	F	G	H	I	J	K	16-17A					Q	16-17B					W		
									Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF			16-17A Total	Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		16-17B Total	
									L	M	N	O	P			R	S	T	U			V
Item #	Project Name/Debt Obligation	Obligation Type	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	ROPS 16-17 Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17A Total	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	16-17B Total		
77	RD1017S - Johnson Avenue Corridor Revitalization Project	Property Dispositions	Andrew A. Smith, Commercial Properties Group, Retail Insite, and various vendors.	Johnson Ave Corridor - Appraisal fees, broker fees, closing costs and misc. costs associated with the disposition of the real property.	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
78	RD1017S - Johnson Avenue Corridor Revitalization Project	Project Management Costs	City of EI Cajon	Johnson Ave Corridor - Project staff costs for ongoing property maintenance, environmental testing/ remediation and preparation for the disposition of the real property.	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
80	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Legal	McDougal Love Eckis Boehmer & Foley Lambert & Rogers, Bankruptcy Receivership	Legal costs related to the enforcement, negotiations, and management of various agreements to protect the Successor Agency's assets. SW Corner (Promenade Square LLC), NW Corner (Priest Development Corp), Smith's DDA, St. Madeleine Sophie's Center, Downtown EI Cajon Brewing Company	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
81	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Litigation	East County Californian, AT&T, SDA Security, SDGE, Helix Water, Sewer, etc.	OPA DECB - Maintenance costs to safeguard and preserve the collateral for DECB's loans while waiting for new owners to take over the business.	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
86	RDR0703S - Civic Center Complex Revitalization Project	Legal	McDougal Love Eckis Boehmer & Foley	Civic Center Complex - Legal services for maintenance issues, hazardous materials testing/abatement, and preparation of the properties for disposition.	Central Business District/Amended Area	-	N	\$ -						\$ -							\$ -	
87	RDR0703S - Civic Center Complex Revitalization Project	Project Management Costs	City of EI Cajon	Civic Center Plaza - Project staff costs for ongoing property maintenance, landscaping, hazardous materials testing, abatement, and preparation of the real properties for disposition.	Central Business District/Amended Area	-	N	\$ -						\$ -							\$ -	
89	RDR0703S - Civic Center Complex Revitalization Project	Property Dispositions	Andrew A. Smith, Commercial Properties Group, Retail Insite, Legal services (McDougal Love Eckis Boehmer & Foley) and various vendors.	Civic Center Plaza - Appraisal fees, broker fees, legal, closing costs, public notices, and other costs associated with the disposition of the real property.	Central Business District/Amended Area	13,300	N	\$ 13,300				7,400		\$ 7,400					5,900		\$ 5,900	
92	HA1501 - Housing Authority Development and Revitalization Activities	Improvement/Infrastructure	City of EI Cajon	Production, replacement, and/or preservation of affordable housing units	Central Business District/Amended Area	700,000	N	\$ 700,000	350,000					\$ 350,000	350,000						\$ 350,000	
93	RD1201S - Management of DDAs, OPAs, OAs, and Reimbursement and Indemnity Agreements	Miscellaneous	County of San Diego, East County Californian	County recording fees and public notices for termination of various agreements	Central Business District/Amended Area	-	Y	\$ -						\$ -							\$ -	
94	RD1502S - Fire Station 6 Renovation	Improvement/Infrastructure	City of EI Cajon	Fire Station 6 Renovation	Central Business District/Amended Area	410,000	N	\$ 410,000	410,000					\$ 410,000	-						\$ -	
95	RD1503S - Ronald Reagan Community Center Plaza	Improvement/Infrastructure	City of EI Cajon	Ronald Reagan Community Center Renovation	Central Business District/Amended Area	1,060,000	N	\$ 1,060,000	1,060,000					\$ 1,060,000	-						\$ -	
98	RD1504S - East Count Performing Arts Center Improvements	Improvement/Infrastructure	City of EI Cajon	East County Performing Arts Center Improvements	Central Business District/Amended Area	950,000	N	\$ 950,000	400,000					\$ 400,000	550,000						\$ 550,000	



**EI Cajon Recognized Obligation Payment Schedule (ROPS 16-17) - Report of Cash Balances  
(Report Amounts in Whole Dollars)**

Pursuant to Health and Safety Code section 34177 (l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see <a href="#">CASH BALANCE TIPS SHEET</a> .									
A	B	C	D	E	F	G	H	I	
Cash Balance Information by ROPS Period		Fund Sources						Comments	
		Bond Proceeds		Reserve Balance		Other	RPTTF		
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin		
<b>ROPS 15-16A Actuals (07/01/15 - 12/31/15)</b>									
1	Beginning Available Cash Balance (Actual 07/01/15)	6,373,740	-	24,043	765,000	124,586	312,470		
2	Revenue/Income (Actual 12/31/15) RPTTF amounts should tie to the ROPS 15-16A distribution from the County Auditor-Controller during June 2015	7,911				1,643,683	3,878,160	(G2) - \$1,639,947 Proceeds from sale of Site #10. Remit to CAC on 1/7/2016 for distribution to affected taxing entities	
3	Expenditures for ROPS 15-16A Enforceable Obligations (Actual 12/31/15)	1,259,905			765,000	14,078	3,964,499		
4	Retention of Available Cash Balance (Actual 12/31/15) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,317,622					-		
5	ROPS 15-16A RPTTF Balances Remaining	No entry required						55,921	
6	Ending Actual Available Cash Balance C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 - 5)	\$ 3,804,124	\$ -	\$ 24,043	\$ -	\$ 1,754,191	\$ 170,210		
<b>ROPS 15-16B Estimate (01/01/16 - 06/30/16)</b>									
7	Beginning Available Cash Balance (Actual 01/01/16) (C, D, E, G = 4 + 6, F = H4 + F4 + F6, and H = 5 + 6)	\$ 5,121,746	\$ -	\$ 24,043	\$ -	\$ 1,754,191	\$ 226,131		
8	Revenue/Income (Estimate 06/30/16) RPTTF amounts should tie to the ROPS 15-16B distribution from the County Auditor-Controller during January 2016	3,600	-	-		3,000	2,667,699		
9	Expenditures for ROPS 15-16B Enforceable Obligations (Estimate 06/30/16)	980,000		12,000		65,000	2,037,909		
10	Retention of Available Cash Balance (Estimate 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	1,317,605				1,639,947	800,000	(G10) - Proceeds from sale of Site #10 -Remit to CAC on 1/7/2016 for distribution to affected taxing entities.	
11	Ending Estimated Available Cash Balance (7 + 8 - 9 -10)	\$ 2,827,741	\$ -	\$ 12,043	\$ -	\$ 52,244	\$ 55,921		





## CITY OF EL CAJON SUCCESSOR AGENCY

### MEMORANDUM

**DATE:** January 20, 2016

**TO:** Oversight Board Members

**FROM:** Director of Finance

**SUBJECT:** Basic Financial Statements and Independent Auditor's Report for the Fiscal Year Ended June 30, 2015, and Written Communication Between Auditor and Client

---

The Basic Financial Statements are prepared annually to present the Successor Agency's financial condition and fiscal year end results of the Agency's activities and to comply with the bonds' continuing disclosure requirement to file an Annual Report that included audited financial statements. The financial statements have been audited by the firm of Rogers, Anderson, Malody & Scott, LLP, whose Independent Auditor's Report states that, in their opinion, the financial statements are presented fairly in all material respects and are in conformance with GAAP.

The Statement on Auditing Standards 114 (SAS114) requires communication between the auditor and client in relation to the audit of financial statements. SAS 114 identifies certain information that must be provided such as qualitative aspects of accounting practices, management representation, and other audit findings or issues, among others. This information is communicated to the Oversight Board in the attached auditor's letter dated December 1, 2015.

A handwritten signature in blue ink, appearing to be "Clay Schoen", is located below the text of the memorandum. The signature is stylized and includes a long horizontal flourish extending to the right.

Clay Schoen  
Director of Finance





ROGERS, ANDERSON, MALODY & SCOTT, LLP  
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*Governmental Audit  
Quality Center*

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To the Oversight Board  
Successor Agency of the El Cajon Redevelopment Agency

We have audited the financial statements of the Successor Agency of the El Cajon Redevelopment Agency (Agency) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 5, 2015. Professional standards also require that we communicate to you the following information related to our audit.

*Qualitative aspects of accounting practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year to June 30, 2015. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Agency's financial statements was:

Depreciation expense is the allocation of capital asset costs over the estimated useful life of a particular asset. The actual life of any single asset may vary significantly based on a variety of unknown factors, such as defects in the quality of manufacturing or materials used in the asset. Assets may last longer or shorter than anticipated resulting in disproportionate allocation of expense to various accounting periods. We evaluated the useful lives employed by the Agency to determine if the lives utilized appeared reasonable based on the asset classes in service.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the dissolution of the former Redevelopment Agency of the City of El Cajon in Note A to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties encountered in performing the audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and uncorrected misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

*Disagreements with management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management representations*

We have requested certain representations from management that are included in the management representation letter dated December 1, 2015.

*Management consultations with other independent accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other audit findings or issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of Oversight Board and management of Successor Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

*Rogers Anderson Malouly & Scott, LLP*

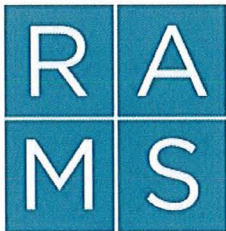
San Bernardino, CA  
December 1, 2015



# Successor Agency to the El Cajon Redevelopment Agency

Basic Financial Statements and  
Independent Auditor's Report

For the year ended June 30, 2015



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**Successor Agency to the  
El Cajon Redevelopment Agency  
Basic Financial Statements  
Table of Contents**

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To the Oversight Board  
Successor Agency to the El Cajon Redevelopment Agency  
El Cajon, California

## INDEPENDENT AUDITOR'S REPORT

### PARTNERS

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Gardenya Duran, CPA  
Juan Romero, CPA  
Ivan Gonzales, CPA, MSA  
Brianna Pascoe, CPA  
Daniel Hernandez, CPA, MBA

We have audited the accompanying financial statements of the Successor Agency to the El Cajon Redevelopment Agency (the Agency), California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### MEMBERS

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Successor Agency to the El Cajon Redevelopment Agency, California, as of June 30, 2015, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on summarized comparative information

We have previously audited the Agency's 2014 financial statements, and our report dated November 26, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other matters

### *Required supplementary information*

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*Rogers Anderson Maloney & Scott, LLP*

San Bernardino, California  
December 1, 2015

**Successor Agency to the  
 El Cajon Redevelopment Agency  
 Statement of Fiduciary Net Position  
 June 30, 2015  
 (with comparative data for prior year)**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and investments	\$ 5,833,327	\$ 6,691,228
Cash and investments with fiscal agent	5,683,345	6,171,719
Receivables:		
Interest	1,670	1,695
Loans	2,550,000	3,265,227
Prepaid bond insurance	134,726	140,850
Assets held for resale	8,529,531	15,210,724
Capital assets:		
Land and nondepreciable capital assets	-	23,422
Total assets	<u>22,732,599</u>	<u>31,504,865</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	203,875	299,445
Interest payable	786,163	817,035
Deposits payable	-	2,000
Current portion of long-term debt	3,486,881	4,138,655
Long-term debt	<u>58,314,946</u>	<u>61,153,565</u>
Total liabilities	<u>62,791,865</u>	<u>66,410,700</u>
<b>NET DEFICIT</b>		
Held in trust for other purposes	<u>\$ (40,059,266)</u>	<u>\$ (34,905,835)</u>

*The accompanying notes are an integral part of these financial statements.*

**Successor Agency to the  
 El Cajon Redevelopment Agency  
 Statement of Changes in Fiduciary Net Position  
 For the year ended June 30, 2015  
 (with comparative data for prior year)**

	2015	2014
<b>ADDITIONS</b>		
Property taxes	\$ 6,418,028	\$ 5,865,233
Intergovernmental	36,112	44,357
Investment earnings	22,710	23,452
Loss from assets held for resale	(292,831)	(56,500)
Other	29,317	43,098
	6,213,336	5,919,640
<b>DEDUCTIONS</b>		
Administrative expenses	152,301	241,428
Program/project expenses	1,572,809	2,680,079
Disposition of capital assets	5,631,783	11,480,770
Payments to affected taxing entities	728,564	2,054,777
Interest and fiscal agency expenses	3,281,310	3,160,921
	11,366,767	19,617,975
Total deductions	11,366,767	19,617,975
Change in net position	(5,153,431)	(13,698,335)
Net deficit, beginning of the fiscal year	(34,905,835)	(21,207,500)
Net deficit, ending of the fiscal year	\$ (40,059,266)	\$ (34,905,835)

*The accompanying notes are an integral part of these financial statements.*

**Successor Agency to the  
El Cajon Redevelopment Agency  
Notes to the Basic Financial Statements  
For the year ended June 30, 2015**

**Note A: Organization and Summary of Significant Accounting Policies**

The basic financial statements of the Successor Agency to the El Cajon Redevelopment Agency (the Successor Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Successor Agency's accounting policies are described below.

**1. Reporting entity**

On January 10, 2012, the City of El Cajon elected to be the successor agency to the former El Cajon Redevelopment Agency (the Agency). Upon the dissolution of California redevelopment agencies on February 1, 2012, the Successor Agency is tasked with the responsibility of winding down the dissolved redevelopment agency's affairs, continuing to meet the former agency's enforceable obligations, overseeing completion of redevelopment projects, and disposing of the assets and properties of the former redevelopment agency; all as directed and approved by the Oversight Board. Oversight Board members have a fiduciary responsibility to holders of enforceable obligations, as well as to the local agencies that would benefit from property tax distributions from the former redevelopment project area. The Oversight Board of the Successor Agency is comprised of seven members appointed by the:

- County Board of Supervisors (two members)
- Mayor of the City of El Cajon (one member)
- County Superintendent of Education (one member)
- Chancellor of California Community Colleges (one member)
- Largest special district taxing entity (one member); and
- Mayor of City of El Cajon representing the employees of the former redevelopment agency (one member).

City of El Cajon employees perform the necessary day-to-day activities of the Successor Agency to bring existing projects to completion, collect information and perform analysis regarding disposal of agency assets, and provide administrative support to the Oversight Board.

The Successor Agency's assets and activities are accounted for in a fiduciary fund (private-purpose trust fund), since the Successor Agency is not a component unit of the City of El Cajon's financial reporting entity.

**Successor Agency to the  
El Cajon Redevelopment Agency  
Notes to the Basic Financial Statements  
For the year ended June 30, 2015**

**Note A: Organization and Summary of Significant Accounting (continued)**

**2. Basis of accounting and measurement focus**

The Successor Agency serves as the custodian of the assets for the dissolved redevelopment agency. Based on the nature of this custodial role, the assets and liabilities of the dissolved redevelopment agency are reported as a fiduciary fund (private-purpose trust fund). The private-purpose trust fund financial statements consist of a Statement of Fiduciary Net Position ("balance sheet") and a Statement of Changes in Fiduciary Net Position ("income statement").

Private-purpose trust funds are accounted for using the "economic resources" measurement focus and accrual basis of accounting. Accordingly, all of the Successor Agency's assets and liabilities (both current and noncurrent) are included in the Statement of Fiduciary Net Position. The Statement of Changes in Fiduciary Net Position presents additions to ("revenues") and deductions from ("expenses") the total net position. Expenses are recorded in the period in which the liability is incurred while revenues are recognized in the period in which they are earned. Property tax revenues are recognized in the fiscal year for which they are levied.

**3. Property Tax**

The Successor Agency's primary source of funding is property taxes allocated by the San Diego County-Auditor's Office (CAC) from the Redevelopment Property Tax Trust Fund (RPTTF). The allocation of property taxes is related to the repayment of the former redevelopment agency's enforceable obligations. The Successor Agency prepares a Recognized Obligations Payment Schedule (ROPS) estimating the RPTTF funds required to pay its obligations for each six-month period (January-June and July-December). The ROPS is subject to review and approval of the Oversight Board, CAC, and State Department of Finance (DOF).

The Successor Agency receives allocation of property taxes for its approved ROPS items after payments of the County's administrative costs and pass-through payments to affected taxing entities. In addition to the ROPS payments, the Successor Agency is allocated annually an administrative allowance equal to 3% of the approved RPTTF funding or the minimum amount of \$250,000, whichever is greater.

The County of San Diego (County) assesses, bills, and collects property taxes on behalf of numerous special districts and incorporated cities. The County distributes property taxes collected and deposited in the RPTTF to the successor agencies and the residual balances to other taxing entities in January and June of each year.

The Successor Agency has no power to levy and collect taxes, and any legislative property tax reduction might decrease the amount of tax revenues that would otherwise be available to pay the principal and interest on bonds and other obligations. Broadened property tax exemptions could have a similar effect. Conversely, any increase in the tax rate or assessed valuation, or any reduction or elimination of present exemptions, would increase the amount of tax revenues that would be available to pay enforceable obligations.



**Successor Agency to the  
El Cajon Redevelopment Agency  
Notes to the Basic Financial Statements  
For the year ended June 30, 2015**

**Note A: Organization and Summary of Significant Accounting Policies (continued)**

**4. Annual Budget**

Prior to the beginning of the fiscal year, the Oversight Board of the Successor Agency adopts an annual budget for the conduct of necessary activities, including administration, of the former redevelopment agency. Supplemental appropriations required during the period may also be approved by the Board.

**5. Cash and investments**

The cash and investments held by the Successor Agency are pooled in the City's cash and investments, except for cash held by the fiscal agents and funds invested in a Successor Agency Local Agency Investment Fund (LAIF) account. The Successor Agency's share in this pool is displayed in the accompanying basic financial statements as *cash and investments*. Based on monthly average cash and investment balances, investment income earned by the pooled investments is allocated quarterly to the various City funds, City component units and for certain agencies, including the Successor Agency.

The Successor Agency participates in LAIF, an investment pool managed by the State of California. Investments are reported at fair value and changes in fair value that occur during a fiscal year are reported as *investment earnings* for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**6. Assets held for resale**

Assets held for resale, consisting of real property and equipment, are recorded at the lower of acquisition cost or estimated resale value.

**7. Capital assets**

The Successor Agency completed the disposition of its capital assets in fiscal year 2014-15. These capital assets consisted primarily of real properties, which were transferred to the City of El Cajon for governmental purposes pursuant to its approved Amended Long Range Property Management Plan.

**Successor Agency to the  
El Cajon Redevelopment Agency  
Notes to the Basic Financial Statements  
For the year ended June 30, 2015**

**Note A: Organization and Summary of Significant Accounting Policies (continued)**

**8. Liabilities**

Liabilities reflect the Successor Agency's financial obligations as of June 30, including the repayment of tax allocation bonds issued by the former redevelopment agency. Bond discount costs are deferred and amortized over the life of the bonds using the straight-line method. Long-term debt is reported net of bond discount.

**9. Use of estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the related reported amounts of revenue and expenses during the reporting period. Actual results could differ from estimates. Management believes that the estimates are reasonable.

**Note B: Cash and Investments**

Cash and investments, as of June 30, 2015, are classified in the accompanying financial statements as follows:

Statement of Fiduciary Net Position:	
Cash and investments	\$ 5,833,327
Restricted cash and investments with fiscal agent	<u>5,683,345</u>
Total cash and investments	<u>\$ 11,516,672</u>

Cash and investments, as of June 30, 2015, consist of the following:

Cash on hand and deposits in City pool	\$ 802,401
Investments	<u>10,714,271</u>
Total cash and investments	<u>\$ 11,516,672</u>

**Successor Agency to the  
El Cajon Redevelopment Agency  
Notes to the Basic Financial Statements  
For the year ended June 30, 2015**

**Note B: Cash and Investments (continued)**

***Equity in the cash and investment pool of the City of El Cajon***

The Successor Agency participates in the cash and investment pool managed by the City of El Cajon. The pool is governed by and under the regulatory oversight of the investment policy adopted by the City Council. The Successor Agency did not adopt an investment policy separate from that of the City of El Cajon. The cash and investment pool, other than debt proceeds held in restricted accounts, may be invested in any instrument authorized by the California Government Code Section 53601 and by the City's investment policy. The list of investment types authorized for the City is provided in the cash and investment notes to the basic financial statements of the City.

The Successor Agency's cash and investments pooled in the City's cash and investments is reported in the accompanying financial statements at fair value amounts based upon the Successor Agency's pro-rata share of the fair value calculated for the entire City portfolio.

***Investments authorized by debt agreements***

Investment of debt proceeds with fiscal agents is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The following table identifies the investment types that are authorized for investments with fiscal agents. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
General Obligations of States	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Pre-Refunded Municipal Obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$50,000,000

**Successor Agency to the  
El Cajon Redevelopment Agency  
Notes to the Basic Financial Statements  
For the year ended June 30, 2015**

**Note B: Cash and Investments (continued)**

***Investment in State investment pool***

The Successor Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the investment in this pool is stated at amounts based upon the Successor Agency's pro-rata share of fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$50,000,000.

***Risk Disclosures***

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. Exposure to interest rate risk is minimized by purchasing a combination of shorter term and longer term investments and by timing the cash flows from maturities so that a portion of the portfolio is maturing and or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

The Successor Agency's exposure to interest rate risk as a result of its equity in the cash and investment pool of the City is provided by disclosures in the notes to the basic financial statements of the City that show the distribution of the City's investments by maturity.

The sensitivity of the Successor Agency's investments to market interest rate fluctuations is minimized with the following investments maturing at 12 months or less:

Investment Type	Maturity at 12 Months Or Less
State Investment Pool	\$ 5,030,926
Held by fiscal agent:	
Invesco Treasury	1,317,481
State Investment Pool	4,365,864
Total	\$ 10,714,271

**Successor Agency to the  
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**Note B: Cash and Investments (continued)**

***Risk Disclosures (continued)***

**Credit Risk** – This is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the following table is the minimum rating required by (where applicable) the California Government Code, the Successor Agency’s investment policy or debt agreements, and the actual rating as of June 30, 2015, for each investment type.

Investment Type	Amount	Minimum Legal Rating	Ratings at June 30, 2015	
			AAA	Not Rated
State Investment Pool	\$ 5,030,926	N/A	\$ -	\$ 5,030,926
Held by fiscal agent:				
Invesco Treasury	1,317,481	AAA	1,317,481	-
State Investment Pool	<u>4,365,864</u>	N/A	<u>-</u>	<u>4,365,864</u>
Total	<u>\$ 10,714,271</u>		<u>\$ 1,317,481</u>	<u>\$ 9,396,790</u>

**Custodial Credit Risk** – The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or collateral securities that are held by an outside party. As of June 30, 2015, none of the Successor Agency’s deposits pooled with the City’s deposits was held in uncollateralized accounts. The Successor Agency does not have significant separate certificates of deposit or demand accounts held by the fiscal agent that are subject to custodial credit risk disclosure.

The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Successor Agency does not have direct investments in securities subject to custodial credit disclosure. For the investments held by the fiscal agent, the fiscal agent selects the investment under the terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

**Successor Agency to the  
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**Note C: Loans Receivable**

The Successor Agency is tasked with monitoring the loan agreements entered into by the former El Cajon Redevelopment Agency for financing construction and tenant improvements of businesses in the project area. As of June 30, 2015, the Successor Agency had the following loans receivables:

	<u>Balance at June 30, 2015</u>
<b><i>Parkway Plaza GP, LLC</i></b>	
In March 2011, the former Agency entered into an Owner Participation Agreement with Parkway Plaza GP, LLC (Developer) to rehabilitate and renovate the Westfield Parkway Shopping Mall (Site). The Agency loaned the Developer \$1,972,400 for the construction of façade improvements and landscaping within the shopping center and completion of tenant improvements to accommodate new retail uses. The terms and conditions of the Agency loan are stated in a promissory note. Interest accrues annually on the outstanding principal balance at the LIBOR Rate with accrued interest forgiven first, then principal, in an amount equal to the sales taxes and net property taxes generated from the Site each operating year. In fiscal year 2014-15, the outstanding principal balance of \$714,232 and accrued interest of \$1,660 were forgiven.	\$ -
<b><i>JKC Palm Springs Automotive, Inc.</i></b>	
In March 2011, the former Agency entered into an Owner Participation Agreement with JKC Palm Springs Automotive, Inc. (Developer) to rehabilitate the real property, buildings, and facilities operated as the Team KIA El Cajon motorcar dealership (Site). The Agency loaned the Developer \$650,000 for the Site improvements. The loan was secured by a Deed of Trust with interest accruing annually at 3% starting November 2015. Beginning on November 2016, the Agency shall forgive accrued interest first, then principal, in an amount equal to the sales taxes generated from the Site each operating year. The Developer must pay any balance of outstanding principal and accrued interest to the Agency by November 2022. As of June 30, 2015, the outstanding principal was \$650,000.	650,000

**Successor Agency to the  
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**Note C: Loans Receivable (continued)**

	Balance at June 30, 2015
<b><i>Inland Properties (US) Inc.</i></b>	
In April 2011, the former Agency authorized the sale of the 440 and 542 N. Johnson Avenue property (Site) to Inland Properties (US) Inc. (Developer) for \$2,500,000. The Developer made a down payment of \$600,000 and a promissory note was executed for the remaining \$1,900,000. The note was secured by a Deed of Trust. Repayment begins on July 2019 for a period of ten years, with interest accruing annually at a rate of 3.25% on the outstanding principal loan balance. The Agency shall forgive accrued interest first, then principal, in an amount equal to the sales and use taxes generated from sales occurring on the Site in each year. As of June 30, 2015, the outstanding principal was \$1,900,000.	\$ 1,900,000
Total	\$ 2,550,000

**Note D: Capital Assets**

At June 30, 2015, the Successor Agency completed the disposition of its capital assets by transferring the remaining parcel of land to the City of El Cajon for governmental purpose.

	Beginning balance	Additions	Deletions	Ending balance
Nondepreciable assets:				
Land	\$ 23,422	\$ -	\$ 23,422	\$ -
Capital assets, net	\$ 23,422	\$ -	\$ 23,422	\$ -

**Successor Agency to the  
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For the year ended June 30, 2015**

**Note E: Long-Term Liabilities**

The Successor Agency is required to make scheduled payments and perform obligations with respect to the long-term liabilities of the former El Cajon Redevelopment Agency. The following is a schedule of changes in long-term liabilities for the fiscal year ended June 30, 2015:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Bonds:</b>					
2000 Tax allocation refunding bonds	\$ 15,850,000	\$ -	\$ 40,000	\$ 15,810,000	\$ 50,000
2005 Tax allocation refunding bonds	32,715,000	-	1,085,000	31,630,000	1,125,000
2007 Tax allocation bonds	13,685,000	-	345,000	13,340,000	355,000
Subtotal bonds	62,250,000	-	1,470,000	60,780,000	1,530,000
Less: Unamortized discount	(979,580)	-	(44,526)	(935,054)	-
Total bonds	<u>61,270,420</u>	<u>-</u>	<u>1,425,474</u>	<u>59,844,946</u>	<u>1,530,000</u>
Due to the City of El Cajon	4,021,800	-	2,064,919	1,956,881	1,956,881
Total long-term debt	<u>\$ 65,292,220</u>	<u>\$ -</u>	<u>\$ 3,490,393</u>	<u>\$ 61,801,827</u>	<u>\$ 3,486,881</u>



**Successor Agency to the  
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**Note E: Long-Term Liabilities (continued)**

***2000 Tax allocation refunding bonds***

On August 15, 2000, the former Agency issued \$16,000,000 Taxable Tax Allocation Refunding Bonds, Issue of 2000, and (the Bonds) to refund the bank notes payable. The Bonds are being issued on a parity basis with the Agency's Tax Allocation Refunding Bonds, Issue of 1997. The Bonds are term bonds maturing on October 1, 2020, and October 1, 2030, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, by October 1, 2006, and October 1, 2021, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 7.6% to 7.7%. The Agency pledged 100% of property tax from the RPTTF as security for the bonds.

The debt service requirements for the 2000 Bonds at June 30, 2015 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 50,000	\$ 1,215,135	\$ 1,265,135
2017	55,000	1,211,145	1,266,145
2018	55,000	1,206,965	1,261,965
2019	55,000	1,202,785	1,257,785
2020	55,000	1,198,605	1,253,605
2021 – 2025	3,245,000	5,696,620	8,941,620
2026 – 2030	9,850,000	2,949,100	12,799,100
2031 – 2034	2,445,000	94,133	2,539,133
Totals	<u>\$ 15,810,000</u>	<u>\$ 14,774,488</u>	<u>\$ 30,584,488</u>

**Successor Agency to the  
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**Note E: Long-Term Liabilities (continued)**

***2005 Tax allocation refunding bonds***

On October 1, 2005, the former Agency issued \$40,000,000 Tax Allocation Refunding Bonds, Issue of 2005, (the Bonds) to advance refund the 1997 Tax Allocation Refunding Bonds, of which \$29,440,000 were outstanding as of October 1, 2005. As of June 30, 2006, the 1997 bonds had been paid in full. This resulted in a present value cash flow savings of \$1,070,000 and a deferred amount on refunding (difference between the present value of the new debt service payments and the old debt service payments) of \$10,176,549. The Bonds are term bonds maturing on October 1, 2030 and October 1, 2036, and are subject to mandatory redemption from minimum sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3% to 4.5%. The Agency pledged 100% of property revenues from the RPTTF as security for the bonds. The bonds are presented net of unamortized discount of \$935,054.

The debt service requirements for the 2005 Bonds at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 1,125,000	\$ 1,373,886	\$ 2,498,886
2017	1,170,000	1,325,118	2,495,118
2018	1,225,000	1,272,693	2,497,693
2019	1,285,000	1,219,430	2,504,430
2020	1,340,000	1,165,590	2,505,590
2021 – 2025	4,740,000	5,023,938	9,763,938
2025 – 2030	1,000,000	4,555,125	5,555,125
2031 – 2035	12,650,000	3,312,450	15,962,450
2036 – 2038	7,095,000	322,763	7,417,763
	<u>31,630,000</u>	<u>19,570,993</u>	<u>51,200,993</u>
Less Unamortized Discount	<u>(935,054)</u>	<u>-</u>	<u>(935,054)</u>
Totals	<u>\$ 30,694,946</u>	<u>\$ 19,570,993</u>	<u>\$ 50,265,939</u>

**Successor Agency to the  
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**Note E: Long-Term Liabilities (continued)**

***2007 Tax allocation bonds***

On October 1, 2006, the former Agency issued \$15,750,000 Tax Allocation Bonds, Issue of 2007, (the Bonds) to finance redevelopment project activities within or for the benefit of the City of El Cajon Redevelopment Project Area of the Agency. The Bonds are being issued on a parity basis with the Agency's Taxable Tax Allocation Refunding Bonds, Issue of 2000, and Tax Allocation Refunding Bonds, Issue of 2005. The Bonds are term bonds maturing October 1, 2030, and October 1, 2037, and are subject to mandatory redemption from mandatory sinking account payments, in part by lot, on October 1, 2023, and October 1, 2031, respectively, and on each October 1 thereafter at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date. The Bonds are subject to optional redemption prior to maturity, in whole or in part, on any date. Interest is payable semi-annually on April 1 and October 1 at interest rates ranging from 3.45% to 4.25%. The Agency pledged 100% of property tax revenues from the RPTTF as security for the bonds.

The debt service requirements for the 2007 Bonds at June 30, 2015 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 355,000	\$ 564,488	\$ 919,488
2017	375,000	548,975	923,975
2018	390,000	532,718	922,718
2019	405,000	515,825	920,825
2020	425,000	498,188	923,188
2021 – 2025	2,040,000	2,226,555	4,266,555
2026 – 2030	2,040,000	1,823,193	3,863,193
2031 – 2035	3,880,000	1,214,198	5,094,198
2036 – 2038	3,430,000	249,376	3,679,376
<b>Totals</b>	<b>\$ 13,340,000</b>	<b>\$ 8,173,516</b>	<b>\$ 21,513,516</b>

**Successor Agency to the  
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For the year ended June 30, 2015**

**Note E: Long-Term Liabilities (continued)**

The annual requirements to amortize all bonds outstanding at June 30, 2015, including interest payments to maturity, are as follows:

Year Ending at June 30,	Principal	Interest	Total
2016	\$ 1,530,000	\$ 3,153,509	\$ 4,683,509
2017	1,600,000	3,085,238	4,685,238
2018	1,670,000	3,012,376	4,682,376
2019	1,745,000	2,938,040	4,683,040
2020	1,820,000	2,862,383	4,682,383
2021 – 2025	10,025,000	12,947,113	22,972,113
2026 – 2030	12,890,000	9,327,418	22,217,418
2031 – 2035	18,975,000	4,620,781	23,595,781
2036 – 2038	10,525,000	572,139	11,097,139
	<u>60,780,000</u>	<u>42,518,997</u>	<u>103,298,997</u>
Less Unamortized Discount	<u>(935,054)</u>	<u>-</u>	<u>(935,054)</u>
Totals	<u>\$ 59,844,946</u>	<u>\$ 42,518,997</u>	<u>\$ 102,363,943</u>

***Due to the City of El Cajon, Land Purchase***

The former El Cajon Redevelopment Agency entered into an agreement with the City of El Cajon to purchase the property at 100 Fletcher Parkway on June 15, 2011. The property was the site of the former police facility, and was a key parcel within the Project Area for future commercial development. The total outstanding principal due to the City at June 30, 2015 was \$1,956,881.

**Note F: Commitments and Contingencies**

Some enforceable obligations of the Successor Agency represent agreements, contracts or other commitments for the expenditure of monies. They do not constitute as expense or liability for financial statement purposes because these commitments will be honored in subsequent years.