



A G E N D A



IMPERIAL BEACH CITY COUNCIL REDEVELOPMENT AGENCY PLANNING COMMISSION PUBLIC FINANCING AUTHORITY

AUGUST 18, 2010

Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

CLOSED SESSION MEETING – 5:30 P.M.
REGULAR MEETING – 6:00 P.M.

**THE CITY COUNCIL ALSO SITS AS THE CITY OF IMPERIAL BEACH REDEVELOPMENT AGENCY,
PLANNING COMMISSION, AND PUBLIC FINANCING AUTHORITY**

The City of Imperial Beach is endeavoring to be in total compliance with the Americans with Disabilities Act (ADA). If you require assistance or auxiliary aids in order to participate at City Council meetings, please contact the City Clerk's Office at (619) 423-8301, as far in advance of the meeting as possible.

CLOSED SESSION CALL TO ORDER BY MAYOR

ROLL CALL BY CITY CLERK

CLOSED SESSION

CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to Government Code section 54956.9(b)(3)(A)
No. of Cases: 1

RECONVENE AND ANNOUNCE ACTION (IF APPROPRIATE)

REGULAR MEETING CALL TO ORDER BY MAYOR

ROLL CALL BY CITY CLERK

PLEDGE OF ALLEGIANCE

AGENDA CHANGES

MAYOR/COUNCIL REIMBURSEMENT DISCLOSURE/COMMUNITY ANNOUNCEMENTS/ REPORTS ON ASSIGNMENTS AND COMMITTEES

COMMUNICATIONS FROM CITY STAFF

PUBLIC COMMENT - *Each person wishing to address the City Council regarding items not on the posted agenda may do so at this time. In accordance with State law, Council may not take action on an item not scheduled on the agenda. If appropriate, the item will be referred to the City Manager or placed on a future agenda.*

PRESENTATIONS (1.1)

1. RECYCLE ALL-STAR AWARD PRESENTATION. (0270-30)

City Manager's Recommendation: Present the Recycle All-Star Award Certificate, \$100.00 check and other premiums to Peter Chmarney.

Any writings or documents provided to a majority of the City Council/RDA/Planning Commission/Public Financing Authority regarding any item on this agenda will be made available for public inspection in the office of the City Clerk located at 825 Imperial Beach Blvd., Imperial Beach, CA 91932 during normal business hours.

CONSENT CALENDAR (2.1 - 2.7) - All matters listed under Consent Calendar are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items, unless a Councilmember or member of the public requests that particular item(s) be removed from the Consent Calendar and considered separately. Those items removed from the Consent Calendar will be discussed at the end of the Agenda.

2.1 RATIFICATION OF WARRANT REGISTER. (0300-25)

City Manager's Recommendation: Ratify the following registers: Accounts Payable Numbers 71397 through 71469 with the subtotal amount of \$313,799.18 and Payroll Checks 42955 through 43013 for the pay period ending 07/29/10 with the subtotal amount of \$166,362.66, for a total amount of \$480,161.84.

2.2 CASH AND INVESTMENT REPORTS FOR THE QUARTER ENDED MARCH 31, 2010. (0300-90 & 0350-90)

City Manager's Recommendation: Receive and file reports.

2.3 CASH AND INVESTMENT REPORTS FOR THE QUARTER ENDED JUNE 30, 2010. (0300-90 & 0350-90)

City Manager's Recommendation: Receive and file reports.

2.4 RESPONSE TO GRAND JURY REPORT ON EFFICIENCY IN GOVERNMENT. (0440-25)

City Manager's Recommendation: Authorize the Mayor and City Manager to sign letter responding to Grand Jury Report on Efficiency in Government.

2.5 RESOLUTION NO. 2010-6926 – AUTHORIZING RECLASSIFICATION OF THE POSITION OF HUMAN RESOURCES TECHNICIAN FROM A MISCELLANEOUS CLASSIFIED POSITION TO A CONFIDENTIAL APPOINTIVE EMPLOYEE POSITION. (0510-30)

City Manager's Recommendation: Adopt resolution.

2.6 RESPONSE TO GRAND JURY REPORT ON ETHICS IN GOVERNMENT. (0440-25)

City Manager's Recommendation: Authorize the Mayor and City Manager to sign letter responding to Grand Jury Report on Ethics in Government.

2.7 MINUTES.

City Manager's Recommendation: Approve the minutes of the Special City Council Meeting of August 11, 2010.

ORDINANCES – INTRODUCTION/FIRST READING/PUBLIC HEARING (3)

None.

ORDINANCES – SECOND READING & ADOPTION (4)

None.

PUBLIC HEARINGS (5)

None.

REPORTS (6.1 - 6.4)

6.1 MONTHLY UPDATE REPORT ON THE REDEVELOPMENT OF THE SEACOAST INN HOTEL. (0660-43)

City Manager's Recommendation: Receive the update report on the Seacoast Inn project and provide comment and input as necessary.

Continued on Next Page

REPORTS (Continued)

6.2 ARCHITECTURAL DESIGN, SITE PLAN AND PHASING FOR THE 9TH AND PALM REDEVELOPMENT PROJECT. (0600-20)

City Manager's Recommendation: Provide input and general support for the proposed architectural design of the project for the 9th and Palm Redevelopment site.

6.3 IMPLEMENTATION OF A SYSTEMATIC CODE COMPLIANCE PROGRAM. (0470-95)

City Manager's Recommendation: Authorize staff to implement the Systematic Code Compliance Program as proposed and provide any additional direction as necessary.

Item No. 6.4 will be discussed at 7:00 p.m. – TIME SPECIFIC

6.4 COMMERCIAL ZONING REVIEW – ADDITIONAL PROTOTYPE AND COMMERCIAL ZONING RECOMMENDATIONS DOCUMENT. (0610-95)

City Manager's Recommendation: Review the materials presented by staff, provide direction and input on the final development prototype, the proposed and recommended building setbacks and stepbacks, and the commercial Zoning Review Recommendations document.

ITEMS PULLED FROM THE CONSENT CALENDAR (IF ANY)

ADJOURNMENT

The Imperial Beach City Council welcomes you and encourages your continued interest and involvement in the City's decision-making process.

FOR YOUR CONVENIENCE, A COPY OF THE AGENDA AND COUNCIL MEETING PACKET MAY BE VIEWED IN THE OFFICE OF THE CITY CLERK AT CITY HALL OR ON OUR WEBSITE AT

www.cityofib.com.

Jacqueline M. Hald, CMC
City Clerk



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY BROWN, CITY MANAGER
MEETING DATE: AUGUST 18, 2010
ORIGINATING DEPT.: PUBLIC WORKS
SUBJECT: RECYCLE ALL-STAR AWARD PRESENTATION

BACKGROUND:

The Recycle All-Star Program is designed to encourage residents to participate in weekly curbside collection of recyclables. Each month, a City inspector canvasses one randomly selected neighborhood on trash day in search of a Recycle All-Star – the residence with the greatest quantity of uncontaminated recyclables placed in its curbside-recycling bin. Winners receive a certificate from the City, a \$100 check from EDCO, and other premiums such as a travel mug, a frisbee, pens, pencils, note pads, and a 100% recycled-content tote bag. During inspection, information tags are placed on non-winning recycling bins to promote the Recycle All-Star Program, to remind residents of what materials are recyclable, and to point out contamination observed in the bins.

DISCUSSION:

On 7/21/2010, City inspectors canvassed the 1200 block of East Lane in search of a Recycle All-Star. The following resident was selected as the Recycle All-Star for the month of August: Peter Chmarney.

The above resident has been notified of his/her award by telephone and letter and invited to accept the Recycle All-Star award at the 8/18/2010 City Council meeting.

CALIFORNIA ENVIRONMENTAL QUALITY ACT:

Not a project as defined by CEQA.

FISCAL ANALYSIS:

None

DEPARTMENT RECOMMENDATION:

Mayor, in company with an EDCO representative, will present the Recycle All-Star award certificate, \$100 check, and other premiums listed above to Peter Chmarney.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Gary Brown, City Manager



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY R. BROWN, CITY MANAGER

MEETING DATE: August 18, 2010

ORIGINATING DEPT.: Michael McGrane *mm*
Finance Director

SUBJECT: RATIFICATION OF WARRANT REGISTER

BACKGROUND:

None

DISCUSSION:

As of April 7, 2004, all large warrants above \$100,000 will be separately highlighted and explained on the staff report.

ENVIRONMENTAL IMPACT

Not a project as defined by CEQA.

The following registers are submitted for Council ratification.

WARRANT # **DATE** **AMOUNT**

Accounts Payable

| | | | |
|-------------|------------------|-----------|-------------------|
| 71397 | 07/27/10 | \$ | 3,800.00 |
| 71398-71420 | 07/29/10 | | 70,686.45 |
| 71421-71469 | 08/06/10 | | 239,312.73 |
| | Sub-Total | \$ | 313,799.18 |

Payroll Checks:

| | | |
|-------------|-----------------|-----------------------------|
| 42955-43013 | P.P.E. 07/29/10 | 166,362.66 |
| | | \$ <u>166,362.66</u> |
| | TOTAL | \$ <u>480,161.84</u> |

FISCAL IMPACT:

Warrants are issued from budgeted funds.

DEPARTMENT RECOMMENDATION:

It is respectfully requested that the City Council ratify the warrant register.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation



Gary Brown, City Manager

Attachments:

1. Warrant Registers

PREPARED 08/06/2010, 15:57:35
 PROGRAM: GM350L
 CITY OF IMPERIAL BEACH

A/P CHECKS BY PERIOD AND YEAR
 FROM 07/27/2010 TO 08/06/2010

PAGE 1
 BANK CODE 00

| CHECK DATE | CHECK NUMBER | VENDOR NAME | VENDOR # | | | CHECK AMOUNT |
|---------------------------|--------------|---------------------------|------------|------|----------|--------------|
| ACCOUNT # | TRN DATE | DESCRIPTION | INVOICE | PO # | PER/YEAR | TRN AMOUNT |
| 07/27/2010 | 71397 | MONTIJO BACKHOE INC | 1901 | | | 3,800.00 |
| 601-5060-436.21-04 | 07/27/2010 | UNDERGROUND CONDUIT INSTA | 1439 | | 01/2011 | 3,800.00 |
| 07/29/2010 | 71398 | ADULAM MINISTRIES | 1 | | | 12,775.00 |
| 408-1920-519.20-06 | 07/19/2010 | FIXTURES&EQUIPMENT-FINAL | 07-19-2010 | | 01/2011 | 12,775.00 |
| 07/29/2010 | 71399 | AT&T | 2052 | | | 3,366.83 |
| 503-1923-419.27-04 | 06/20/2010 | 3372571583448 | 1446428 | | 12/2010 | 355.89 |
| 503-1923-419.27-04 | 06/20/2010 | 3393431504727 | 1444811 | | 12/2010 | 177.96 |
| 503-1923-519.21-04 | 06/20/2010 | 3393439371447 | 1447520 | | 12/2010 | 177.96 |
| 101-1110-412.27-04 | 06/15/2010 | 6194230314983 | 1433818 | | 12/2010 | 120.17 |
| 101-5040-434.27-04 | 06/15/2010 | 6194231074813 | 1433819 | | 12/2010 | 15.95 |
| 101-5040-434.27-04 | 06/15/2010 | 6194231675716 | 1433820 | | 12/2010 | 15.95 |
| 601-5060-436.27-04 | 06/15/2010 | 6194232231359 | 1433821 | | 12/2010 | 15.47 |
| 101-1210-413.27-04 | 06/17/2010 | 6194235034 | 1437496 | | 12/2010 | 16.26 |
| 101-3020-422.27-04 | 06/17/2010 | 6194237246664 | 1436709 | | 12/2010 | 79.70 |
| 101-3020-422.27-04 | 06/15/2010 | 6194238222636 | 1433822 | | 12/2010 | 22.68 |
| 101-3020-422.27-04 | 06/15/2010 | 6194238225966 | 1433823 | | 12/2010 | 204.16 |
| 101-1920-419.27-04 | 06/15/2010 | 6194238300966 | 1433824 | | 12/2010 | 271.57 |
| 101-5020-432.27-04 | 06/15/2010 | 6194238311966 | 1433825 | | 12/2010 | 370.79 |
| 101-3030-423.27-04 | 06/15/2010 | 6194238322966 | 1433826 | | 12/2010 | 229.40 |
| 101-1130-412.27-04 | 06/15/2010 | 6194238617297 | 1433827 | | 12/2010 | 74.12 |
| 503-1923-419.27-04 | 06/11/2010 | 6194243481712 | 1418252 | | 12/2010 | 33.37 |
| 101-6030-453.27-04 | 06/11/2010 | 6194247077654 | 1418253 | | 12/2010 | 77.99 |
| 101-3020-422.27-04 | 06/17/2010 | 6194247359125 | 1436710 | | 12/2010 | 75.46 |
| 101-6010-451.27-04 | 06/22/2010 | 6195750336814 | 1448723 | | 12/2010 | 16.30 |
| 101-3020-422.27-04 | 06/22/2010 | 6195750361567 | 1448724 | | 12/2010 | 16.30 |
| 601-5060-436.27-04 | 06/17/2010 | 6195751351887 | 1437256 | | 12/2010 | 14.54 |
| 101-1010-411.27-04 | 06/17/2010 | 6196281352138 | 1436711 | | 12/2010 | 61.65 |
| 101-1230-413.27-04 | 06/17/2010 | 6196281356950 | 1436712 | | 12/2010 | 200.77 |
| 101-3040-424.27-04 | 06/17/2010 | 6196281357370 | 1436713 | | 12/2010 | 78.88 |
| 101-3070-427.27-04 | 06/17/2010 | 6196281359503 | 1436714 | | 12/2010 | 43.78 |
| 101-1210-413.27-04 | 06/17/2010 | 6196281361675 | 1436715 | | 12/2010 | 231.94 |
| 101-6010-451.27-04 | 06/17/2010 | 6196281385578 | 1436716 | | 12/2010 | 58.42 |
| 101-3035-423.27-04 | 06/17/2010 | 6196281419922 | 1436717 | | 12/2010 | 24.44 |
| 101-3010-421.27-04 | 06/13/2010 | 6196281485966 | 1427601 | | 12/2010 | 41.44 |
| 101-1920-419.27-04 | 06/17/2010 | 6196282018442 | 1436718 | | 12/2010 | 24.20 |
| 601-5060-436.27-04 | 06/15/2010 | C602221236777 | 1433817 | | 12/2010 | 219.32 |
| 07/29/2010 | 71400 | BANK OF AMERICA | 1 | | | 796.83 |
| 101-0000-209.01-03 | 07/19/2010 | 54523600-14528970 MCGRANE | W70541010 | | 01/2011 | 796.83 |
| <i>VOID CHECK # 71401</i> | | | | | | |
| 07/29/2010 | 71402 | CALIFORNIA AMERICAN WATER | 612 | | | 10,320.69 |
| 101-5010-431.27-02 | 07/16/2010 | 05-0110529-0 05/12-07/13 | 08-04-2010 | | 12/2010 | 172.09 |
| 101-6020-452.27-02 | 07/16/2010 | 05-0111454-0 05/12-07/13 | 08-04-2010 | | 12/2010 | 12.60 |
| 101-1910-419.27-02 | 07/16/2010 | 05-0111478-9 05/12-07/13 | 08-04-2010 | | 12/2010 | 107.14 |
| 101-6020-452.27-02 | 07/16/2010 | 05-0111479-7 05/12-07/13 | 08-04-2010 | | 12/2010 | 4,601.27 |
| 101-5010-431.27-02 | 07/16/2010 | 05-0111480-5 05/12-07/13 | 08-04-2010 | | 12/2010 | 266.64 |
| 101-3030-423.27-02 | 07/08/2010 | 05-0155019-8 06/01-07/01 | 07-27-2010 | | 12/2010 | 20.19 |

| CHECK DATE | CHECK NUMBER | VENDOR NAME | VENDOR # | | | | CHECK AMOUNT |
|--------------------|--------------|--------------------------------|----------------|------------|----------|------------|--------------|
| ACCOUNT # | TRN DATE | DESCRIPTION | INVOICE | PO # | PER/YEAR | TRN AMOUNT | |
| 405-5030-433.27-02 | 07/08/2010 | 05-0155037-0 | 06/03-07/06 | 07-27-2010 | 12/2010 | 15.03 | |
| 601-5050-436.27-02 | 07/08/2010 | 05-0392478-9 | 06/03-07/06 | 07-27-2010 | 12/2010 | 11.90 | |
| 101-5020-432.27-02 | 07/19/2010 | 05-0424056-5 | 05/13-07/14 | 08-09-2010 | 12/2010 | 84.17 | |
| 101-6020-452.27-02 | 07/19/2010 | 05-0477133-8 | 05/13-07/14 | 08-09-2010 | 12/2010 | 454.16 | |
| 405-1260-413.27-02 | 07/16/2010 | 05-0536450-5 | 05/11-07/12 | 08-04-2010 | 12/2010 | 425.52 | |
| 405-1260-413.27-02 | 07/21/2010 | 05-0536451-3 | 05/18-07/19 | 08-09-2010 | 12/2010 | 206.80 | |
| 405-1260-413.27-02 | 07/21/2010 | 05-0546597-1 | 05/18-07/19 | 08-09-2010 | 12/2010 | 33.34 | |
| 601-5060-436.27-02 | 07/15/2010 | 05-0101092-0 | 05/07-07/08 | 08-03-2010 | 12/2010 | 18.84 | |
| 101-5020-432.27-02 | 07/15/2010 | 05-0102217-2 | 05/07-07/08 | 08-03-2010 | 12/2010 | 294.10 | |
| 101-6020-452.27-02 | 07/15/2010 | 05-0102503-5 | 05/07-07/08 | 08-03-2010 | 12/2010 | 609.81 | |
| 101-6020-452.27-02 | 07/15/2010 | 05-0102504-3 | 05/07-07/08 | 08-03-2010 | 12/2010 | 9.47 | |
| 101-5010-431.27-02 | 07/15/2010 | 05-0102729-6 | 05/07-07/08 | 08-03-2010 | 12/2010 | 451.53 | |
| 101-6020-452.27-02 | 07/15/2010 | 05-0106225-1 | 05/10-07/09 | 08-03-2010 | 12/2010 | 18.84 | |
| 101-6020-452.27-02 | 07/15/2010 | 05-0106249-1 | 05/10-07/09 | 08-03-2010 | 12/2010 | 12.59 | |
| 101-6020-452.27-02 | 07/15/2010 | 05-0106336-6 | 05/10-07/09 | 08-03-2010 | 12/2010 | 9.47 | |
| 101-6020-452.27-02 | 07/15/2010 | 05-0106337-4 | 05/10-07/09 | 08-03-2010 | 12/2010 | 9.47 | |
| 101-6020-452.27-02 | 07/16/2010 | 05-0109756-2 | 05/11-07/12 | 08-04-2010 | 12/2010 | 663.37 | |
| 215-6026-452.27-02 | 07/15/2010 | 05-0402959-6 | 05/06-07/07 | 08-03-2010 | 12/2010 | 47.37 | |
| 601-5060-436.27-02 | 07/08/2010 | 05-0505362-9 | 06/03-07/06 | 08-03-2010 | 12/2010 | 71.46 | |
| 101-6040-454.27-02 | 07/09/2010 | 05-0092998-9 | 05/05-07/06 | 07-28-2010 | 12/2010 | 475.46 | |
| 101-3030-423.27-02 | 07/09/2010 | 05-0093917-8 | 05/05-07/06 | 07-28-2010 | 12/2010 | 159.76 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094000-2 | 05/05-07/06 | 07-28-2010 | 12/2010 | 29.91 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094041-6 | 05/05-07/06 | 07-28-2010 | 12/2010 | 26.80 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094076-2 | 05/05-07/06 | 07-28-2010 | 12/2010 | 82.99 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094163-8 | 05/05-07/06 | 07-28-2010 | 12/2010 | 45.54 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094234-7 | 05/05-07/06 | 07-28-2010 | 12/2010 | 23.67 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094268-5 | 05/05-07/06 | 07-28-2010 | 12/2010 | 36.17 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094293-3 | 05/05-07/06 | 07-28-2010 | 12/2010 | 26.80 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094304-8 | 05/05-07/06 | 07-28-2010 | 12/2010 | 147.59 | |
| 101-5010-431.27-02 | 07/09/2010 | 05-0094973-0 | 05/05-07/06 | 07-28-2010 | 12/2010 | 638.83 | |
| 07/29/2010 | 71403 | COUNTY RECORDER | 1818 | | | 50.00 | |
| 101-0000-221.01-02 | 07/13/2010 | NOE: 137 EBONY AVENUE | MF 984 | | 01/2011 | 50.00 | |
| 07/29/2010 | 71404 | DEPARTMENT OF INDUSTRIAL RELAT | 2257 | | | 150.00 | |
| 501-1921-419.28-13 | 06/24/2010 | PRESSURE VESSEL | J268587SF | | 12/2010 | 150.00 | |
| 07/29/2010 | 71405 | ERIKA CEJA | 1789 | | | 78.96 | |
| 101-1110-412.28-04 | 05/13/2010 | BROWN,WORKSHOP REG | 05-13-2010 | | 12/2010 | 25.00 | |
| 101-1020-411.28-06 | 04/27/2010 | WOLFSON, TRAVEL EXP-TOLL | 11911171000049 | | 12/2010 | 4.75 | |
| 101-3030-423.28-04 | 06/08/2010 | INTERVIEW PANEL RFRSHMNTS | 06-08-2010 | | 12/2010 | 21.21 | |
| 101-1010-411.28-04 | 07/01/2010 | JANNEY/KING/ROSE/MCCOY- | 07-09-2010 | | 12/2010 | 28.00 | |
| 07/29/2010 | 71406 | GRAINGER | 1051 | | | 30.51 | |
| 405-5030-433.30-02 | 06/01/2010 | GLOVES | 9265499369 | 010076 | 12/2010 | 30.51 | |
| 07/29/2010 | 71407 | IB PRINTING | 2239 | | | 1,942.06 | |
| 101-3035-423.25-03 | 07/12/2010 | IBJG PATCHES/SEWING | OFJG01C | 110091 | 01/2011 | 1,942.06 | |
| 07/29/2010 | 71408 | IMPERIAL BEACH TROPHIES | 319 | | | 169.00 | |
| 101-1010-411.29-04 | 07/13/2010 | BAMBOO PEN/CASE-ENGRAVED | 3277 | 110074 | 01/2011 | 169.00 | |

| CHECK DATE | CHECK NUMBER | VENDOR NAME | VENDOR # | CHECK AMOUNT | | |
|--------------------|--------------|-------------------------------|---------------|--------------|----------|------------|
| ACCOUNT # | TRN DATE | DESCRIPTION | INVOICE | PO # | PER/YEAR | TRN AMOUNT |
| 07/29/2010 | 71409 | KANE, BALLMER & BERKMAN | 1828 | | | 2,410.00 |
| 405-1260-413.20-06 | 07/01/2010 | JUNE 2010 PALM AVE/ | 15424 | | 12/2010 | 120.00 |
| 101-0000-221.01-02 | 07/01/2010 | JUNE 2010 SEACOAST INN | 15425 | | 12/2010 | 2,290.00 |
| 07/29/2010 | 71410 | KEYSER MARSTON ASSOC INC | 620 | | | 2,974.38 |
| 101-0000-221.01-02 | 07/12/2010 | JUNE 2010 HOTEL PROPOSAL | 0022566 | | 12/2010 | 2,974.38 |
| 07/29/2010 | 71411 | LEADINGHAM REALTY ASSOC. INC. | 4 | | | 5,650.00 |
| 101-0000-221.01-05 | 07/06/2010 | BOND REFUND-1471 13TH ST | TEP 10-17 | | 01/2011 | 5,650.00 |
| 07/29/2010 | 71412 | LIGHTHOUSE, INC | 787 | | | 300.74 |
| 501-1921-419.30-02 | 06/30/2010 | FLASHTUBE | 0011134 | 010094 | 12/2010 | 141.38 |
| 601-5060-436.28-01 | 07/13/2010 | SPOTLIGHT / 4WAY PLUG | 0014928 | 110098 | 01/2011 | 159.36 |
| 07/29/2010 | 71413 | NEXTEL OF CALIFORNIA | 1465 | | | 1,098.66 |
| 101-3070-427.27-05 | 06/29/2010 | 05/26/2010-06/25/2010 | 896132755-035 | | 12/2010 | 36.79 |
| 101-1010-411.27-05 | 06/29/2010 | 05/26/2010-06/25/2010 | 896132755-035 | | 12/2010 | 32.89 |
| 101-5020-432.27-05 | 06/29/2010 | 05/26/2010-06/25/2010 | 896132755-035 | | 12/2010 | 267.16 |
| 101-5020-432.21-25 | 06/29/2010 | 05/26/2010-06/25/2010 | 896132755-035 | | 12/2010 | 663.15 |
| 101-3020-422.27-05 | 06/29/2010 | 05/26/2010-06/25/2010 | 896132755-035 | | 12/2010 | 98.67 |
| 07/29/2010 | 71414 | PARTNERSHIP WITH INDUSTRY | 1302 | | | 1,260.22 |
| 101-6040-454.21-04 | 07/01/2010 | P/E 06/30/2010 | GS02965 | | 12/2010 | 1,260.22 |
| 07/29/2010 | 71415 | SAN DIEGO GAS & ELECTRIC | 1399 | | | 17,002.22 |
| 101-3020-422.27-01 | 07/09/2010 | 10087869371 06/01-06/30 | 07-27-2010 | | 12/2010 | 36.28 |
| 101-1910-419.27-01 | 07/09/2010 | 10087869371 06/01-06/30 | 07-27-210 | | 12/2010 | 143.11 |
| 101-5010-431.27-01 | 07/09/2010 | 10088604389 05/27-06/28 | 07-27-2010 | | 12/2010 | 104.21 |
| 101-3020-422.27-01 | 07/09/2010 | 19807697764 06/01-06/30 | 07-27-2010 | | 12/2010 | 2,620.68 |
| 601-5060-436.27-01 | 07/09/2010 | 52635219238 05/27-06/28 | 07-27-2010 | | 12/2010 | 10.00 |
| 101-6020-452.27-01 | 07/09/2010 | 56497714749 06/02-07/01 | 07-27-2010 | | 12/2010 | 10.14 |
| 101-5010-431.27-01 | 07/09/2010 | 56497714749 06/02-07/01 | 07-27-2010 | | 12/2010 | 7,543.74 |
| 101-5010-431.27-01 | 07/09/2010 | 85075178464 05/26-07/01 | 07-27-2010 | | 12/2010 | 115.27 |
| 601-5060-436.27-01 | 07/09/2010 | 85075178464 06/02-07/01 | 07-27-2010 | | 12/2010 | 88.80 |
| 101-6020-452.27-01 | 07/09/2010 | 85075178464 06/01-07/01 | 07-27-2010 | | 12/2010 | 932.91 |
| 601-5060-436.27-01 | 07/09/2010 | 85417701270 06/03-07/01 | 07-27-2010 | | 12/2010 | 4,288.27 |
| 101-5020-432.27-01 | 07/09/2010 | 91692992261 05/27-06/28 | 07-27-2010 | | 12/2010 | 1,108.81 |
| 07/29/2010 | 71416 | SAN DIEGO DAILY TRANSCRIPT | 1453 | | | 2,500.00 |
| 405-1260-413.28-07 | 07/08/2010 | RDA ADVERTISING | 202072 | 110089 | 01/2011 | 2,500.00 |
| 07/29/2010 | 71417 | SDGE | 289 | | | 7,245.78 |
| 405-1260-413.27-01 | 07/07/2010 | 0440 533 7641 06/01-06/30 | 07-22-2010 | | 12/2010 | 236.76 |
| 101-5010-431.27-01 | 07/02/2010 | 0646 753 1938 06/01-06/30 | 07-17-2010 | | 12/2010 | 10.21 |
| 101-5010-431.27-01 | 07/07/2010 | 1694 231 2432 06/01-06/30 | 07-22-2010 | | 12/2010 | 29.02 |
| 101-5010-431.27-01 | 07/06/2010 | 1912 409 2723 05/27-06/28 | 07-21-2010 | | 12/2010 | 9.63 |
| 101-6010-451.27-01 | 07/07/2010 | 2081 689 7619 06/02-07/01 | 07-22-2010 | | 12/2010 | 441.75 |
| 101-5010-431.27-01 | 07/01/2010 | 2741 969 9359 05/31-06/30 | 07-16-2010 | | 12/2010 | 146.84 |
| 215-6026-452.27-01 | 07/01/2010 | 2819 871 6315 05/31-06/30 | 07-16-2010 | | 12/2010 | 1,911.04 |

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| 101-5010-431.27-01 | 06/30/2010 | 5280 340 6641 05/27-06/28 | 07-15-2010 | | 12/2010 | 120.22 | |
| 101-5010-431.27-01 | 06/30/2010 | 5576 188 0541 05/27-06/28 | 07-15-2010 | | 12/2010 | 10.02 | |
| 601-5060-436.27-01 | 07/07/2010 | 8773 823 6424 06/01-06/30 | 07-22-2010 | | 12/2010 | 1,191.17 | |
| 405-1260-413.27-01 | 07/07/2010 | 8774 937 7894 06/01-06/30 | 07-22-2010 | | 12/2010 | 66.40 | |
| 101-6020-452.27-01 | 07/06/2010 | 0175 275 3776 06/02-07/01 | 07-21-2010 | | 12/2010 | 468.45 | |
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| 101-6020-452.27-01 | 07/06/2010 | 2081 689 1273 06/02-07/01 | 07-21-2010 | | 12/2010 | 321.52 | |
| 101-6010-451.27-01 | 07/07/2010 | 2081 692 3399 06/02-07/01 | 07-22-2010 | | 12/2010 | 13.20 | |
| 101-6020-452.27-01 | 07/06/2010 | 2083 847 9032 06/02-07/01 | 07-21-2010 | | 12/2010 | 61.16 | |
| 101-6010-451.27-01 | 07/06/2010 | 3206 700 9265 06/02-07/01 | 07-21-2010 | | 12/2010 | 58.67 | |
| 101-5010-431.27-01 | 07/02/2010 | 3448 930 9646 06/01-06/30 | 07-17-2010 | | 12/2010 | 10.02 | |
| 101-6020-452.27-01 | 07/06/2010 | 5456 692 8951 06/02-07/01 | 07-21-2010 | | 12/2010 | 106.11 | |
| 101-6020-452.27-01 | 07/06/2010 | 6921 003 2109 06/02-07/01 | 07-21-2010 | | 12/2010 | 597.16 | |
| 101-5010-431.27-01 | 07/06/2010 | 7706 795 7872 06/02-07/01 | 07-21-2010 | | 12/2010 | 11.97 | |
| 101-6020-452.27-01 | 07/06/2010 | 9327 898 1346 06/02-07/01 | 07-21-2010 | | 12/2010 | 306.81 | |
| 101-5010-431.27-01 | 07/08/2010 | 9476 001 6989 06/02-07/01 | 07-23-2010 | | 12/2010 | 550.73 | |
| 101-6010-451.27-01 | 07/06/2010 | 9956 693 6272 06/02-07/01 | 07-21-2010 | | 12/2010 | 231.32 | |
| 405-1260-413.27-01 | 06/29/2010 | 9424 632 2704 04/30-06/01 | 07-14-2010 | | 12/2010 | 25.14 | |
| 07/29/2010 | 71418 | SPRINT | 2040 | | | 396.26 | |
| 101-3030-423.27-05 | 07/15/2010 | 06/12/2010-07/11/2010 | 699898810-032 | | 01/2011 | 396.26 | |
| 07/29/2010 | 71419 | SPRINT | 2040 | | | 13.81 | |
| 101-3020-422.27-05 | 06/29/2010 | 05/26/2010-06/25/2010 | 527638813-031 | | 12/2010 | 9.05 | |
| 503-1923-419.30-02 | 06/29/2010 | 05/26/2010-06/25/2010 | 527638813-031 | | 12/2010 | 4.76 | |
| 07/29/2010 | 71420 | SPRINT | 2040 | | | 154.50 | |
| 101-3020-422.27-05 | 06/29/2010 | 05/26/2010-06/25/2010 | 594768811-031 | | 12/2010 | 154.50 | |
| 08/06/2010 | 71421 | A/G PAINTING INC | 1858 | | | 4,985.00 | |
| 101-6020-452.28-01 | 08/02/2010 | PAINT TRELIS/VET'S PARK | 2010063 | 110196 | 02/2011 | 4,985.00 | |
| 08/06/2010 | 71422 | ADT SECURITY SERVICES, INC. | 103 | | | 155.12 | |
| 101-6010-451.21-04 | 06/05/2010 | JULY 2010 | 26486859 | 110071 | 01/2011 | 75.08 | |
| 101-6010-451.21-04 | 07/03/2010 | AUGUST 2010 | 28306497 | 110071 | 01/2011 | 80.04 | |
| 08/06/2010 | 71423 | AIRGAS WEST | 129 | | | 52.95 | |
| 501-1921-419.30-02 | 06/29/2010 | BAND HEARING PROTECTOR | 103294523 | 110021 | 12/2010 | 8.88 | |
| 501-1921-419.30-02 | 06/30/2010 | SPARK PLUGS PLUGSTATION | 103299613 | 110021 | 12/2010 | 44.07 | |
| 08/06/2010 | 71424 | ALPINE FENCE INC. | 2144 | | | 1,985.00 | |
| 408-1920-519.20-06 | 06/30/2010 | 735 PALM AVE-FENCING | 15118 | | 12/2010 | 1,985.00 | |
| 08/06/2010 | 71425 | ALTERNATIVE ENERGY TECHNOLOGIE | 1971 | | | 15,054.02 | |
| 248-1920-519.20-06 | 07/09/2010 | CLEAN&GREEN 541 THORN ST- | 7023284CI | 110206 | 01/2011 | 7,527.01 | |
| 248-1920-519.20-06 | 07/28/2010 | CLENA&GREEN-541 THORN ST | 7023290CI | 110206 | 01/2011 | 7,527.01 | |
| 08/06/2010 | 71426 | OCB | 2242 | | | 9,587.40 | |
| 503-1923-519.50-04 | 06/30/2010 | WIDE FORMAT SCANNER | 5848877 | 011161 | 12/2010 | 9,587.40 | |

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| 08/06/2010 | 71427 | ARROWHEAD MOUNTAIN SPRING | WATE 1340 | | | | 92.17 |
| 101-1010-411.30-02 | 07/22/2010 | JUN/JUL 2010 | 00G0025324922 | 110198 | 01/2011 | | 92.17 |
| 08/06/2010 | 71428 | AT&T | 2052 | | | | 3,388.27 |
| 503-1923-419.27-04 | 07/15/2010 | 3372571583448 | 1512584 | | 01/2011 | | 355.89 |
| 503-1923-419.27-04 | 07/20/2010 | 3393431504727 | 1510967 | | 01/2011 | | 177.96 |
| 503-1923-419.27-04 | 07/20/2010 | 3393439371447 | 1513675 | | 01/2011 | | 177.96 |
| 101-1110-412.27-04 | 07/15/2010 | 6194230314983 | 1499898 | | 01/2011 | | 120.69 |
| 101-5040-434.27-04 | 07/15/2010 | 6194231074813 | 1499899 | | 01/2011 | | 15.84 |
| 101-5040-434.27-04 | 07/15/2010 | 6194231675716 | 1499900 | | 01/2011 | | 15.84 |
| 601-5060-436.27-04 | 07/15/2010 | 6194232231359 | 1499901 | | 01/2011 | | 15.36 |
| 101-1210-413.27-04 | 07/17/2010 | 6194235034 | 1503627 | | 01/2011 | | 17.15 |
| 101-3020-422.27-04 | 07/17/2010 | 6194237246664 | 1502840 | | 01/2011 | | 77.68 |
| 101-3020-422.27-04 | 07/15/2010 | 6194238222636 | 1499902 | | 01/2011 | | 22.55 |
| 101-3020-422.27-04 | 07/15/2010 | 6194238225966 | 1499903 | | 01/2011 | | 198.39 |
| 101-1920-419.27-04 | 07/15/2010 | 6194238300966 | 1499904 | | 01/2011 | | 271.43 |
| 101-5020-432.27-04 | 07/15/2010 | 6194238311966 | 1499905 | | 01/2011 | | 365.62 |
| 101-3030-423.27-04 | 07/15/2010 | 6194238322966 | 1499906 | | 01/2011 | | 223.11 |
| 101-1130-412.27-04 | 07/15/2010 | 6194238617297 | 1499907 | | 01/2011 | | 77.09 |
| 503-1923-419.27-04 | 07/11/2010 | 6194243481712 | 1484298 | | 01/2011 | | 53.06 |
| 101-6030-453.27-04 | 07/11/2010 | 6194247077654 | 1484299 | | 01/2011 | | 81.58 |
| 101-3020-422.27-04 | 07/17/2010 | 6194247359125 | 1502841 | | 01/2011 | | 75.34 |
| 101-6010-451.27-04 | 07/22/2010 | 6195750336814 | 1514927 | | 01/2011 | | 16.17 |
| 101-3020-422.27-04 | 07/22/2010 | 6195750361567 | 1514928 | | 01/2011 | | 16.17 |
| 601-5060-436.27-04 | 07/17/2010 | 6195751351887 | 1503387 | | 01/2011 | | 14.43 |
| 101-1010-411.27-04 | 07/17/2010 | 6196281352138 | 1502842 | | 01/2011 | | 61.71 |
| 101-1230-413.27-04 | 07/17/2010 | 6196281356950 | 1502843 | | 01/2011 | | 203.74 |
| 101-3040-424.27-04 | 07/17/2010 | 6196281357370 | 1502844 | | 01/2011 | | 78.04 |
| 101-3070-427.27-04 | 07/17/2010 | 6196281359503 | 1502845 | | 01/2011 | | 46.27 |
| 101-1210-413.27-04 | 07/17/2010 | 6196281361675 | 1502846 | | 01/2011 | | 237.27 |
| 101-6010-451.27-04 | 07/17/2010 | 6196281385578 | 1502847 | | 01/2011 | | 57.37 |
| 101-3035-423.27-04 | 07/17/2010 | 6196281419922 | 1502848 | | 01/2011 | | 25.51 |
| 101-3010-421.27-04 | 07/13/2010 | 6196281485966 | 1493661 | | 01/2011 | | 41.45 |
| 101-1920-419.27-04 | 07/17/2010 | 6196282018442 | 1502849 | | 01/2011 | | 24.18 |
| 601-5060-436.27-04 | 07/15/2010 | C602221236777 | 1499897 | | 01/2011 | | 223.42 |
| 08/06/2010 | 71429 | AVI SYSTEMS, INC. | 2227 | | | | 592.75 |
| 101-1920-419.21-04 | 07/13/2010 | MIC WALL PLATE INSTALLATI | 32536100 | 110136 | 01/2011 | | 592.75 |
| 08/06/2010 | 71430 | CALIFORNIA AMERICAN WATER | 612 | | | | 5,613.19 |
| 101-6020-452.27-02 | 07/20/2010 | 05-0114612-0 05/13-07/15 | 08-09-2010 | | 12/2010 | | 12.63 |
| 101-5010-431.27-02 | 07/19/2010 | 05-0114717-7 05/13-07/14 | 08-09-2010 | | 12/2010 | | 12.61 |
| 101-5010-431.27-02 | 07/19/2010 | 05-0115202-9 05/13-07/14 | 08-09-2010 | | 12/2010 | | 37.65 |
| 101-6020-452.27-02 | 07/19/2010 | 05-0115205-2 05/13-07/14 | 08-09-2010 | | 12/2010 | | 4,106.26 |
| 101-1910-419.27-02 | 07/19/2010 | 05-0115206-0 05/13-07/14 | 08-09-2010 | | 12/2010 | | 958.19 |
| 101-1910-419.27-02 | 07/19/2010 | 05-0115208-6 05/13-07/14 | 08-09-2010 | | 12/2010 | | 157.25 |
| 101-1910-419.27-02 | 07/19/2010 | 05-0115210-2 05/13-07/14 | 08-09-2010 | | 12/2010 | | 33.14 |
| 101-3020-422.27-02 | 07/19/2010 | 05-0115211-0 05/13-07/14 | 08-09-2010 | | 12/2010 | | 191.67 |
| 101-5010-431.27-02 | 07/19/2010 | 05-0115214-4 05/13-07/14 | 08-09-2010 | | 12/2010 | | 15.74 |

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| 601-5060-436.27-02 | 07/19/2010 | 05-0115249-0 | 05/13-07/14 | 08-09-2010 | 12/2010 | 12.61 |
| 101-5010-431.27-02 | 07/20/2010 | 05-0115949-5 | 05/14-07/15 | 08-09-2010 | 12/2010 | 12.57 |
| 101-5010-431.27-02 | 07/20/2010 | 05-0115950-3 | 05/14-07/15 | 08-09-2010 | 12/2010 | 28.27 |
| 101-5010-431.27-02 | 07/20/2010 | 05-0116368-7 | 05/14-07/15 | 08-09-2010 | 12/2010 | 25.12 |
| 101-6020-452.27-02 | 07/20/2010 | 05-0117419-7 | 05/14-07/15 | 08-09-2010 | 12/2010 | 9.48 |
| 08/06/2010 | 71431 | CARL WARREN & COMPANY | 685 | | | 888.28 |
| 502-1922-419.20-06 | 06/30/2010 | RAMIREZ, ROBERTO-CLAIM | 1205108 | | 12/2010 | 888.28 |
| 08/06/2010 | 71432 | CITY OF CHULA VISTA | 831 | | | 625.00 |
| 101-1130-412.28-04 | 07/12/2010 | CONSORTIUM TRNG FEES | 07-12-2010 | 110200 | 01/2011 | 625.00 |
| 08/06/2010 | 71433 | COUNTY OF SAN DIEGO | 1055 | | | 4,424.70 |
| 101-3010-421.21-04 | 06/30/2010 | JUNE 2010 PARKING PENALTY | 06/10 | | 12/2010 | 4,424.70 |
| 08/06/2010 | 71434 | COX COMMUNICATIONS | 1073 | | | 904.12 |
| 101-6010-451.29-04 | 07/10/2010 | 3110015531401 | 07/13-08/12 | 08-03-2010 | 110130 | 125.12 |
| 503-1923-419.21-04 | 07/22/2010 | 3110039780701 | 07/25-08/24 | 08-15-2010 | 110130 | 600.00 |
| 601-5050-436.21-04 | 07/31/2010 | 3110091187001 | 08/04-09/03 | 08-24-2010 | 110130 | 179.00 |
| 08/06/2010 | 71435 | CSAC EXCESS INSURANCE AUTHORTI | 406 | | | 65,537.00 |
| 502-1922-419.28-02 | 07/01/2010 | FY 10/11 EXCESS WORKERS' | 1110088-IN | 110208 | 01/2011 | 65,537.00 |
| 08/06/2010 | 71436 | CULLIGAN WATER CO. OF SAN DIEG | 1112 | | | 18.00 |
| 101-1210-413.30-02 | 07/17/2010 | AUGUST 2010 COOLER RENTAL | 06254781 | 110009 | 01/2011 | 18.00 |
| 08/06/2010 | 71437 | DKC ASSOCIATES, INC. | 2187 | | | 3,200.00 |
| 101-1110-412.20-06 | 07/28/2010 | 07/20/10-07/28/2010 | 199 | 110088 | 01/2011 | 1,066.88 |
| 405-1260-413.20-06 | 07/28/2010 | 07/20/10-07/28/2010 | 199 | 110088 | 01/2011 | 1,066.56 |
| 502-1922-419.20-06 | 07/28/2010 | 07/20/10-07/28/2010 | 199 | 110088 | 01/2011 | 1,066.56 |
| 08/06/2010 | 71438 | EPIC LAND SOLUTIONS, INC. | 2105 | | | 723.14 |
| 408-1920-519.20-06 | 06/30/2010 | PAL AVE LITIGATION | 0610-0265 | 010328 | 12/2010 | 723.14 |
| 08/06/2010 | 71439 | FIDEL TORRES | 2 | | | 40.00 |
| 101-0000-121.00-00 | 07/12/2010 | PT52288 | MR Refund | | 01/2011 | 40.00 |
| 08/06/2010 | 71440 | G & G BACKFLOW AND PLUMBING | 1486 | | | 2,545.87 |
| 101-6020-452.21-04 | 07/24/2010 | BACKFLOW REPAIR/TEST | 5353 | 110131 | 01/2011 | 2,545.87 |
| 08/06/2010 | 71441 | GENE'S AUTOMOTIVE | 1014 | | | 334.00 |
| 501-1921-419.28-01 | 07/09/2010 | TOWING #612 | 91402 | 110097 | 01/2011 | 54.00 |
| 501-1921-419.28-01 | 07/21/2010 | #143 SMOG | 68594 | 110097 | 01/2011 | 40.00 |
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| 501-1921-419.28-01 | 07/22/2010 | #601 SMOG | 68603 | 110097 | 01/2011 | 50.00 |
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| 501-1921-419.28-01 | 07/28/2010 | #630 SMOG | 68422 | 110097 | 01/2011 | 50.00 |
| 08/06/2010 | 71442 | GO-STAFF, INC. | 2031 | | | 960.00 |
| 101-3020-422.21-01 | 06/22/2010 | ROCHER, J W/E 06/20/10 | 72850 | 010419 | 12/2010 | 240.00 |

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| 101-3020-422.21-01 | 06/29/2010 | ROCHER, J W/E | 06/27/10 | 73075 | 010419 12/2010 | 240.00 |
| 101-1210-413.21-01 | 07/27/2010 | DURAN, A W/E | 07/25/10 | 73926 | 110078 01/2011 | 480.00 |
| 08/06/2010 | 71443 | GOOGLE, INC. | 2009 | | | 280.00 |
| 503-1923-419.21-04 | 07/05/2010 | JUNE/JULY | 2010 | 1421831 | 110126 01/2011 | 280.00 |
| 08/06/2010 | 71444 | HORIZON HEALTH EAP | 90 | | | 420.81 |
| 101-1130-412.20-06 | 07/09/2010 | JULY | 2010 | 40343 | 110075 01/2011 | 420.81 |
| 08/06/2010 | 71445 | I B FIREFIGHTERS ASSOCIATION | 214 | | | 216.50 |
| 101-0000-209.01-08 | 08/05/2010 | PR AP PPE | 7/29/10 | 20100805 | 02/2011 | 216.50 |
| 08/06/2010 | 71446 | IB PRINTING | 2239 | | | 4,531.12 |
| 101-3035-423.25-03 | 07/23/2010 | IBJG UNIFORMS/EMBROIDERY | | OFJG01D | 110195 01/2011 | 4,531.12 |
| 08/06/2010 | 71447 | ICMA RETIREMENT TRUST 457 | 242 | | | 5,201.75 |
| 101-0000-209.01-10 | 08/05/2010 | PR AP PPE | 7/29/10 | 20100805 | 02/2011 | 5,201.75 |
| 08/06/2010 | 71448 | IMPERIAL BEACH CHAMBER OF COMM | 1505 | | | 35.00 |
| 101-1010-411.28-04 | 07/26/2010 | INSTALLATION DINNER - JIM | | 5599 | F11008 01/2011 | 35.00 |
| 08/06/2010 | 71449 | IMPERIAL BEACH TROPHIES | 319 | | | 661.21 |
| 101-1010-411.29-04 | 08/02/2010 | CAST BRONZE PLAQUE | | 3287 | 110213 02/2011 | 650.33 |
| 101-1010-411.29-04 | 08/03/2010 | BRASS PLATE FOR TROOP REC | | 3292 | F11011 02/2011 | 10.88 |
| 08/06/2010 | 71450 | IPMA | 399 | | | 360.00 |
| 101-1130-412.28-12 | 06/18/2010 | CEJA/LEICHTLE MBRSHIP | 2011 | 24164231 | 110070 01/2011 | 360.00 |
| 08/06/2010 | 71451 | JESSOP & SON LANDSCAPING | 479 | | | 3,052.83 |
| 101-6010-451.21-04 | 07/21/2010 | JULY | 2010 | 388335 | 110199 01/2011 | 3,052.83 |
| 08/06/2010 | 71452 | KOA CORPORATION | 611 | | | 4,500.00 |
| 210-1235-513.20-06 | 06/30/2010 | 05/24-06/20 FIELDWORK/SUR | | JA92077X1 | 011152 12/2010 | 4,500.00 |
| 08/06/2010 | 71453 | LA PRENSA SAN DIEGO | 1714 | | | 120.00 |
| 101-1020-411.21-06 | 07/14/2010 | PUBLICATION OF NOTICE OF | | 23092 | F11007 01/2011 | 120.00 |
| 08/06/2010 | 71454 | LANCE, SOLL & LUNGHARD LLP | 716 | | | 2,720.00 |
| 101-1210-413.20-06 | 03/31/2010 | 2009 FINAL | | 11169 | 010025 12/2010 | 2,720.00 |
| 08/06/2010 | 71455 | MOBILE HOME ACCEPTANCE CORPORA | 1533 | | | 299.06 |
| 408-5020-432.25-01 | 07/24/2010 | 08/07-09/06/10 PW TRAILER | | 153478 | 110067 01/2011 | 299.06 |
| 08/06/2010 | 71456 | OFFICE DEPOT, INC | 1262 | | | 825.21 |
| 101-0000-209.01-03 | 12/08/2009 | BARCLAY, T-EMP COMP LOAN | | 500449521001 | 12/2010 | 685.11 |
| 101-1020-411.30-01 | 07/27/2010 | COPY PAPER/FILE STORAGE | | 527501507001 | 110047 01/2011 | 61.39 |
| 101-6030-453.30-01 | 07/27/2010 | COPY PAPER/FILE STORAGE | | 527501507001 | 110047 01/2011 | 27.50 |
| 408-5020-432.30-01 | 07/29/2010 | 2 SIDED BUSINESS CARDS | | 526993111001 | 110047 01/2011 | 37.16 |
| 101-5020-432.30-01 | 07/29/2010 | OFFICE SUPPLIES | | 527765071001 | 110047 01/2011 | 14.05 |
| 08/06/2010 | 71457 | RANCHO AUTO & TRUCK PARTS | 1685 | | | 217.48 |
| 501-1921-419.28-15 | 08/02/2010 | MOTOR OIL | | 7693-39945 | 110034 02/2011 | 25.97 |

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| 501-1921-419.28-16 | 08/02/2010 | #604 OIL FILTER | 7693-39965 | 110034 02/2011 9.77 |
| 501-1921-419.28-16 | 07/09/2010 | CREDIT-CORE RETURN | 7693-37105 | 110034 01/2011 46.76- |
| 501-1921-419.28-16 | 07/12/2010 | CREDIT-CORE RETURN | 7693-37468 | 110034 01/2011 77.21- |
| 501-1921-419.28-16 | 07/21/2010 | FILTERS/CLAMPS/OIL/CABLE | 7693-38552 | 110034 01/2011 108.41 |
| 501-1921-419.28-16 | 07/29/2010 | FITTINGS/FILTERS/SILICONE | 7693-39520 | 110034 01/2011 115.22 |
| 501-1921-419.28-16 | 07/23/2010 | AIR FILTER | 7693-38776 | 110034 01/2011 22.16 |
| 501-1921-419.28-16 | 07/29/2010 | #113 UPPER HOSE | 7693-39465 | 110034 01/2011 59.92 |
| 08/06/2010 | 71458 | RUBEN ACERO | 2 | 25.00 |
| 101-0000-344.77-01 | 06/07/2010 | REFUND AIR JUMP DEPOSIT | 7671 | 12/2010 25.00 |
| 08/06/2010 | 71459 | SAN DIEGO ASSOCIATION OF GOVER | 254 | 9,210.50 |
| 101-1920-419.29-04 | 07/07/2010 | FY 10/11 ASSESSMENTS | AR164160 | 110068 01/2011 9,210.50 |
| 08/06/2010 | 71460 | SEA BREEZE ELECTRIC | 1969 | 875.00 |
| 101-3030-423.28-01 | 06/20/2010 | DEDICATED CIRCUIT | 460 | 110194 01/2011 875.00 |
| 08/06/2010 | 71461 | SEIU LOCAL 221 | 1821 | 1,573.75 |
| 101-0000-209.01-08 | 08/05/2010 | PR AP PPE 7/29/10 | 20100805 | 02/2011 1,573.75 |
| 08/06/2010 | 71462 | SHARP REES-STEALY MEDICAL CNTR | 390 | 414.00 |
| 101-3030-423.21-04 | 06/12/2010 | TRAMMEL, ALEXANDER | 225 | 010035 12/2010 69.00 |
| 101-3030-423.21-04 | 06/12/2010 | NEW, JAFFREY DANIEL | 225 | 010035 12/2010 69.00 |
| 101-3030-423.21-04 | 06/12/2010 | HOLIAN, DANIEL | 225 | 010035 12/2010 69.00 |
| 101-3030-423.21-04 | 07/10/2010 | MCCARTHY, DANIEL 06/14/10 | 226 | 010035 12/2010 69.00 |
| 101-3030-423.21-04 | 07/10/2010 | MESSINGER III, RODERIC | 226 | 010035 12/2010 69.00 |
| 101-3030-423.21-04 | 07/10/2010 | PARRA, IGNACIO 06/16/10 | 226 | 010035 12/2010 69.00 |
| 08/06/2010 | 71463 | SCAN NATOA INC | 1864 | 75.00 |
| 101-1020-411.28-12 | 06/14/2010 | 2010/2011 DUES/HALD, J | 10.75.287 | 01/2011 75.00 |
| 08/06/2010 | 71464 | SUNGARD PUBLIC SECTOR INC. | 1370 | 66,309.67 |
| 503-1923-419.20-25 | 05/28/2010 | FY 10/11 NAVILINE SOFTWAR | 21280 | 110006 01/2011 60,916.62 |
| 503-1923-419.20-25 | 05/28/2010 | FY 10/11 LOOKING GLASS | 20750 | 110007 01/2011 5,393.05 |
| 08/06/2010 | 71465 | THE AUGUSTINE COMPANY | 4 | 4,390.00 |
| 101-0000-221.01-05 | 07/27/2010 | BOND REFUND 505 ELM AVE | TEP 10-15 | 01/2011 4,390.00 |
| 08/06/2010 | 71466 | THE FILIPINO PRESS | 1720 | 100.00 |
| 101-1020-411.21-06 | 07/10/2010 | PUBLICATION OF NOTICE OF | 0754-10 | F11004 01/2011 100.00 |
| 08/06/2010 | 71467 | THYSSENKRUPP ELEVATOR | 663 | 219.65 |
| 101-3030-423.20-06 | 08/01/2010 | AUGUST 2010 | 1037051505 | 110065 02/2011 219.65 |
| 08/06/2010 | 71468 | TUNES, LUBES, ETC. | 1 | 10,876.00 |
| 408-1920-519.20-06 | 07/26/2010 | 1/2 - F&E OFFER | 07-26-2010 | 01/2011 10,876.00 |
| 08/06/2010 | 71469 | ZEE MEDICAL, INC. | 872 | 97.21 |
| 101-1920-419.30-01 | 07/19/2010 | FIRST AID CABINET SUPPLIE | 0140452821 | F11010 01/2011 97.21 |
| DATE RANGE TOTAL * | | | | 313,799.18 * |



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY R. BROWN, CITY MANAGER

MEETING DATE: August 18, 2010

ORIGINATING DEPT.: FINANCE DEPARTMENT *mz*

**SUBJECT: CASH AND INVESTMENT REPORTS FOR THE QUARTER
ENDED MARCH 31, 2010**

BACKGROUND:

The attached reports summarize the City's cash and investment position at March 31, 2010. The reports include the pooled investments for all funds. The cash and investment total for the end of this period (3rd quarter of 2010) is \$38,406,972

DISCUSSION:

California law requires that staff submit an investment report to the City of Imperial Beach City Council after each quarter that consists of the following information:

- Type of investment or description
- Issuers (bank or institution)
- Date of maturity
- Dollar amount
- Interest rate
- Current market valuation as of the date of the report
- Source of the valuation of each investment

Additionally, a statement indicating the agency's ability, or lack thereof, to meet the next six (6) months cash flow requirements is required.

The source of market valuations has been quoted from documents received from the bank or institution that is the issuer of each of the investments. If staff did not receive this information from the bank or institution, market value has been listed as equal to the original purchase amount.

The City of Imperial Beach invests most of its funds in government securities, corporate bond and in the California Treasurer's Local Agency Investment Fund (LAIF). LAIF is a liquid investment pool, which allows participants to earn market rate returns of large investments, while retaining access to funds within 24 hours of a withdrawal request. The

quarterly interest rate for LAIF for the quarter ended in March was 0.56%. Government securities consist of Federal Farm Credit Bank and Federal Home Loan Bank. .

FISCAL ANALYSIS:

For the quarter ending March 31, 2010, the City invested approximately 87% of its funds in LAIF (the state investment pool) and 13% in government agencies. LAIF earned 0.56% during the quarter. The average yield on our government agency investments as of March 31, 2010 was 1.77%.

The total cash and investment of \$38,406,972 is more than enough to meet the annual net approved budget.

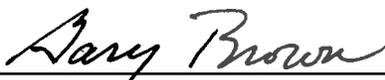
DEPARTMENT RECOMMENDATION:

It is respectfully requested that the City Council:

- (1) Receive and file the attached Quarterly Investment Reports for the quarter ending March 31, 2010.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary Brown, City Manager

ATTACHMENTS: Cash & Investment Schedule, Investment listing and Certification for March 31, 2010.

CITY OF IMPERIAL BEACH

CITY OF IMPERIAL BEACH
 CASH AND INVESTMENT SCHEDULE
 March 31, 2010

| Date of Purchase | Broker's Name | Description | Investment Type | Cost Basis (Where Appropriate) | Market Value (Where Appropriate) | Coupon Rate | Date of Maturity | GASB 31 Adjustment | Carrying Amount/ Fair Value |
|------------------|---------------|----------------------|------------------|-----------------------------------|-------------------------------------|-------------|------------------|--------------------|--------------------------------|
| Various | UBOC | Various | Gov't Securities | 3,000,000.00 | 2,996,260.00 | | Various | | \$ 2,996,260 |
| | LAIF | State of California | Investment Pool | 33,388,898.81 | 33,388,898.81 | | | | \$ 33,388,899 |
| NA | UBOC | Bank/Petty Cash | Demand Accts | 466,238.65 | 466,238.65 | | NA | - | \$ 466,239 |
| NA | WFB | Reserve Fund-RDA TAB | Gov't Securities | 1,555,575.00 | 1,555,575.00 | NA | | Various | \$ 1,555,575 |
| | | | | <u>38,410,712.46</u> | <u>38,406,972.46</u> | | | | <u>\$ 38,406,972</u> |

SUMMARY OF CITY CASH & INVESTMENTS:

| | | | | |
|-------------------------------|----------------------|----------------------|---------|----------------------|
| LAIF (State Investment Pool) | 33,388,898.81 | 33,388,898.81 | - | \$ 33,388,899 |
| Union Bank Investment Account | 3,000,000.00 | 2,996,260.00 | - | \$ 2,996,260 |
| Checking Account/Petty Cash | 466,238.65 | 466,238.65 | - | \$ 466,239 |
| Reserve Fund-RDA TAB | 1,555,575.00 | 1,555,575.00 | Various | \$ 1,555,575 |
| | <u>38,410,712.46</u> | <u>38,406,972.46</u> | | <u>\$ 38,406,972</u> |

Mike McGrane, Finance Director/Treasurer

NOTE:

UBOC - Union Bank of California
 LAIF - Local Agency Investment Fund



ITC, INSTITUTIONAL CUSTODY
 350 CALIFORNIA STREET, 6TH FLOOR
 SAN FRANCISCO CA 94104

----- manifest line -----

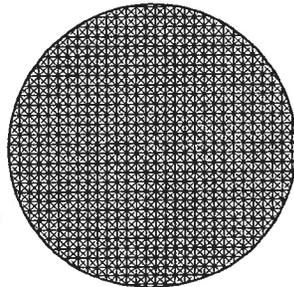
CITY OF IMPERIAL BEACH
 825 IMPERIAL BEACH BLVD
 IMPERIAL BEACH, CA 91932

Overview of Total Account Value

| | |
|------------------------------|---------------------|
| Closing Value on 12/31/2009 | \$3,978,080.00 |
| Opening Value on 03/01/2010 | \$3,004,690.00 |
| Closing Value on 03/31/2010 | \$2,996,260.00 |
| Net Change For Period | (\$8,430.00) |

Overview of Account by Investment Category

Your Current Portfolio Mix



| | % of Total Account | Market Value | Description |
|--|--------------------|-----------------------|----------------------------|
| | 100.00% | 2,996,260.00 | Government Obligations |
| | 100.00% | \$2,996,260.00 | Total Account Value |

Account Statement

Statement Period

March 1, 2010 through March 31, 2010

Account Number

6736300140

Account Name

CITY OF IMPERIAL BEACH

Relationship Manager

DENISE WONG
 415-705-7326

Online Access

unionbank.com/trustandcustody

Investment Manager

DIRECTED

Contents

- Account Summary
- Principal Portfolio Summary
- Unrealized Gain/Loss Summary
- Cash Transactions Summary
- Asset Detail
- Maturity Summary
- Transaction Detail

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Account Number
6736300140

Account Name
CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period

March 1, 2010 through March 31, 2010

Principal Portfolio Summary

| Description | Market Value | Percentage of Portfolio | Current Yield |
|----------------------------------|-----------------------|-------------------------|---------------|
| Government Obligations | 2,996,260.00 | 100.00% | 1.77% |
| Total Principal Portfolio | \$2,996,260.00 | 100.00% | 1.77% |

Unrealized Gain/Loss Summary

| Description | Cost Basis | Market Value | Gain/Loss |
|------------------------|-----------------------|-----------------------|---------------------|
| Government Obligations | 3,000,000.00 | 2,996,260.00 | (3,740.00) |
| Total Gain/Loss | \$3,000,000.00 | \$2,996,260.00 | (\$3,740.00) |

Cash Transactions Summary

| | Principal Cash |
|-------------------------------|---------------------|
| Receipts | |
| Interest | 5,750.00 |
| Other Receipts | 875.00 |
| Total Receipts | \$6,625.00 |
| Disbursements | |
| Checking / Savings Deposit | (5,750.00) |
| Fees | (875.00) |
| Total Disbursements | (\$6,625.00) |
| Total Net Transactions | \$0.00 |



Account Number
 6736300140
Account Name
 CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period
 March 1, 2010 through March 31, 2010

Asset Detail - Principal Portfolio

Government Obligations

| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
|---|-----------|-----------------------|-----------------------|-----------------------|------------------------|----------------------------|------------------|----------------------------|
| Federal Govt Agency | | | | | | | | |
| FEDERAL FARM CRBKS GLOBAL 2.3000% 9/3/2013 | 31331G4J5 | 1,000,000.000 | 1,000,000.00 | 994,380.00 | 99.4380 03/31/2010 | 33.19% | 2.31% | 23,000.00 |
| FEDERAL HOME LOAN BANK BONDS DTD 12/11/2009 1.50% 12/11/2013 | 3133XVSP7 | 2,000,000.000 | 2,000,000.00 | 2,001,880.00 | 100.0940 03/31/2010 | 66.81% | 1.50% | 30,000.00 |
| Total Government Obligations | | | \$3,000,000.00 | \$2,996,260.00 | | 100.00% | 1.77% | \$53,000.00 |
| Total Principal Portfolio | | | \$3,000,000.00 | \$2,996,260.00 | | 100.00% | 1.77% | \$53,000.00 |
| Total Account Values | | | \$3,000,000.00 | \$2,996,260.00 | | 100.00% | 1.77% | \$53,000.00 |

Maturity Summary

| | Face Value | Par Value | Cost Basis | Market Value | Percentage of Market Value |
|---------------------------|---------------|----------------------|-----------------------|-----------------------|----------------------------|
| 2010 | | | | | |
| 2011 | | | | | |
| 2012 | | | | | |
| 2013 | | 3,000,000.000 | 3,000,000.00 | 2,996,260.00 | 100.00% |
| 2014 | | | | | |
| 2015 | | | | | |
| 2016 | | | | | |
| 2017 | | | | | |
| 2018 | | | | | |
| 2019 | | | | | |
| Ten-to-Fourteen Years | | | | | |
| Fifteen-to-Nineteen Years | | | | | |
| Twenty Years and Over | | | | | |
| Total | \$0.00 | 3,000,000.000 | \$3,000,000.00 | \$2,996,260.00 | 100.00% |

3/4



Account Number Statement
6736300140

Account Name
CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period

March 1, 2010 through March 31, 2010

Transaction Detail

| Date | Activity | Description | CUSIP | Principal Cash | Cost Basis |
|----------|----------------------------|---|-----------|----------------|----------------|
| | | Beginning Balance | | \$0.00 | \$3,000,000.00 |
| 03/03/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 2.300% 9/03/13 0.00575/\$1 PV ON 1,000,000 PAR VALUE DUE 3/3/2010 | 31331G4J5 | 5,750.00 | |
| 03/03/10 | Checking / Savings Deposit | CASH DISBURSEMENT TRANSFER TO UB CHKING/SAVING ACCOUNT NUMBER: 2170012243 | | (5,750.00) | |
| 03/10/10 | Other Receipts | CASH RECEIPT PAYMENT OF FEES For Period Ending 20100131 | | 875.00 | |
| 03/10/10 | Fees | UB FEE COLLECTED For Period Ending 20100131 | | (875.00) | |
| | | Net Activity | | \$0.00 | \$0.00 |
| | | Ending Balance | | \$0.00 | \$3,000,000.00 |

4 / 4



**CITY OF IMPERIAL BEACH
 FINAL BASED ON TOTAL BALANCE SHEET FOR FUND 950
 March 31, 2010**

| | | |
|--------------------------|--------|-----------------------------|
| TOTAL PER BOOKS: | | |
| 950-0000-101-0000 | | 31,554,908.44 |
| Add: | | |
| Credit Card from April | 114.00 | |
| Take care charge | 115.02 | |
| | | <u>229.02</u> |
| Less: | | |
| | | <u>-</u> |
| TOTAL PER BOOKS | | <u>31,555,137.46</u> |

| | | |
|--|---------------|-----------------------------|
| TOTAL PER BANK: | | |
| Operating Account [2170012243] | 473,624.80 | |
| LAIF Account [98-37-384] | 31,088,898.81 | |
| Investment Services Account [2170012243] | - | |
| Payroll Account [2170012308] | - | |
| Worker's Comp Account [2170012243] | - | |
| | | <u>31,562,523.61</u> |
| Add: | | |
| Deposit(s) in Transit (DIT) | 12,386.81 | |
| | | <u>12,386.81</u> |
| Less: | | |
| Outstanding checks | (19,772.96) | |
| | | <u>(19,772.96)</u> |
| TOTAL PER BANK | | <u>31,555,137.46</u> |
| Unreconciled Balance | | <u>-</u> |

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001
 CITY OF IMPERIAL BEACH

www.treasurer.ca.gov/pmia
-laif
 March 16, 2010

CITY TREASURER
 825 IMPERIAL BEACH BLVD
 IMPERIAL BEACH, CA 91932

PMIA Average Monthly Yields

Account Number: 98-37-384

Transactions

February 2010 Statement

Tran Type Definitions

| Effective Date | Transaction Date | Tran Type | Confirm Number | Authorized Caller | Amount |
|----------------|------------------|-----------|----------------|-------------------|--------------|
| 2/9/2010 | 2/8/2010 | RW | 1259577 | EVELYN C. BUANGAN | -300,000.00 |
| 2/23/2010 | 2/22/2010 | RD | 1260907 | EVELYN C. BUANGAN | 1,000,000.00 |

Account Summary

| | | | |
|-------------------|--------------|--------------------|---------------|
| Total Deposit: | 1,000,000.00 | Beginning Balance: | 32,688,898.81 |
| Total Withdrawal: | -300,000.00 | Ending Balance: | 33,388,898.81 |

City of Imperial Beach
Investments
As of 03-01-10
FY2009-2010

| Date of Purchase | Brokers Name | Description | Cusip # | Investment Type | Call Date | Face Value | Cost | Inv. Balance | Coupon Rate | Date of Maturity |
|------------------|--------------|-------------|-----------|-----------------|-----------|-----------------|-------------------|-------------------|-------------|------------------|
| 12/11/2009 | | FFCB | 31331G4J5 | Agency | | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ 1,000,000.00 | 2.30% | 9/3/2013 |
| 12/11/2009 | | FHLB | 3133XVSP7 | Agency | | \$ 2,000,000.00 | \$ 2,000,000.00 | \$ 2,000,000.00 | 1.50% | 12/11/2013 |
| Total | | | | | | \$ 3,000,000.00 | # \$ 3,000,000.00 | # \$ 3,000,000.00 | | |



STAFF REPORT CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: GARY R. BROWN, CITY MANAGER

MEETING DATE: August 18, 2010

ORIGINATING DEPT.: FINANCE DEPARTMENT

**SUBJECT: CASH AND INVESTMENT REPORTS FOR THE QUARTER
ENDED JUNE 30, 2010**

BACKGROUND:

The attached reports summarize the City's cash and investment position at June 30, 2010. The reports include the pooled investments for all funds. The cash and investment total for the end of this period (4th quarter of 2010) is \$36,502,218

DISCUSSION:

California law requires that staff submit an investment report to the City of Imperial Beach City Council after each quarter that consists of the following information:

- Type of investment or description
- Issuers (bank or institution)
- Date of maturity
- Dollar amount
- Interest rate
- Current market valuation as of the date of the report
- Source of the valuation of each investment

Additionally, a statement indicating the agency's ability, or lack thereof, to meet the next six (6) months cash flow requirements is required.

The source of market valuations has been quoted from documents received from the bank or institution that is the issuer of each of the investments. If staff did not receive this information from the bank or institution, market value has been listed as equal to the original purchase amount.

The City of Imperial Beach invests most of its funds in government securities, corporate bond and in the California Treasurer's Local Agency Investment Fund (LAIF). LAIF is a liquid investment pool, which allows participants to earn market rate returns of large investments, while retaining access to funds within 24 hours of a withdrawal request. The quarterly interest rate for LAIF for the quarter ended in June was 0.56%. Government

securities consist of Federal Farm Credit Bank and Federal Home Loan Bank. Corporate bond consist of General Electric Cap.

FISCAL ANALYSIS:

For the quarter ending June 30, 2010, the City invested approximately 40% of its funds in LAIF (the state investment pool) , 57% in government agencies and 3% in corporate bond. LAIF earned 0.56% during the quarter. The average yield on our government agency investments as of June 30, 2010 was 2.05% and corporate bond is 2.18%

The total cash and investment of \$36,502,218 is more than enough to meet the annual net approved budget.

DEPARTMENT RECOMMENDATION:

It is respectfully requested that the City Council:

- (1) Receive and file the attached Quarterly Investment Reports for the quarter ending June 30, 2010.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary Brown, City Manager

ATTACHMENTS: Cash & Investment Schedule, Investment listing and Certification for June 30, 2010.

**CITY OF IMPERIAL BEACH
CASH AND INVESTMENT SCHEDULE
June 30, 2010**

| Date of Purchase | Broker's Name | Description | Investment Type | Cost Basis (Where Appropriate) | Market Value (Where Appropriate) | Coupon Rate | Date of Maturity | GASB 31 Adjustment | Carrying Amount/ Fair Value |
|------------------|---------------|----------------------|------------------|-----------------------------------|-------------------------------------|-------------|------------------|--------------------|--------------------------------|
| Various | UBOC | Various | Gov't Securities | 19,632,800.00 | 19,722,870.00 | | Various | 90,070 \$ | 19,722,870 |
| | UBOC | GE Capital | Corporate Bond | 1,016,224.00 | 1,014,960.00 | | | (1,264) \$ | 1,014,960 |
| | LAIF | State of California | Investment Pool | 13,682,961.22 | 13,682,752.31 | | | (209) \$ | 13,682,752 |
| NA | UBOC | Bank/Petty Cash | Demand Accts | 614,658.04 | 614,658.04 | | NA | - \$ | 614,658 |
| NA | WFB | Reserve Fund-RDA TAB | Gov't Securities | 1,555,575.00 | 1,555,575.00 | NA | | Various \$ | 1,555,575 |
| | | | | <u>36,502,218.26</u> | <u>36,590,815.35</u> | | | <u>88,597 \$</u> | <u>36,590,815</u> |

SUMMARY OF CITY CASH & INVESTMENTS:

| | | | | |
|-------------------------------|----------------------|----------------------|------------------|-------------------|
| LAIF (State Investment Pool) | 13,682,961.22 | 13,682,752.31 | (209) \$ | 13,682,752 |
| Union Bank Investment Account | 20,649,024.00 | 20,737,830.00 | 88,806 \$ | 20,737,830 |
| Checking Account/Petty Cash | 614,658.04 | 614,658.04 | - \$ | 614,658 |
| Reserve Fund-RDA TAB | 1,555,575.00 | 1,555,575.00 | Various \$ | 1,555,575 |
| | <u>36,502,218.26</u> | <u>36,590,815.35</u> | <u>88,597 \$</u> | <u>36,590,815</u> |

Mike McGrane, Finance Director/Treasurer

NOTE:

UBOC - Union Bank of California
LAIF - Local Agency Investment Fund



City of Imperial Beach
Investments
As of 06/30/10

| Date of Purchase | Brokers Name | Cusip # | Investment Type | Book Value | Estimated Market Value | Unrealized Gain/Loss |
|------------------|--------------|-----------|--|-------------------------|-------------------------|----------------------|
| 4/14/2010 | | 3133XXQ34 | Agency | \$ 998,750.00 | \$ 1,005,310.00 | \$ 6,560.00 |
| 4/28/2010 | | 3133XY4W2 | Agency | \$ 200,000.00 | \$ 204,916.00 | \$ 4,916.00 |
| 4/30/2010 | | 3133XY5H4 | Agency | \$ 2,000,000.00 | \$ 2,001,880.00 | \$ 1,880.00 |
| 5/18/2010 | | 3133XYBX2 | Agency | \$ 2,000,000.00 | \$ 2,016,360.00 | \$ 16,360.00 |
| 5/21/2010 | | 3133XYB38 | Agency | \$ 1,000,000.00 | \$ 1,000,000.00 | \$ - |
| 5/26/2010 | | 3133XYF59 | Agency | \$ 1,000,000.00 | \$ 1,001,250.00 | \$ 1,250.00 |
| 5/28/2010 | | 3133XYEX9 | Agency | \$ 2,075,600.00 | \$ 2,086,880.00 | \$ 11,280.00 |
| 6/29/2010 | | 3133XYTPO | Agency | \$ 2,000,000.00 | \$ 1,998,120.00 | \$ (1,880.00) |
| | | | Agency | | | |
| | | | Subtotal - FHLB | \$ 11,274,350.00 | \$ 11,314,716.00 | \$ 40,366.00 |
| 4/14/2010 | | 31331G3F4 | Agency | \$ 1,004,200.00 | \$ 1,004,380.00 | \$ 180.00 |
| 4/14/2010 | | 31331JDL4 | Agency | \$ 1,001,562.50 | \$ 1,008,440.00 | \$ 6,877.50 |
| 4/20/2010 | | 31331JLB7 | Agency | \$ 1,000,000.00 | \$ 1,018,440.00 | \$ 18,440.00 |
| 4/20/2010 | | 31331JAD5 | Agency | \$ 351,750.00 | \$ 354,704.00 | \$ 2,954.00 |
| 4/21/2010 | | 31331JL8 | Agency | \$ 1,000,937.50 | \$ 1,000,310.00 | \$ (627.50) |
| | | | Subtotal - FFCB | \$ 4,358,450.00 | \$ 4,386,274.00 | \$ 27,824.00 |
| 5/26/2010 | | 3136FMRJ5 | Agency | \$ 2,000,000.00 | \$ 2,015,620.00 | \$ 15,620.00 |
| 5/27/2010 | | 3136FMSR6 | Agency | \$ 2,000,000.00 | \$ 2,006,260.00 | \$ 6,260.00 |
| | | | Subtotal - FNMA | \$ 4,000,000.00 | \$ 4,021,880.00 | \$ 21,880.00 |
| 5/7/2010 | | 36967HAC1 | Corporate | \$ 1,016,224.00 | \$ 1,014,960.00 | \$ (1,264.00) |
| | | | Subtotal-GE Cap | \$ 1,016,224.00 | \$ 1,014,960.00 | \$ (1,264.00) |
| | | | Total Investments as of June 2010 | \$ 20,649,024.00 | \$ 20,737,830.00 | \$ 88,806.00 |

LAIF GASB 31 Adjustment

| | | |
|---------------------------------|-----------|--------------------|
| June 30, 2010 Balance | \$ | 13,682,961.22 |
| GASB 31 Factor | | 0.9999847322720590 |
| Fair Value | \$ | 13,682,752.31 |
| GASB 31 Adjustment | \$ | (208.91) |
| TOTAL GASB 31 ADJUSTMENT | <u>\$</u> | <u>88,597.09</u> |



ITC, INSTITUTIONAL CUSTODY
 350 CALIFORNIA STREET, 6TH FLOOR
 SAN FRANCISCO CA 94104

----- manifest line -----

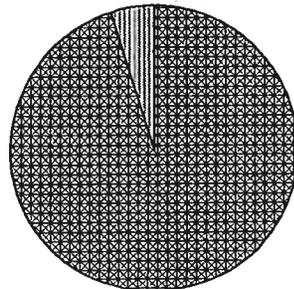
CITY OF IMPERIAL BEACH
 825 IMPERIAL BEACH BLVD
 IMPERIAL BEACH, CA 91932

Overview of Total Account Value

| | |
|------------------------------|--------------------|
| Closing Value on 12/31/2009 | \$3,978,080.00 |
| Opening Value on 06/01/2010 | \$20,706,812.50 |
| Closing Value on 06/30/2010 | \$20,737,830.00 |
| Net Change For Period | \$31,017.50 |

Overview of Account by Investment Category

Your Current Portfolio Mix



| | % of Total Account | Market Value | Description |
|--|--------------------|------------------------|----------------------------|
| | 95.11% | 19,722,870.00 | Government Obligations |
| | 4.89% | 1,014,960.00 | Corporate Obligations |
| | 100.00% | \$20,737,830.00 | Total Account Value |

Account Statement

Statement Period

June 1, 2010 through June 30, 2010

Account Number

6736300140

Account Name

CITY OF IMPERIAL BEACH

Relationship Manager

DENISE WONG
 415-705-7326

Investment Manager

DIRECTED

Online Access

unionbank.com/trustandcustody

Contents

- Account Summary
 - Principal Portfolio Summary
 - Unrealized Gain/Loss Summary
 - Cash Transactions Summary
 - Asset Detail
 - Maturity Summary
 - Transaction Detail



Account Number
6736300140

Account Name
CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period

June 1, 2010 through June 30, 2010

Principal Portfolio Summary

| Description | Market Value | Percentage of Portfolio | Current Yield |
|----------------------------------|------------------------|-------------------------|---------------|
| Government Obligations | 19,722,870.00 | 95.11% | 2.05% |
| Corporate Obligations | 1,014,960.00 | 4.89% | 2.18% |
| Total Principal Portfolio | \$20,737,830.00 | 100.00% | 2.05% |

Unrealized Gain/Loss Summary

| Description | Cost Basis | Market Value | Gain/Loss |
|------------------------|------------------------|------------------------|--------------------|
| Government Obligations | 19,632,800.00 | 19,722,870.00 | 90,070.00 |
| Corporate Obligations | 1,016,224.00 | 1,014,960.00 | (1,264.00) |
| Total Gain/Loss | \$20,649,024.00 | \$20,737,830.00 | \$88,806.00 |

Cash Transactions Summary

| | Principal Cash |
|-------------------------------|-------------------------|
| Receipts | |
| Checking/Savings Withdrawal | 2,000,000.00 |
| Interest | 23,887.33 |
| Sales | 2,000,000.00 |
| Other Receipts | 875.00 |
| Total Receipts | \$4,024,762.33 |
| Disbursements | |
| Purchases | (2,000,000.00) |
| Checking / Savings Deposit | (2,023,887.33) |
| Fees | (875.00) |
| Total Disbursements | (\$4,024,762.33) |
| Total Net Transactions | \$0.00 |



Account Number
6736300140

Account Name
CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period

June 1, 2010 through June 30, 2010

Asset Detail - Principal Portfolio

Government Obligations

| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
|---|-----------|-----------------------|--------------|--------------|------------------------|----------------------------|------------------|----------------------------|
| Federal Govt Agency | | | | | | | | |
| FEDERAL HOME LOAN BANKS DTD 04/30/2010 1.450% 07/30/2012 | 3133XY5H4 | 2,000,000.000 | 2,000,000.00 | 2,001,880.00 | 100.0940 06/30/2010 | 9.65% | 1.45% | 29,000.00 |
| FEDERAL FARM CR BKS GLOBAL 1.9000% 11/16/2012 | 31331G3F4 | 1,000,000.000 | 1,004,200.00 | 1,004,380.00 | 100.4380 06/30/2010 | 4.84% | 1.89% | 19,000.00 |
| FEDERAL HOME LOAN BANK BONDS DTD 05/21/2010 1.00% 11/21/2012 | 3133XYB38 | 1,000,000.000 | 1,000,000.00 | 1,000,000.00 | 100.0000 06/30/2010 | 4.82% | 1.00% | 10,000.00 |
| FEDERAL HOME LOAN BANKS 1.6250% 1/7/2013 | 3133XXQ34 | 1,000,000.000 | 998,750.00 | 1,005,310.00 | 100.5310 06/30/2010 | 4.85% | 1.62% | 16,250.00 |
| FEDERAL FARM CR BKS CONS 2.4200% 2/11/2014 | 31331JDL4 | 1,000,000.000 | 1,001,562.50 | 1,008,440.00 | 100.8440 06/30/2010 | 4.86% | 2.40% | 24,200.00 |
| FEDERAL FARM CR BKS BDS DTD 04/07/2010 2.450% 04/07/2014 | 31331JL8 | 1,000,000.000 | 1,000,937.50 | 1,000,310.00 | 100.0310 06/30/2010 | 4.82% | 2.45% | 24,500.00 |
| FEDERAL FARM CR BKS CONS 2.9800% 4/20/2015 | 31331JLB7 | 1,000,000.000 | 1,000,000.00 | 1,018,440.00 | 101.8440 06/30/2010 | 4.91% | 2.93% | 29,800.00 |
| FEDERAL HOME LOAN BANK BONDS DTD 04/28/2010 FLTGR 04/28/2015 | 3133XY4W2 | 200,000.000 | 200,000.00 | 204,916.00 | 102.4580 06/30/2010 | 0.99% | 1.95% | 4,000.00 |
| FEDERAL HOME LOAN BANK BONDS DTD 05/18/2010 1.25% 05/18/2015 | 3133XYBX2 | 2,000,000.000 | 2,000,000.00 | 2,016,360.00 | 100.8180 06/30/2010 | 9.72% | 1.24% | 25,000.00 |
| FEDERAL HOME LOAN BANK BONDS DTD 05/26/2010 1.00% 05/26/2015 | 3133XYF59 | 1,000,000.000 | 1,000,000.00 | 1,001,250.00 | 100.1250 06/30/2010 | 4.83% | 1.00% | 10,000.00 |
| FEDERAL NATL MTGE ASSN NOTES STEP CPN 05/26/2015 | 3136FMRJ5 | 2,000,000.000 | 2,000,000.00 | 2,015,620.00 | 100.7810 06/30/2010 | 9.72% | 2.23% | 45,000.00 |



Account Number
6736300140

Account Name
CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period

June 1, 2010 through June 30, 2010

Asset Detail - Principal Portfolio (continued)

Government Obligations

| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
|--|-----------|-----------------------|------------------------|------------------------|------------------------|----------------------------|------------------|----------------------------|
| Federal Govt Agency | | | | | | | | |
| FEDERAL NATL MTG ASSN NOTES DTD 05/27/2010 STEP/UP 05/27/2015 | 3136FMSR6 | 2,000,000.000 | 2,000,000.00 | 2,006,260.00 | 100.3130 06/30/2010 | 9.67% | 2.74% | 55,000.00 |
| FEDERAL HOME LOAN BANKS 4.0000% 5/28/2015 | 3133XYEX9 | 2,000,000.000 | 2,075,600.00 | 2,086,880.00 | 104.3440 06/30/2010 | 10.08% | 3.83% | 80,000.00 |
| FEDERAL HOME LOAN BANK BONDS STEP CPN 06/29/2015 | 3133XYTP0 | 2,000,000.000 | 2,000,000.00 | 1,998,120.00 | 99.9060 06/30/2010 | 9.64% | 1.00% | 20,000.00 |
| FEDERAL FARM CR BKS CONS 3.3500% 12/28/2015 | 31331JAD5 | 350,000.000 | 351,750.00 | 354,704.00 | 101.3440 06/30/2010 | 1.71% | 3.31% | 11,725.00 |
| Total Government Obligations | | | \$19,632,800.00 | \$19,722,870.00 | | 95.11% | 2.05% | \$403,475.00 |

Corporate Obligations

| Asset Name | CUSIP | Shares/ Units Held | Cost Basis | Market Value | Price/ Date Priced | Percentage of Portfolio | Current Yield | Estimated Annual Income |
|--|-----------|-----------------------|------------------------|------------------------|------------------------|----------------------------|------------------|----------------------------|
| Corporate Bonds | | | | | | | | |
| GENL ELEC CAP CORP FDIC GUARANTEED DTD 12/09/2008 FLTG/RT 12/09/2011 QRTL US LIB +93 SER G | 36967HAC1 | 1,000,000.000 | 1,016,224.00 | 1,014,960.00 | 101.4960 06/30/2010 | 4.89% | 2.18% | 22,137.50 |
| Total Corporate Obligations | | | \$1,016,224.00 | \$1,014,960.00 | | 4.89% | 2.18% | \$22,137.50 |
| Total Principal Portfolio | | | \$20,649,024.00 | \$20,737,830.00 | | 100.00% | 2.05% | \$425,612.50 |
| Total Account Values | | | \$20,649,024.00 | \$20,737,830.00 | | 100.00% | 2.05% | \$425,612.50 |

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Account Number
 6736300140
Account Name
 CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period
 June 1, 2010 through June 30, 2010

Maturity Summary

| | Face Value | Par Value | Cost Basis | Market Value | Percentage of Market Value |
|---------------------------|---------------|-----------------------|------------------------|------------------------|----------------------------|
| 2010 | | | | | |
| 2011 | | 1,000,000.000 | 1,016,224.00 | 1,014,960.00 | 4.89% |
| 2012 | | 4,000,000.000 | 4,004,200.00 | 4,006,260.00 | 19.32% |
| 2013 | | 1,000,000.000 | 998,750.00 | 1,005,310.00 | 4.85% |
| 2014 | | 2,000,000.000 | 2,002,500.00 | 2,008,750.00 | 9.69% |
| 2015 | | 12,550,000.000 | 12,627,350.00 | 12,702,550.00 | 61.25% |
| 2016 | | | | | |
| 2017 | | | | | |
| 2018 | | | | | |
| 2019 | | | | | |
| Ten-to-Fourteen Years | | | | | |
| Fifteen-to-Nineteen Years | | | | | |
| Twenty Years and Over | | | | | |
| Total | \$0.00 | 20,550,000.000 | \$20,649,024.00 | \$20,737,830.00 | 100.00% |

Transaction Detail

| Date | Activity | Description | CUSIP | Principal Cash | Cost Basis |
|----------|----------------------------|---|-----------|----------------|-----------------|
| | | | | \$0.00 | \$20,649,024.00 |
| | Beginning Balance | | | | |
| 06/02/10 | Other Receipts | CASH RECEIPT PAYMENT OF FEES For Period Ending 20100430 | | 875.00 | |
| 06/02/10 | Fees | UB FEE COLLECTED For Period Ending 20100430 | | (875.00) | |
| 06/10/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON GECC NT-G F/R 2.21375% 12/09/11 0.003025/\$1 PV ON 1,000,000 PAR VALUE DUE 6/9/201 | 36967HAC1 | 3,024.83 | |
| 06/10/10 | Checking / Savings Deposit | CASH DISBURSEMENT TRANSFER TO UB CHKING/SAVING ACCOUNT NUMBER: 2170012243 | | (3,024.83) | |



Account Number
6736300140

Account Name
CITY OF IMPERIAL BEACH CU

Account Statement

Statement Period

June 1, 2010 through June 30, 2010

Transaction Detail (continued)

| Date | Activity | Description | CUSIP | Principal Cash | Cost Basis |
|-----------------------|-----------------------------|---|-----------|----------------|------------------------|
| 06/11/10 | Sales | FULL CALL 2,000,000 PAR VALUE OF FHLB BDS S/U 1.500% 12/11/13 TRADE DATE 06/11/10 FULL CALL | 3133XVSP7 | 2,000,000.00 | (2,000,000.00) |
| 06/11/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON FHLB BDS S/U 1.500% 12/11/13 0.0075/\$1 PV ON 2,000,000 PAR VALUE DUE 6/11/2010 | 3133XVSP7 | 15,000.00 | |
| 06/11/10 | Checking / Savings Deposit | CASH DISBURSEMENT TRANSFER TO UB CHKING/SAVING ACCOUNT NUMBER: 2170012243 | | (2,015,000.00) | |
| 06/28/10 | Interest | CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 3.350% 12/28/15 0.01675/\$1 PV ON 350,000 PAR VALUE DUE 6/28/2010 | 31331JAD5 | 5,862.50 | |
| 06/28/10 | Checking / Savings Deposit | CASH DISBURSEMENT TRANSFER TO UB CHKING/SAVING ACCOUNT NUMBER: 2170012243 | | (5,862.50) | |
| 06/29/10 | Purchases | PURCHASED 2,000,000 PAR VALUE OF FHLB BDS S/U 1.000% 6/29/15 TRADE DATE 06/09/10 PURCHASED THROUGH NATL FINL SVCS CORP 2,000,000 PAR VALUE AT 100 % | 3133XYTP0 | (2,000,000.00) | 2,000,000.00 |
| 06/29/10 | Checking/Savings Withdrawal | CASH RECEIPT W/D FROM UB CHECKING/SAVINGS ACCOUNT NUMBER: 2170012243 | | 1,994,137.50 | |
| 06/30/10 | Checking/Savings Withdrawal | CASH RECEIPT W/D FROM UB CHECKING/SAVINGS ACCOUNT NUMBER: 2170012243 | | 5,862.50 | |
| Net Activity | | | | \$0.00 | \$0.00 |
| Ending Balance | | | | \$0.00 | \$20,649,024.00 |

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STATEMENT OF ASSETS
AS OF JUNE 30, 2010

IMPERIAL BEACH PFA 03-RESERVE FUND
ACCOUNT NUMBER 15318903

STATEMENT OF ASSETS

| PAR VALUE/SHARES | DESCRIPTION | COST VALUE / UNIT COST | MARKET VALUE / UNIT PRICE | UNREALIZED GAIN/LOSS | ACCRUED INCOME |
|-------------------------------|---|---------------------------|------------------------------|-------------------------|----------------|
| CASH EQUIVALENTS | | | | | |
| 1,555,575 | WELLS FARGO ADVANTAGE 100% TREASURY MONEY MARKET FUND - #008 | 1,555,575.00 1.000 | 1,555,575.00 1.000 | 0.00 | 12.79 |
| TOTAL CASH EQUIVALENTS | | 1,555,575.00 | 1,555,575.00 | 0.00 | 12.79 |
| TOTAL INVESTMENTS | | 1,555,575.00 | 1,555,575.00 | 0.00 | 12.79 |





CASH SUMMARY
FOR THE PERIOD JUNE 1, 2010 THROUGH JUNE 30, 2010

IMPERIAL BEACH PFA 03-RESERVE FUND
ACCOUNT NUMBER 15318903

CASH SUMMARY

| DESCRIPTION | PRINCIPAL CASH | INCOME CASH |
|---------------------------|----------------|-------------|
| BEGINNING BALANCE | 0.00 | 0.00 |
| RECEIPTS | | |
| NET INTEREST COLLECTED | 0.00 | 13.21 |
| TRANSFER RECEIPTS | 13.21 | 0.00 |
| CASH MANAGEMENT SALES | 39.21 | 0.00 |
| TOTAL CASH RECEIPTS | 52.42 | 13.21 |
| DISBURSEMENTS | | |
| TRANSFER DISBURSEMENTS | 39.21- | 13.21- |
| CASH MANAGEMENT PURCHASES | 13.21- | 0.00 |
| TOTAL CASH DISBURSEMENTS | 52.42- | 13.21- |
| ENDING BALANCE | 0.00 | 0.00 |

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001
 CITY OF IMPERIAL BEACH

www.treasurer.ca.gov/pmia

-laif

July 06, 2010

CITY TREASURER
 825 IMPERIAL BEACH BLVD
 IMPERIAL BEACH, CA 91932

PMIA Average Monthly Yields

Account Number: 98-37-384

Transactions

Tran Type Definitions

June 2010 Statement

| Effective Date | Transaction Date | Tran Type | Confirm Number | Authorized Caller | Amount |
|----------------|------------------|-----------|----------------|-------------------|---------------|
| 6/2/2010 | 6/1/2010 | RD | 1273629 | EVELYN C. BUANGAN | 1,000,000.00 |
| 6/14/2010 | 6/14/2010 | RD | 1274764 | EVELYN C. BUANGAN | 2,200,000.00 |
| 6/28/2010 | 6/28/2010 | RW | 1276051 | EVELYN C. BUANGAN | -3,750,000.00 |

Account Summary

| | | | |
|-------------------|---------------|--------------------|---------------|
| Total Deposit: | 3,200,000.00 | Beginning Balance: | 14,232,961.22 |
| Total Withdrawal: | -3,750,000.00 | Ending Balance: | 13,682,961.22 |



**CITY OF IMPERIAL BEACH
FINAL BASED ON TOTAL BALANCE SHEET FOR FUND 950
June 30, 2010**

TOTAL PER BOOKS:
950-0000-101-0000 14,297,619.26

Add:

-

Less:

-

TOTAL PER BOOKS 14,297,619.26

TOTAL PER BANK:
Operating Account [2170012243] 669,027.80
LAIF Account [98-37-384] 13,682,961.22
Investment Services Account [2170012243] -
Payroll Account [2170012308] -
Worker's Comp Account [2170012243] - 14,351,989.02

Add:
Deposit(s) in Transit (DIT) 23,574.99

23,574.99

Less:
Outstanding checks (77,944.75)

(77,944.75)

TOTAL PER BANK 14,297,619.26

Unreconciled Balance -



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: City Manager

MEETING DATE: AUGUST 18, 2010
ORIGINATING DEPT: GARY BROWN, CITY MANAGER

SUBJECT: RESPONSE TO GRAND JURY REPORT ON EFFICIENCY
IN GOVERNMENT

BACKGROUND:

The Grand Jury prepared a report (attached) on Efficiency in Government involving managed competition, outsourcing, reengineering, and reverse auctions. This report, filed on June 3, 2010, was submitted to the Mayor and Council of the City of San Diego; the Board of Supervisors and Chief Administrator of the County; Board of Commissioners of the Unified Port Authority; all City Managers in the County; all Community College Districts; all School Districts; and the Airport Authority.

The Grand Jury made the following recommendation to city managers in the County:

The 2009/2010 San Diego County Grand Jury recommends that the City Managers of the cities of Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Marcos, Santee, Solana Beach, and Vista:

10-102: Study, adopt and/or piggyback on, as appropriate, managed competition outsourcing, reengineering and reverse auction programs such as are employed by the County of San Diego.

The law requires the City to respond.

DISCUSSION:

Staff prepared the attached letter in response to the Grand Jury Report. The letter was reviewed by the City Attorney's office for compliance with applicable State Laws on Grand Jury reports and responses.

ENVIRONMENTAL IMPACT:

Not a project as defined by CEQA.

FISCAL IMPACT:

None.

CITY MANAGER'S RECOMMENDATION:

Authorize Mayor and City Manager to sign letter responding to Grand Jury Report on Efficiency in Government.



Gary Brown, City Manager

Attachments:

1. Letter to Grand Jury dated August 5, 2010
2. Grand Jury Report - Efficiency in Government – Managed Competition, Outsourcing, Reengineering and Reverse Auction within San Diego County



City of Imperial Beach, California

OFFICE OF THE CITY MANAGER _____

August 5, 2010

Honorable Kevin A. Enright, Presiding Judge
State of California Superior Court, San Diego County
Main Courthouse
Third Floor
220 W. Broadway
San Diego, CA 92101

Re: Response to Grand Jury Report Entitled Efficiency in Government, Managed Competition, Outsourcing, reengineering and Reverse Auction within San Diego County, filed June 3, 2010

Dear Judge Enright:

The following constitutes the response to the above referenced Grand Jury Report on behalf of the City Manager of the City of Imperial Beach. This response discusses those findings and recommendations pertinent to the City of Imperial Beach and does not discuss those findings and recommendations applicable to other governmental agencies and officers.

Response to Finding #01, Facts – Set Four

Finding #01 states that all governmental entities within the County of San Diego would benefit from considering adoption and implementation of managed competition, outsourcing, reengineering and/or reverse auction programs; and/or piggybacking on such programs that are in place at other governmental entities within the County of San Diego. The City Manager agrees that any ideas, including those outlined in this finding, that propose to make government more efficient and cost-effective should be considered and adopted after conducting careful review and analysis.

Response to Recommendation 10-102

Recommendation 10-102 calls on the City Manager of the City of Imperial Beach to “study, adopt and/or piggyback on, as appropriate, managed competition outsourcing, reengineering and reverse auction programs such as are employed by the County of San Diego.” The City of Imperial Beach has a history of implementing efficient and effective methods of delivering services. The lack of a strong commercial and industrial base has made it a necessity for the City to stretch tax dollars whenever possible while also maintaining our objective of providing quality services to our citizens.

The City has a long track record of outsourcing services as a way of containing costs. The following is a partial list of these services along with the names of the providers:

- Police – County of San Diego
- Library – County of San Diego
- Legal Services – McDougal, Love, Eckis, Boehmer, & Foley
- Assistant City Manager – DKC Associates on a half time basis
- Engineering – BDS Engineering
- Water – CAL AM Water
- Plan Checking – ESGIL Corporation
- GIS Services – Mike Piasecki – Private Contractor
- Planning Studies – Moore, Iacofano, Goltsman Inc., etc.
- Environmental reviews – Various companies
- Redevelopment – various firms - economics, legal, financing, real estate, etc.
- EAP (Employee Assistance Program) – Horizon Health
- Solid Waste – EDCO Recycling and Waste Collection Services
- Municipal Code Codification - Quality Code Publishing
- Animal Shelter – City of Chula Vista
- Ambulance – AMR - American Medical Response
- Dispatch – Heartland Fire District
- Regional training facilities, promotional testing, and back up fire reserve apparatus
- Audits and training related to Firefighter Paramedic QA & QI programs
- Soccer Field Management – Boys and Girls Club
- Park Maintenance – State Department of Corrections – Donovan State Prison Program
- Elections – County of San Diego
- Training – San Diego Regional Training Center
- Tree trimming contract - West Coast Arborists
- Median maintenance on Palm Ave. - Aztec Landscaping

The City of Imperial Beach has frequently used “piggyback” bidding for purchasing vehicles, using the bid results from the State of California and City of San Diego. Additionally, the City of Imperial Beach is currently considering the Citygate Study on Fire services. We are also

exploring options for providing or expanding other services in the South Bay area on a cooperative basis with other cities. The City frequently considers reorganization options for cost savings. A few other examples of our cost cutting actions are:

- Elimination of positions within our Fire Department including an Assistant Chief;
- All City employees except the Fire Department pay their share of CalPERS retirement above 2%;
- All City employees have not had salary increases during the current and past fiscal years;
- The City has used a holiday furlough system to reduce personnel costs for at least 10 years; and
- The City's pay ranges are among the lowest in the County.

As opportunities arise, we will consider the various options in the Grand Jury Report as well as other alternatives for quality and efficiency improvements.

Thank you for the opportunity to comment and review the Grand Jury Report.

Sincerely,

Sincerely,

Gary Brown
City Manager
City of Imperial Beach

James C. Janney
Mayor
City of Imperial Beach

cc: City Council
Department Heads

EFFICIENCY IN GOVERNMENT MANAGED COMPETITION, OUTSOURCING, REENGINEERING AND REVERSE AUCTION WITHIN SAN DIEGO COUNTY

INTRODUCTION

Proposition C on the November 2006 ballot amended the San Diego City Charter¹ to permit the City of San Diego (the City) to employ independent contractors to perform city services. The measure passed by a significant margin: sixty percent against forty percent. The City has yet to enter a contract under the charter amendment.

Four months later, in March 2007, the San Diego County Board of Supervisors granted the County Director of Purchasing and Contracting expanded authority to enter into contracts to purchase, rent, or lease all personal property for the County and to engage independent contractors to perform services for the County. The Director used this authority to enter managed competition, outsourcing and reverse auction contracts under the ordinance which, together with savings from reengineering, resulted in savings of \$678,596,736 for the taxpayers of the County through FY 2008.²

Both statutory processes are often referred to as “managed competition” although the statutes may allow other processes such as outsourcing and reverse auction. Managed competition, while similar to outsourcing, differs in that current government employees are encouraged to devise and submit their own bids to compete with private sector providers for a contract. The objective of managed competition, outsourcing and reverse auction, as well as “reengineering”, remains the same: to realize greater economy and efficiency on behalf of the taxpayer. The benefits of managed competition include: reduced cost, enhanced quality, timeliness of delivery, flexible staffing, access to expertise, innovation due to competitive contracting, and shifting of risk to contractors.³ The cost savings realized by public agencies such as the Department of Defense, for example, have ranged from about thirty-one percent to forty-two percent.⁴

Managed competition for the City of San Diego has been the subject of numerous press releases, news reports, studies, analyses and editorials. More objective than most editorials is *Managing Competition*, *Union-Tribune*, February 14, 2010. The Mayor (as reported by the *Union-Tribune* on December 4, 2006) has noted that the City proposal requires that a managed competition contract may be awarded to an outside bidder only if the taxpayers will realize at least a 10% savings, significantly tipping the scales against the outside bidder and in favor of City employees. However, the unions want that advantage in addition to the exclusion of their health insurance, valued at more than \$6,000 per employee per year, from their bid. One council member, frustrated with the failure of the City to implement managed competition has proposed a new ballot

¹ San Diego City Charter, Article VIII, Section 117, Unclassified and Classified Services.

² *County of San Diego, Business Processes Report*, April 8, 2009.

³ *Streamlining San Diego, Achieving Taxpayer Savings and Government Reforms Through Managed Competition*, San Diego Institute for Policy Research, September 2007.

⁴ *Ibid*, Appendix 1.

initiative on the subject.⁵ Unfortunately for the City of San Diego and its taxpayers, managed competition has become a union versus management battle accompanied by substantial campaign funding. Two councilmembers who oppose managed competition received about \$529,000 from unions in the 2008 elections and about \$103,000 were spent by unions in the 2008 election against one councilmember and one candidate for council who both favor managed competition (as reported by a San Diego Ethics Commission Audit Report, December 4, 2009 and by the Office of the City Clerk, Independent Expenditures Filings, 2008). The *Union-Tribune* reported on October 28, 2009, that the vote of the City Council to reject impasse as requested by the Mayor came down on party lines, with six members of the Council (of eight council seats) siding with organized labor. Conversely, to the good fortune of its taxpayers, the County managed competition program stands out as a model of collaborative effort resulting in significant savings.

The City has completed or is in the process of completing twenty-five Business Process Reengineering (BPR) studies. BPR is conducted by City employees, who research industry benchmarks, conduct internal and external customer surveys, and map existing processes and organizational structures, all designed to deliver better service and save money.⁶ BPR stands alone and should be conducted and implemented by all departments without regard to whether a managed competition is contemplated. However, the failure of the City and the affected union to meet and confer regarding implementation of the Facilities Division BPR almost two years after completion of the study illustrates the difficulty facing the City in these matters.

Most local entities are unaware or only vaguely aware of the reverse auction tool. The auction is conducted online real-time by way of a specialized program that pits the bidding contractors or suppliers against their competition. The actual auction is preceded by an online transmission of the specifications and the online process, as well as a rehearsal auction. The competing bidders do not know the identity of their competitors, only the amount of the last bid. The baseline is the last contract formerly entered for the goods and/or services subject of the auction. The auction ends at a pre-specified deadline or after a pre-specified time has elapsed since the last bid. Savings can be significant. For example, the County saved \$228,918 on the cost of tree removal in reverse auctions conducted in December 2009.

In order to estimate the extent of implementation of managed competition, outsourcing, reengineering and reverse auctions within the County, the 2009/2010 San Diego County Grand Jury surveyed cities, a sampling of school and community college districts and the Unified Port of San Diego (Port District). The purpose of this report is simply to afford a snapshot of the state of managed competition, outsourcing, reengineering and reverse auctions within San Diego County and to make recommendations in that regard.

⁵ Competition and Transparency in City Contracting Initiative, 2010.

⁶ City of San Diego, Fiscal Year 2010 Proposed Budget, Business Office.

INVESTIGATION

The Grand Jury reviewed:

- San Diego City Charter;
- Proposition C 2006, Contracting Out of City Services, City of San Diego;
- Managed Competition Guide, Version 3.0, October 8, 2009 Draft, City of San Diego;
- Ordinance No. 9336, Article XXIII, San Diego County Administrative Code; and
- County of San Diego Managed Competition Guide (Draft), September 2009.

The Grand Jury also obtained and considered numerous other sources of information, including:

- Reverse auctions conducted by the County;
- *SANDAG 2050 Regional Growth Forecast*, February 26, 2010;
- The testimony of a number of professional, auditing and lay witnesses;
- The testimony of a number of elected officials, government managers and union representatives;
- The Grand Jury survey of a sampling of cities within the County, a sampling of school and community college districts within the County, and the Unified Port of San Diego; and
- Reports, letters, analyses, news reports, websites and other sources of information.

FACTS—SET ONE

Fact: Proposition C on the November 7, 2006 ballot amended the San Diego City Charter, Section 117(c)⁷ to permit the City of San Diego to employ independent contractors to perform city services that the Mayor and City Council determine can be provided more economically and efficiently.

Fact: The process for implementation of managed competition or outsourcing under Section 117(c) may be summarized⁸ as follows.

- The City Council must by ordinance provide for appropriate policies and procedures to implement Section 117(c).
- The Mayor must first determine that City services can be provided more “economically and efficiently” by an independent contractor than by persons employed in the classified service⁹ while maintaining service quality and protecting the public interest.
- The Mayor must submit the proposed outsourcing contract to the Managed Competition Review Board and if a City department submits a proposal for the services, the department must be provided with an opportunity and resources to

⁷ San Diego City Charter, Article VIII, Section 117, Unclassified and Classified Services.

⁸ Outsourcing City Services, City Attorney, City of San Diego, October 8, 2009.

⁹ The classified service is composed of employees other than management and elected officials.

develop efficiency and effectiveness improvements in their operations as part of the department's proposal.

- The proposed outsourcing contract must then be submitted to the City Council, which has the authority to accept or reject in its entirety any proposed agreement with an independent contractor.
- In attempting to implement amended Charter Section 117(c) the City must comply with the meet and confer rules set forth in the State Meyers-Milias-Brown Act.

Fact: All City contracts with consultants, vendors or agencies must include a clause to allow the City Auditor access to the contractor's records needed to verify compliance with the terms of the contract.¹⁰

Fact: On December 4, 2006, the Mayor called for the City Council to pass the implementing ordinance required by amended Charter Section 117(c), noting that the City had negotiated with a coalition of four labor unions in thirty-one meetings of about four hours each.

Fact: Since 2006, the City has been negotiating with labor organizations attempting to put in place an implementing ordinance and corresponding administrative regulations acceptable to the unions and the City Council.

Fact: Before and after the passage of Proposition C in 2006, City management and American Federation of State, County and Municipal Employees, AFL-CIO, Local 127, and the Municipal Employees Association (MEA) engaged in extensive negotiations, argued unfair labor practices charges, and ultimately litigated those issues before the California Public Employment Relations Board (PERB). In a decision that was entered on September 18, 2008, the Administrative Law Judge ordered the City to follow the impasse procedures and to bargain in good faith.¹¹

Fact: After the PERB decision, the City negotiated with Local 127 in more than forty sessions and with MEA in more than thirty-three sessions. The parties failed to reach agreement and the City initiated the impasse procedure.¹²

Fact: The impasse procedure might ultimately have resulted in a decision to resolve the matter in accord with the last and best offer of the City.¹³ On October 27, 2009, the mayor, in requesting impasse, again called on the City Council to "honor the will of the voters on managed competition." But the City Council rejected the Mayor's request for impasse, sending the parties back to further bargaining. As the *Union-Tribune* reported on October 28, 2009, six Council members sided with organized labor.

¹⁰ Charter of the City of San Diego, Section 39.2 (Charter amended effective July 1, 2008).

¹¹ AFSCME Local 127 & San Diego Municipal Employees Association v. City of San Diego, (2008) 32 PERC 146.

¹² City of San Diego Memorandum to Council President, September 29, 2009; Council Policy 300-06 providing for resolution by the City Council where the City and Labor are unable to agree.

¹³ City Attorney, City of San Diego, Memorandum of Law, January 26, 2009.

Fact: A union representative accused the City of a “shameless bait and switch”. A City spokesman responded: “The mayor has worked hard to implement managed competition and the only thing we’ve gotten from the unions is delay after delay”.

Fact: The City has yet to enter a contract under the amended Charter Section 117(c) passed by the voters on November 7, 2006.

Fact: The City’s total expenditures for FY 2010 are expected to be \$2,944,282,705.¹⁴ A citizens task force of distinguished business and civic leaders noted in its December 2009 report that the City’s projected FY 2011 deficit is \$179,000,000; but the City has not implemented its most powerful tool, Managed Competition.¹⁵

FINDINGS

Finding #01: In November 2006 the voters of the City of San Diego amended Section 117(c) of the City Charter to permit the City to employ independent contractors to perform city services and requiring that the City Council enact an ordinance implementing the amended City Charter.

Finding #02: The City has expended many hours in numerous sessions attempting to negotiate with City unions the terms of the implementing ordinance and managed competition guide.

Finding #03: The City has yet to enter a contract under the charter amendment passed by the voters on November 7, 2006.

Finding #04: Managed Competition is stalled in a political and ideological battle that may ultimately have to be resolved: by enactment in November 2010 of the alternative Competition and Transparency in City Contracting Initiative 2010, an election result that alters the partisan split, or by some other means.

Finding #05: The Grand Jury is empowered to make recommendations to the Mayor and City Council; but lacks the jurisdiction to make recommendations to the American Federation of State, County and Municipal Employees, AFL-CIO, Local 127, and the Municipal Employees Association. If the Grand Jury had such jurisdiction it would include these employee organizations in its recommendation.

RECOMMENDATION

The 2009/2010 San Diego County Grand Jury recommends that the Mayor and the City Council of the City of San Diego:

10-99: Proceed with the impasse process or other appropriate process to approve and enact the implementing ordinance, approve the Managed Competition

¹⁴ City of San Diego, Fiscal Year 2010 Annual Budget.

¹⁵ City of San Diego’s Fiscal Outlook, December 11, 2009, *Citizens’ Task Force Report Highlighting Challenges & Opportunities*.

Guide, and proceed to full implementation of amended Section 117(c) of the City charter.

FACTS—SET TWO

Fact: The City Facilities Maintenance Division has completed its Business Process Reengineering (BPR) by diligently researching industry benchmarks, conducting internal and external customer surveys, and mapping existing processes and organizational structures.

Fact: On June 3, 2008, the City so notified AFSCME Local 127, requesting that the Union meet and confer with the City to discuss implementation of the Facilities Division BPR.

Fact: The City wrote to the Union again on October 16, 2008, explaining that the BPR process pre-dated the managed competition program, in response to cancellation of negotiations by the union on the ground that managed competition must first be resolved.

Fact: On October 30, 2008, the City notified the Union that its lack of response to the City's request to meet was deemed to constitute a waiver of the right to meet and confer.

Fact: On July 16, 2009, the City again notified Local 127 that its lack of response to the City's request to meet was deemed to constitute a waiver of the right to meet and confer.

Fact: Through March 2009, Local 127 has declined to meet and confer and the City has therefore been unable to implement the Facilities Division BPR.

FINDINGS

Finding #06: The City Facilities Division completed its Business Process Reengineering in June 2008, but the BPR has not been implemented because the Union will not meet and confer on implementation.

Finding #07: The Grand Jury is empowered to make recommendations to the Mayor and City Council; but lacks the jurisdiction to make recommendations to the American Federation of State, County and Municipal Employees, AFL-CIO, Local 127, and the Municipal Employees Association. If the Grand Jury had such jurisdiction it would include these employee organizations in its recommendation.

RECOMMENDATION

The 2009/2010 San Diego County Grand Jury recommends that the Mayor and the City Council of the City of San Diego:

10-100: Proceed with the impasse process or other appropriate process to approve and implement the Facilities Maintenance Division Business Process Reengineering, as well as other BPRs that have been completed by the City but have not been implemented because of refusal of the applicable union to meet and confer regarding BPRs.

FACTS—SET THREE

Fact: On March 13, 2007, the San Diego County Board of Supervisors adopted Ordinance No. 9836¹⁶ granting the Director of Purchasing and Contracting expanded authority to enter into contracts to purchase, rent or lease all personal property for the County and to engage independent contractors to perform services for the County. The ordinance also granted the Director authority to enter into contracts, without the approval of the Board of Supervisors, where the total anticipated value of the services or non-services provided are under \$1,000,000 per year.

Fact: The Director of Purchasing and Contracting has administered managed competition, outsourcing and reverse auction transactions under the County ordinance, which together with reengineering, have resulted in savings of \$678,596,736 for the taxpayers of San Diego County through FY 2008.¹⁷

Fact: The County's **managed competition** program resulted in savings of \$78,935,727 through FY 2008.

Fact: Contrary to arguments of opponents of managed competition, only two of the nine managed competition contracts went to outside contractors; the remaining seven were retained by competitive County departments made more efficient by the process.

Fact: Information technology, printing shop, and records were **outsourced** by the County, resulting in savings of \$104,776,909 through FY 2008. The County both piggybacks on other entities' outsourcing and allows other governmental entities to piggyback on its outsourcing, to the benefit of all.

Fact: Hand-in-hand with the County's managed competition program is the County **re-engineering** program, whereby County departments effectively made managed competition unnecessary by implementing more efficient processes which resulted in savings of \$494,623,182 through FY 2008.

Fact: The County saved \$261,100 on the cost of supplies and tree removal in **reverse auctions** conducted in December 2009 alone.

Fact: The reverse auction employs a specialized web-based process. While not inexpensive, the reverse auction process saved the County four times its annual fee in reverse auctions conducted during December 2009 alone. The County allows other governmental entities to piggyback in its auctions.

Fact: The savings of \$678,596,736 compared to estimated in-house costs previously incurred for the same level of service amounts to about 18% of the \$3,765,901,000¹⁸ of total expenditures of governmental funds by San Diego County for FY 2008.

¹⁶ County Administrative Code, Article XXIII, Department of Purchasing and Contracting.

¹⁷ County of San Diego, Business Processes Report, April 8, 2009.

¹⁸ *Comprehensive Annual Financial Report for FY June 30, 2008*, County of San Diego.

FINDINGS

Finding #01: The County Director of Purchasing and Contracting has administered numerous managed competitions, outsourcing and reverse auction transactions under County Ordinance No. 9836 which, together with reengineering, have resulted in savings of \$678,596,736 for the taxpayers of San Diego County through FY 2008.

Finding #02: The savings, compared to estimated in-house costs previously incurred for the same level service, amount to about 18% of the \$3,765,901,000 total expenditures of governmental funds by San Diego County for the FY 2008.

Finding #03: The County saved \$261,100 on the cost of supplies and tree removal in reverse auctions conducted in December 2009 alone.

Finding #04: Two of the nine managed competition contracts administered by the County went to outside contractors; the remaining seven were retained by competitive County departments made more efficient by the process.

RECOMMENDATION

The 2009/2010 San Diego County Grand Jury recommends that the San Diego County Board of Supervisors and the County of San Diego's Chief Administrative Officer:

10-101: Apply the principles proven by the implementation of County Ordinance No. 9836 throughout the County departments and agencies.

FACTS—SET FOUR

Fact: The Grand Jury surveyed the County of San Diego, eighteen San Diego County cities, a sampling of school and community college districts, and the Unified Port of San Diego.

Fact: The County has a **managed competition** program in place; but none of the rest of the respondents indicated that they had a managed competition program in place.

Fact: The County and many other respondents indicated that they did engage in **outsourcing**, to greater or lesser extent. For example, many respondents indicated that they outsourced consultants, various maintenance and custodial services, and trash collection.

Fact: The County has a **reengineering** program in place and the City of San Diego has a stalled reengineering program; but none of the rest of the respondents indicate that they have a reengineering program in place.

Fact: Only the County has a **reverse auction** program in place; and the County permits other governmental entities to join in the auctions, thus resulting in significant savings to all on account of the greater volume.

Fact: The query regarding reverse auction was frequently met with the comment that reverse auction is not a suitable means of processing bids for services; but the County has successfully used the process for services, for example: tree removal.

Fact: Some of the respondents indicated that they **piggyback** in purchasing goods. For example, one governmental entity might join another in purchasing goods at reverse auction.

FINDINGS

Finding #01: All governmental entities within San Diego County would benefit from considering adoption and implementation of managed competition, outsourcing, reengineering and/or reverse auction programs; and/or piggybacking on such programs that are in place at other governmental entities within the County.

RECOMMENDATIONS

The 2009/2010 San Diego County Grand Jury recommends that the City Managers of the cities of *Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Marcos, Santee, Solana Beach, and Vista:*

10-102: Study, adopt and/or piggyback on, as appropriate, managed competition outsourcing, reengineering and reverse auction programs such as are employed by the County of San Diego.

The 2009/2010 San Diego County Grand Jury recommends that the Superintendents of the following school districts: *Alpine Union, Bonsall Union, Borrego Springs Unified, Cajon Valley Union, Cardiff Elementary, Carlsbad Unified, Chula Vista Elementary, Coronado Unified, Dehesa, Del Mar Union, Encinitas Union, Escondido Union, Escondido Union High, Fallbrook Union Elementary, Fallbrook Union High, Grossmont Union High, Jamul-Dulzura Union, Julian Union, Julian Union High, La Mesa-Spring Valley, Lakeside Union, Lemon Grove, Mountain Empire Unified, National, Oceanside Unified, Poway Unified, Ramona Unified, Rancho Santa Fe, San Diego Unified, San Dieguito, San Marcos, San Pasqual Union, San Ysidro, Santee, Solana Beach, South Bay Union, Spencer Valley, Sweetwater Union High, Vallecitos, Valley Center-Pauma Unified, Vista Unified, and Warner Unified:*

10-103: Study, adopt and/or piggyback on, as appropriate, managed competition, outsourcing, reengineering and reverse auction programs such as are employed by the County of San Diego.

The 2009/2010 San Diego County Grand Jury recommends that the Chancellors and/or Superintendents of the following community college districts: *Grossmont-Cuyamaca Community College District, MiraCosta Community College District,*

Palomar Community College District, San Diego Community College District, and Southwestern Community College District:

10-104: Study, adopt and/or piggyback on, as appropriate, managed competition, outsourcing, reengineering and reverse auction programs such as are employed by the County of San Diego.

The 2009/2010 San Diego County Grand Jury recommends that the Board of Port Commissioners of the *Unified Port of San Diego and the Airport Authority Board of the San Diego International Airport:*

10-105: Study, adopt and/or piggyback on, as appropriate, managed competition, outsourcing, reengineering and reverse auction programs such as are employed by the County of San Diego.

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding
 - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, with a summary regarding the implemented action.
 - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the

governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.

- (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

| <u>Responding Agency</u> | <u>Recommendations</u> | <u>Date</u> |
|--|-------------------------------|--------------------|
| Mayor, City of San Diego | 10-99, 10-100 | 9/1/10 |
| City Council, City of San Diego | 10-99, 10-100 | 9/1/10 |
| Chief Administrative Officer, County of San Diego | 10-101 | 9/1/10 |
| Board of Supervisors, County of San Diego | 10-101 | 9/1/10 |
| Superintendent San Diego Unified School District | 10-103 | 9/1/10 |
| Board of Port Commissioners Unified Port of San Diego | 10-105 | 9/1/10 |
| Chancellor San Diego Community College District | 10-104 | 9/1/10 |
| City Manager, City of Chula Vista | 10-102 | 9/1/10 |
| City Manager, City of Carlsbad | 10-102 | 9/1/10 |
| City Manager, City of Coronado | 10-102 | 9/1/10 |
| City Manager, City of Del Mar | 10-102 | 9/1/10 |

| | | |
|--|---------------|---------------|
| City Manager, City of El Cajon | 10-102 | 9/1/10 |
| City Manager, City of Encinitas | 10-102 | 9/1/10 |
| City Manager, City of Escondido | 10-102 | 9/1/10 |
| City Manager, City of Imperial Beach | 10-102 | 9/1/10 |
| City Manager, City of La Mesa | 10-102 | 9/1/10 |
| City Manager, City of Lemon Grove | 10-102 | 9/1/10 |
| City Manager, City of National City | 10-102 | 9/1/10 |
| City Manager, City of Oceanside | 10-102 | 9/1/10 |
| City Manager, City of Poway | 10-102 | 9/1/10 |
| City Manager, City of San Marcos | 10-102 | 9/1/10 |
| City Manager, City of Santee | 10-102 | 9/1/10 |
| City Manager, City of Solana Beach | 10-102 | 9/1/10 |
| City Manager, City of Vista | 10-102 | 9/1/10 |
| Alpine Union School District | 10-103 | 9/1/10 |
| Bonsall Union School District | 10-103 | 9/1/10 |
| Borrego Springs Unified School District | 10-103 | 9/1/10 |
| Cajon Valley Union School District | 10-103 | 9/1/10 |
| Cardiff School District | 10-103 | 9/1/10 |
| Carlsbad Unified School District | 10-103 | 9/1/10 |
| Chula Vista Elementary School District | 10-103 | 9/1/10 |

| | | |
|---|---------------|---------------|
| Coronado Unified School District | 10-103 | 9/1/10 |
| Dehesa School District | 10-103 | 9/1/10 |
| Del Mar Union School District | 10-103 | 9/1/10 |
| Encinitas Union School District | 10-103 | 9/1/10 |
| Escondido Union School District | 10-103 | 9/1/10 |
| Escondido Union High School District | 10-103 | 9/1/10 |
| Fallbrook Union Elementary School District | 10-103 | 9/1/10 |
| Fallbrook Union High School District | 10-103 | 9/1/10 |
| Grossmont Union High School District | 10-103 | 9/1/10 |
| Jamul-Dulzura Union School District | 10-103 | 9/1/10 |
| Julian Union School District | 10-103 | 9/1/10 |
| Julian Union High School District | 10-103 | 9/1/10 |
| La Mesa-Spring Valley School District | 10-103 | 9/1/10 |
| Lakeside Union School District | 10-103 | 9/1/10 |
| Lemon Grove School District | 10-103 | 9/1/10 |
| Mountain Empire Unified School District | 10-103 | 9/1/10 |
| National School District | 10-103 | 9/1/10 |
| Oceanside Unified School District | 10-103 | 9/1/10 |
| Poway Unified School District | 10-103 | 9/1/10 |
| Ramona Unified School District | 10-103 | 9/1/10 |

| | | |
|--|---------------|---------------|
| Rancho Santa Fe School District | 10-103 | 9/1/10 |
| San Dieguito School District | 10-103 | 9/1/10 |
| San Marcos School District | 10-103 | 9/1/10 |
| San Pasqual Union School District | 10-103 | 9/1/10 |
| San Ysidro School District | 10-103 | 9/1/10 |
| Santee School District | 10-103 | 9/1/10 |
| Solana Beach School District | 10-103 | 9/1/10 |
| South Bay Union School District | 10-103 | 9/1/10 |
| Spencer Valley School District | 10-103 | 9/1/10 |
| Sweetwater Union High School District | 10-103 | 9/1/10 |
| Vallecitos School District | 10-103 | 9/1/10 |
| Valley Center-Pauma Unified School District | 10-103 | 9/1/10 |
| Vista Unified School District | 10-103 | 9/1/10 |
| Warner Unified School District | 10-103 | 9/1/10 |
| Grossmont-Cuyamaca Community College District | 10-104 | 9/1/10 |
| MiraCosta Community College District | 10-104 | 9/1/10 |
| Palomar Community College District | 10-104 | 9/1/10 |
| Southwestern Community College District | 10-104 | 9/1/10 |
| Airport Authority Board | 10-105 | 9/1/10 |



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GARY BROWN, CITY MANAGER

MEETING DATE: August 18, 2010

ORIGINATING DEPT.: CITY MANAGER

SUBJECT: Resolution of the City Council of the City of Imperial Beach Authorizing Reclassification of the Position of Human Resources Technician from a Miscellaneous Classified Position to a Confidential Appointive Employee Position

BACKGROUND:

Pursuant to IBMC and City Personnel Rules, the City Manager is authorized to administer the City's personnel system and amend the City's Salary & Classification Plan due to operational necessity, and to meet legal and operating requirements within the personnel system.

Currently, the City's Human Resources Technician position is classified in the Miscellaneous Classified Service. This position acts, in addition to the normal duties and responsibilities associated with the position, as the Acting Human Resources Manager when the Human Resources Manager is unavailable, and carries out all the duties and responsibilities of the Human Resources Manager. The person who serves as the Human Resources Technician like the Human Resources Manager, may monitor any deliberations by personnel boards, and become privy to confidential personnel decisions made by management about City employees.

DISCUSSION:

Due to the duties and responsibilities of the Human Resources Technician, which include access to confidential City information, staff is recommending that this position be reclassified to a Confidential Appointive Employee position. Staff has met with the Service Employees International Union (SEIU) Local 221, AFL-CIO, the employee labor group which represents Miscellaneous Classified Services employees employed by the City of Imperial Beach. Upon a meet and confer process, they understand the operational requirements of this position in the City organization, and do not object to the reclassification of this position in the City organization, and do not object to the reclassification of this position to a Confidential Appointive City position from the current FY 2009/11 City Salary and Classification Plan adopted in effect since July 1, 2009. The position's current salary range will not be changed or modified.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

None

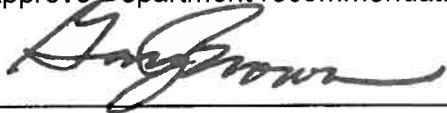
DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council approve Resolution 2010-6926 as follows:

1. Approve reclassification of the position of Human Resources Technician from a Miscellaneous Position to a Confidential Appointive Employee Position.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

A handwritten signature in black ink, appearing to read "Gary Brown", written over a horizontal line.

Gary Brown, City Manager

Attachments:

1. Resolution No. 2010-6926

RESOLUTION NO. 2010-6926

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AUTHORIZING RECLASSIFYING THE POSITION OF HUMAN RESOURCES TECHNICIAN FROM A MISCELLANEOUS CLASSIFIED POSITION TO A CONFIDENTIAL APPOINTIVE EMPLOYEE POSITION.

WHEREAS, the Human Resources Technician's duties and responsibilities include working with confidential documents and actions in the Personnel Department.

WHEREAS, the City Manager is recommending changing the Human Resources Technician from a Miscellaneous Classified position to a Confidential Appointive Employee position.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach as follows:

1. Approve reclassification of the position of Human Resources Technician from a Miscellaneous Position to a Confidential Appointive Employee Position.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 18th day of August 2010, by the following vote:

| | |
|----------------|------------------------|
| AYES: | COUNCILMEMBERS: |
| NOES: | COUNCILMEMBERS: |
| ABSENT: | COUNCILMEMBERS: |

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD
CITY CLERK

I, City Clerk of the City of Imperial Beach, do hereby certify the foregoing to be a true and correct copy of Resolution No. 2010-6926 – A Resolution of the City Council of the City of Imperial Beach authorizing reclassifying the position of Human Resources Technician from a Miscellaneous Classified position to a Confidential Appointive Employee position.

CITY CLERK

DATE



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: City Manager

MEETING DATE: AUGUST 18, 2010
ORIGINATING DEPT: GARY BROWN, CITY MANAGER

SUBJECT: RESPONSE TO GRAND JURY REPORT ON ETHICS IN GOVERNMENT

BACKGROUND:

The Grand Jury prepared a report (attached) on Ethics in Government. This report, filed on June 3, 2010, was submitted to the Mayor and Council of the City of San Diego; the Board of Supervisors and Chief Administrator of the County; Board of Commissioners of the Unified Port Authority; all City Managers in the County; all Community College Districts; all School Districts; and the Airport Authority.

The Grand Jury made the following recommendation to city managers in the County:

The 2009/2010 San Diego County Grand Jury recommends that the City Managers of the cities of *Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Marcos, Santee, Solana Beach, and Vista:*

Recommendation 10-70: Bring before the legislative body of each entity listed above for its consideration in a public meeting a proposal to adopt integrated comprehensive Code of Ethics defining and prohibiting fraud, waste, abuse and conflict of interest.

Recommendation 10-71: Bring forward before the legislative body of each listed above for its consideration in a public meeting a proposal to adopt and apply internal controls compliant with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles as applicable.

Recommendation 10-72: Bring before the legislative body of each entity listed above for its consideration in a public meeting a proposal to adopt and implement fraud, waste, abuse and conflict of interest hotlines outsourced to third party providers assuring anonymity.

The law requires the City to respond.

DISCUSSION:

Staff prepared the attached letter in response to the Grand Jury Report. The letter complies with applicable State Laws on Grand Jury reports and responses.

ENVIRONMENTAL IMPACT:

Not a project as defined by CEQA.

FISCAL IMPACT:

None.

CITY MANAGER'S RECOMMENDATION:

Authorize Mayor and City Manager to sign letter responding to Grand Jury Report on Ethics in Government.



Gary Brown, City Manager

Attachments:

1. Letter to Grand Jury dated August 11, 2010
2. Grand Jury Report - Ethics in Government

August 11, 2010

The Honorable Kevin A. Enright
Presiding Judge, Superior Court
County of San Diego
Hall of Justice
330 W. Broadway, Suite 477
San Diego, CA 92101-3830

Re: Response to Grand Jury Report Entitled Ethics in Government, Codes of Ethics, Internal Controls, Fraud Hotlines, filed June 3, 2010

Dear Judge Enright:

This letter is the City of Imperial Beach's response to the Grand Jury Report entitled, "Ethics in Government; Code of Ethics, Internal Controls and Fraud Hotlines". This response discusses those findings and recommendations pertinent to the City of Imperial Beach and does not discuss those findings and recommendations applicable to other governmental agencies and officers.

Response to Findings

Finding 11 states, "Most of the surveyed **cities** have some sort of Code of Ethics, but excepting the City of San Diego, few have internal auditors or hotlines outsourced to a third party provider assuring anonymity."

The City of Imperial Beach disagrees with this finding in part. The City does not have an internal auditor. We rely both on our professional staff and extensive testing of internal controls by our external independent auditors. We do not have an anonymous hotline outsourced to a third party. However, the City currently utilizes its internet site, public comment, and open door policies to promote reporting of unethical behavior.

Finding 16 states, "The Grand Jury finds that most of the governmental organizations within San Diego County lack either an integrated comprehensive fraud, waste, abuse and conflict of interest Code of Ethics, a consistently applied internal controls process compliant with Generally Accepted Government Accounting Standards and/or Generally Accepted Accounting Principles, or a fraud, waste, abuse and conflict of interest hotline outsourced to a third party provider assuring anonymity."

The City of Imperial Beach disagrees with this finding in part. The City has not adopted a code of ethics. However, state law, City policy, and City personnel rules provide the equivalent protections. The City's employees are subject to its personnel rules and regulations which provide for discipline for fraud, waste, or abuse. Also, the City is subject to the conflict of interest rules set forth by the Fair Political Practices Commission and those in the Government Code. Moreover, the City's Finance Director is responsible for the City's accounting system, which includes internal controls. The City's internal controls are compliant with Generally Accepted Accounting Principles ("GAAP"). These internal controls are evaluated annually by an independent audit firm for consistency with GAAP and any findings of the audit are presented to the City Council. Conclusions, summaries and findings of an audited financial statement are presented to the City Council at a publicly held meeting and the City posts such findings as part of the Staff Report on the City's website.

Finding 17 states, "Governmental organizations within San Diego County are no less subject to fraud, waste, abuse and conflict of interest than the average American organization (including public and private sector), which on average loses seven percent of its annual revenues to such activities."

The City of Imperial Beach agrees with this Finding 17 in that the City is not immune from being subject to fraud, waste, abuse or conflict of interest.

Finding 18 states, "Cities, school districts, community college districts, and other governmental organizations within San Diego County not named herein could benefit by considering the facts, findings and recommendations in this report and should consider adoption and implementation of some, if not all, of the recommendations set forth below."

The City of Imperial Beach agrees with this Finding 18 in that the City certainly will consider the various facts, findings and recommendations of this Grand Jury Report as well as other opportunities as they arise.

Response to Recommendations

Recommendation 10-70: "Bring before the legislative body of each entity listed above for its consideration in a public meeting a proposal to adopt integrated comprehensive Code of Ethics defining and prohibiting fraud, waste, abuse and conflict of interest."

The City of Imperial Beach respectfully responds that the City has a City Council policy to address these items. City staff will examine the City Council policy to further minimize the potential of fraud, waste, abuse and conflict of interest, and will present its recommendations, if any, to the City Council as necessary. In addition, pursuant to the Political Reform Act of 1974 and the Fair Political Practices Commission Regulations the City has also adopted a conflict of interest code which designates those public officials of the City who are involved in City decisions, and to require such designated officials to disclose financial interests (using Form 700) which could foreseeably be affected, in a material manner, by a City decision made by the official in the performance of the

official's responsibilities. The City also requires certain employees, all Councilmembers, all commissions, board and committee members to attend two hours of ethics training every two years as required by State law (AB 1234). The City believes these policies and training effectively addresses the concerns in the Grand Jury's recommendation.

Recommendation 10-71: "Bring before the legislative body of each entity listed above for its consideration in a public meeting a proposal to adopt and apply internal controls compliant with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles as applicable."

The City of Imperial Beach currently applies Generally Accepted Accounting Principles relative to internal controls. Each year all findings of our independent auditors are presented to the City Council at a public meeting.

Recommendation 10-72: "Bring before the governing body of each entity listed above for its consideration in a public meeting a proposal to adopt and implement fraud, waste, abuse and conflict of interest hotlines outsourced to third party providers, assuring anonymity."

The City of Imperial Beach will further analyze the cost, benefits, and appropriate technologies of this recommendation to provide anonymous reporting of fraud, waste, abuse and conflict of interest by hotlines outsourced to third party providers. The City anticipates that its further analysis of this recommendation may be had within the next 120 days.

If you have any questions please contact the City Manager at 619-423-0314

Sincerely,

James C. Janney
Mayor
City of Imperial Beach

Gary Brown
City Manager
City of Imperial Beach

ETHICS IN GOVERNMENT

CODES OF ETHICS, INTERNAL CONTROLS, FRAUD HOTLINES

INTRODUCTION

The Association of Certified Fraud Examiners reports that the typical American organization loses seven percent of its annual revenues to fraudulent activity.¹ Internal controls in compliance with Generally Accepted Government Auditing Standards are the source of detection of more than one quarter of government fraud cases. However, the most common method of detecting occupational fraud is by a tip from an employee, customer, vendor or anonymous source; and almost a third of fraud cases were detected by way of hotline reports or other such formal forms of reporting.² The *CPA Journal* concludes that the establishment of a fraud hotline is an integral part of an effective prevention and detection program.³ The implementation of a properly publicized and executed anonymous hotline, for fraud, waste, abuse and conflict of interest, leverages detection sources by enlisting employees, customers, vendors and other anonymous sources.

The San Diego Unified School District (District) provides an example of effective implementation of the combination of internal controls and hotline. The District, serving 135,000 students in 221 schools with a FY 2010 budget of \$2.2 billion, adopted a Code of Ethics and initiated an Ethics and Compliance Employee Hotline (District Hotline) in 2006. The enforcement of internal controls by the District Internal Auditor and investigations derived from the District Hotline, staffed by one of the District Internal Auditor's investigators, resulted in savings in excess of \$4 million during the twenty months through October 2009, together with equally significant indirect savings in the form of employment of preventive processes.

The City of San Diego (City) has an effective charter-based internal audit and hotline process in the Office of the City Auditor that is generating cost savings almost equal to its departmental budget for audit responsibilities that exceed internal controls and hotline. The potential monetary recoveries and cost savings resulting from the internal audits and recommendations of the City Auditor were about \$7.4 million from July 1, 2008 through December 31, 2009, which equates to \$3 in savings for every \$1 in audit costs.⁴ The fraud recoveries from investigations initiated by City Hotline calls amounted to \$142,798 in FY2009. Furthermore, the indirect savings in the form of corrective and preventive processes are significant.

The County of San Diego (County) has a "Statement of Ethics and Legal Standards" that seems to be a summary or compilation of Board policies, dealing with equal opportunity, fraudulent conduct, violence in the workplace, discrimination and harassment, and drug and alcohol use. The County Office of Audits and Advisory Services (Office of Audits)

¹ *Association of Certified Fraud Examiners*, "2008 Report to Nation", "2002 Report to Nation".

² *Ibid.*

³ "The Benefits of a Fraud Hotline", *The CPA Journal*, July 2003.

⁴ City of San Diego, City Auditor's Report to the Audit Committee, March, 2010.

deals with internal controls in the course of its audits, although not charged specifically with investigations of fraud, waste, abuse and conflict of interest. The principal task of another department, the Office of Internal Affairs, is to investigate allegations of improper government activity and illegal discrimination. The County has no published fraud hotline assuring anonymity and using a third party provider such as the District and the City employ.

In order to estimate the extent of implementation of Codes of Ethics, internal control processes and fraud hotlines by government entities within the County, the 2009/2010 San Diego County Grand Jury surveyed a sampling of cities within the County, a sampling of school districts and community college districts within the County, the San Diego International Airport Authority and the Unified Port of San Diego. The purpose of this report is to afford a snapshot of the extent and efficacy of employment of these procedures within San Diego County and to make recommendations in that regard.

INVESTIGATION

The Grand Jury reviewed:

- San Diego City Charter,
- San Diego Municipal Code,
- San Diego City Policies and Procedures,
- San Diego County Ordinances, and
- San Diego Unified School District Bylaws, Policies and Procedures.

The Grand Jury also obtained and considered numerous other sources of information, including:

- County, City, School District, Port Authority and Airport Authority budgets and data;
- The testimony of professional, auditing and lay witnesses;
- The testimony of elected and appointed officials, and employees;
- The Grand Jury survey of a sampling of cities, school and community college districts within the County, the San Diego International Airport Authority and the Unified Port of San Diego;
- Reports, letters, analyses, websites and other sources of information; and
- Reports of professional organizations and consultants.

FACT—SET ONE

Fact: In 2006, The San Diego Unified School District adopted a Code of Ethics and established the Ethics and Compliance Employee Hotline (District Hotline) under the Office of Audits and Investigations (District Auditor). The District Hotline deals with conflict of interest, influence abuse, inappropriate gifts, nepotism, and waste, fraud and abuse.

Fact: The District Hotline calls are received and the telephone interviews and initial reports are conducted by a third party provider and forwarded to the District investigator. The annual fee of the third party provider is about \$11,000.

Fact: The District Hotline investigator reports to the District Auditor who, according to the Bylaws of the Board of Education, Section 1019, reports to the Board. As a practical matter, the reports are routed through or concurrently to District Legal Counsel, who reports to the Superintendent, who reports to the Board of Trustees.

Fact: The District Auditor, by sampling various District accounts for implementation of proper internal controls, identified over \$4million in recoverable District funds over twenty months from March 1, 2008 to October 23, 2009.

Fact: The staff of the District Auditor consists of seven auditors and investigators, one dedicated to the District Hotline, with a total departmental budget of approximately \$914,486 or about 0.04% of the annual District budget⁵.

Fact: The budget of the District Auditor amounts to approximately one-third of the recoverable funds (annualized) identified by the District Auditor.

Fact: The District Hotline phone number is not posted on the Home page of the District website but can be found by using the search feature.

Fact: During the period September 2006 through December 2009, a total of 420 calls were received by the District Hotline; 313 of these cases have been resolved; and 107 remained under investigation. Forty percent of the resolved cases resulted in corrective or disciplinary action, including the termination of fifteen employees.

Fact: Examples of District Hotline cases investigated and resolved by disciplinary means through January 14, 2010 involved District employees at all levels, including school principals, involved in fraud, waste, abuse and conflict of interest. These cases included: embezzlement of almost \$30 thousand; solicitation of minor prostitutes for sex; payment for hours not worked; misuse and mismanagement of Associated Student Body funds; falsification of student enrollment/attendance records; falsification of time records in order to receive overtime pay for hours not worked; and conflict of interest in the selection, award and performance of an almost \$2 million design contract for a major construction project.

Fact: Although direct savings resulting from the activities of the District Auditor, including the District Hotline, are significant indirect savings are achieved from audits and investigations applying Generally Accepted Accounting Principles and/or Generally Accepted Government Auditing Standards. A variety of issues are addressed and corrective and preventive action taken, including: safety issues, falsification of student enrollment/attendance records, and failure to report vacation and sick leave.

Fact: The Office of the District Auditor and the District Hotline have proven their worth in recovered funds and correction of ethical violations; but the District Hotline needs to

⁵ At least one large local government entity in California budgets 0.2% of the total budget for its audit department.

mitigate the backlog of complaints and the District Auditor should take steps to increase the sampling of the books and records of the District.

FINDINGS

Finding 01: The District Auditor, with a staff of only seven auditors and investigators (one dedicated to the District Hotline) over a period of twenty months, identified recoverable District funds that (annualized) equaled three times the cost of the staff of the District Internal Auditor.

Finding 02: Through December 2009, approximately 107 Hotline cases remained under investigation.

Finding 03: Investigations and audits by the District Auditor, whether initiated by District Hotline calls or otherwise, often result in savings due to prevention and increased efficiency.

Finding 04: The District Auditor needs additional auditors to expand the sampling of the books and records of the District; the District Hotline needs an additional investigator to mitigate the backlog of complaints; and the District Hotline phone number needs to be more prominently posted.

RECOMMENDATIONS

The 2009-2010 San Diego County Grand Jury recommends that the San Diego Unified School District Board of Education and the District Superintendent:

- 10-60: Take steps to accomplish greater sampling of the books and records of the District.**
- 10-61: Take steps to mitigate the backlog of District Hotline complaints.**
- 10-62: Consider including a non-binding recommendation regarding disposition in District Auditor staff reports of cases involving fraud, waste, abuse and conflicts of interest.**

FACT—SET TWO

Fact: The City of San Diego has an ethics ordinance, although the focus is on campaigns, lobbying and conflict of interest by elected or appointed officials other than classified employees. (As a practical matter, classified employees exclude managers and elected or appointed persons).⁶

⁶ San Diego Municipal Code, Article 7, Division 35

Fact: The City Auditor is appointed by the Mayor, confirmed by the City Council, and reports to the Audit Committee.⁷

Fact: The Audit Committee, composed of two City Council members and three members of the public, is appointed by and, as a practical matter, is accountable to the City Council.⁸

Fact: The City Auditor:

- Has access to and authority to examine all records, documents, systems and files of the City;
- May investigate any material claim of financial fraud, waste or impropriety within any City department; and
- May summon and examine under oath any officer, agent, or employee of the City.

Fact: All City contracts with consultants, vendors or agencies must include a clause to allow the City Auditor access to the contractor's records needed to verify compliance with the terms of the contract.⁹

Fact: The City Auditor publishes, on the departmental web page, explicit definitions of fraud, waste and abuse, accessed either as a separate link or through the City Employee Fraud Hotline Policy and Procedures Manual, also a separate link.¹⁰

Fact: City Hotline calls are processed as follows:

- The City Hotline is accessed through an 866 phone number staffed by a third party provider.
- The phone number is posted on the City Auditor's Departmental web page, or can be found through the City website search feature, entering "City Hotline".
- The process of lodging a City Hotline complaint is thoroughly explained on the City Auditor's web page.
- The City Hotline provider forwards an incident report to the Dissemination Team, composed of the City Auditor, the City Audit Manager, and the City Audit Analyst.
- Fraud, waste, abuse or conflict of interest allegations that appear to be material are investigated in accord with procedures recommended by the Association of Certified Fraud Examiners.
- Material internal control issues identified during an investigation are audited in compliance with Generally Accepted Government Auditing Standards.
- Non-fraud complaints involving employee relations, discrimination, harassment, and personnel related complaints are reviewed by the City Hotline Intake Review

⁷ Charter of the City of San Diego, Section 39.2 (Charter amended effective July 1, 2008). The City Auditor is appointed for a term of ten years by the Mayor in consultation with the Audit Committee, is confirmed by the City Council and reports to and is accountable to the audit committee.

⁸ Charter of the City of San Diego, Section 39.1. The audit committee is composed of two council members and three members of the public screened by a five member screening committee, all appointed by the City Council.

⁹ Ibid, FN 8

¹⁰ Office of the City Auditor, <http://www.sandiego.gov/auditor/>.

Committee, composed of the City Auditor, the Labor Relations Director and the Personnel Director and usually forwarded to appropriate departments or officials.

- The City Auditor provides a quarterly summary and fourth quarter year-end report regarding the City Hotline calls to the Audit Committee.¹¹

Fact: The potential monetary recoveries and cost savings resulting from the internal audits and recommendations of the City Auditor were about \$7.4 million from July 1, 2008 through December 31, 2009, which equates to \$3 in savings for every \$1 in audit costs.¹² The fraud recoveries from investigations initiated by City Hotline calls amounted to \$142,798 in FY 2009.¹³

Fact: The City Auditor received 140 City Hotline complaints during FY 2009; and investigated, or was in the process of investigating, twenty-six complaints. Eight investigations were substantiated or resulted in corrective action, including complaints regarding conflict of interest, fraud, waste and abuse and theft.¹⁴

FINDINGS

Finding 05: The City appears to have no integrated comprehensive Code of Ethics designed, for example, for classified employees and parties dealing with the City and addressing basics such as fraud, waste, abuse and conflict of interest. However, the City Auditor publishes, on the departmental web page, explicit definitions of fraud, waste and abuse, accessed either as a separate link or through the City Employee Fraud Hotline Policy and Procedures Manual.

Finding 06: The City has an effective charter-based internal audit and hotline process managed by the City Auditor and resulting in identification of significant recoverable funds and cost savings.

Finding 07: Investigations and audits by the City Auditor, whether initiated by City Hotline calls or otherwise, often result in savings due to prevention and increased efficiency, not quantified in dollars.

Finding 08: The City Hotline phone number is not posted on the Home page of the City website.

RECOMMENDATIONS

The 2009/2010 San Diego County Grand Jury recommends that the City Audit Committee and the City Auditor of the City of San Diego:

- 10-63: Consider collecting and posting an integrated comprehensive Code of Ethics designed for classified employees and parties dealing with the**

¹¹ City Auditors Policy and Procedures, Section 9, Fraud Hotline Procedures.

¹² City of San Diego, City Auditor's Report to the Audit Committee, March, 2010.

¹³ City of San Diego, City Auditor's Quarterly Fraud Hotline Report, Quarter 4 FY2009.

¹⁴ Ibid.

City and addressing basics such as fraud, waste, abuse and conflict of interest.

- 10-64: Consider posting the City Hotline phone number on the Home page of the City website, on the City Television Network (Channel 24), and post prominently the phone number in City workplaces.**
- 10-65: Consider including a non-binding recommendation regarding disposition in City Auditor staff reports of cases involving fraud, waste, abuse and conflicts of interest.**

FACT—SET THREE

Fact: The County of San Diego has a Statement of Ethics and Legal Standards¹⁵ that appears to be a summary or compilation of policies of the Board of Supervisors dealing, for example, with fraud (a perversion of truth or false representation of fact) and declaring it improper to accept gratuities in return for special favors.

Fact: The County Office of Audits and Advisory Services deals with internal controls in the course of its audits, although not charged specifically with investigations of fraud, waste, abuse and conflict of interest.

Fact: The County has no published fraud hotline using a third party provider, as is the case with the District and the City.

Fact: Although its principal task is to investigate allegations of discrimination, the Office of Internal Affairs also oversees the implementation of County policy on Ethical and Legal Standards. The Office of Internal Affairs receives complaints; but complaints must be filed in writing so anonymity is not assured.

FINDINGS

Finding 09: The County appears to have no integrated comprehensive Code of Ethics designed, for example, for classified employees and parties dealing with the County and addressing basics such as fraud, waste, abuse and conflict of interest.

Finding 10: The County has neither fraud, waste, abuse and conflict of interest anonymous hotline contracted to an independent third party provider, nor other process that addresses these issues specifically and assures the anonymity of the complainant.

RECOMMENDATIONS

The 2009/2010 San Diego County Grand Jury recommends that the Board of Supervisors and the Chief Administrative Officer of the County of San Diego:

¹⁵ Statement of Ethics and Legal Standards, incorporating by reference Board of Supervisors Policy No. A-120, and Board of Supervisors Policy No. D-7.

- 10-66:** Bring before the Board of Supervisors for its consideration in a public meeting a proposal to revise, reorganize and publicize the Code of Ethics so that it will serve as an integrated comprehensive Code of Ethics designed for all employees and parties dealing with the County and addressing basic issues such as fraud, waste, abuse and conflict of interest.
- 10-67:** Bring before the Board of Supervisors for its consideration in a public meeting a proposal to initiate a fraud, waste, abuse and conflict of interest County Hotline for complaints regarding these issues, outsourced to a third party provider who forwards the initial report to the County Office of Audits where material complaints are investigated by its Certified Fraud Examiner, assuring the anonymity of the caller.
- 10-68:** If a Hotline is created as recommended in Recommendation 10-67 above, consider posting the County Hotline phone number on the Home page on the County website and post prominently the phone number in County workplaces.
- 10-69:** If a Hotline is created as recommended in Recommendation 10-67 above, consider including a non-binding recommendation regarding disposition in County Office of Audits and Advisory Services staff reports of cases involving fraud, waste, abuse and conflicts of interest

FACT—SET FOUR

Fact: The Grand Jury surveyed the County of San Diego, a sampling of the eighteen cities within San Diego County, a sampling of school districts and community college districts, the San Diego International Airport Authority, and the Unified Port of San Diego.

Fact: With the exception of the City of San Diego, few cities have integrated comprehensive Codes of Ethics, internal auditors, or fraud, waste, abuse and conflict of interest hotlines, although most have Codes of Ethics of some sort. Most cities refer fraud, waste, abuse and conflict of interest complaints to the applicable operational department. The anonymity of the complainant is not preserved in this sort of process.

Fact: The San Diego County Office of Education has a Code of Ethics for employees dealing primarily with conflict of interest issues, as opposed to fraud, waste and abuse, and utilizes and makes available to school districts, the WeTip crime hotline. With the exception of the San Diego Unified School District, most school districts have some sort of Code of Ethics, but neither internal auditors nor fraud, waste, abuse and conflict of interest hotlines administered by third party providers assuring anonymity.

Fact: Most community college districts have some sort of Code of Ethics, but not all have an internal auditor or fraud, waste, abuse and conflict of interest hotlines

administered by a third party provider assuring anonymity. For example, some have an email fraud reporting process. Some have adopted board policies regarding conflict of interest by incorporating Government Code Section 87300 and other provisions.

Fact: The Unified Port of San Diego has a Code of Ethics, internal auditor and an internal fraud, waste, abuse and conflict of interest ethics hotline outsourced to a third party provider; but only employees of the Unified Port of San Diego have access to the hotline. Hotline calls are fielded by the provider and an initial report forwarded to the audit manager where the complaint is assigned to a Certified Fraud Examiner for investigation as appropriate. Anonymity is assured.

Fact: The San Diego International Airport Authority has a Code of Ethics, internal auditor and Ethics Violation Form that may be accessed online and filed anonymously. The Code of Ethics incorporates by reference the Fair Political Practices Commission conflict of interest regulations at California Regulations Section 18730 that references the Government Code. The Airport Authority has no fraud, waste, abuse and conflict of interest hotline serviced by a third party provider assuring anonymity.

FINDINGS

Finding 11: Most of the surveyed cities have some sort of Code of Ethics, but excepting the City of San Diego, few have internal auditors or hotlines outsourced to a third party provider assuring anonymity.

Finding 12: Excepting the San Diego Unified School District, most school districts have a Code of Ethics for various subject matters such as sports, but most have neither internal auditors nor fraud hotlines outsourced to third party providers assuring anonymity.

Finding 13: Most community college districts have a Code of Ethics of some sort, but few have internal auditors or fraud, waste, abuse and conflict of interest hotlines and none are outsourced to third party providers assuring anonymity.

Finding 14: The Unified Port of San Diego has a Code of Ethics, an internal auditor and an internal ethics (fraud, waste, abuse and conflict of interest) hotline outsourced to a third party provider assuring anonymity, but available only to employees.

Finding 15: The Airport Authority has a Code of Ethics, internal auditor and Ethics Violation Form which may be accessed online and filed anonymously but does not appear to have a fraud, waste, abuse and conflict of interest hotline outsourced to a third party provider assuring anonymity.

Finding #16: The Grand Jury finds that most of the governmental organizations within San Diego County lack either an integrated comprehensive fraud, waste, abuse and conflict of interest Code of Ethics, a consistently applied internal controls process compliant with Generally Accepted Government Auditing Standards and/or Generally

Accepted Accounting Principles, or a fraud, waste, abuse and conflict of interest hotline outsourced to a third party provider assuring anonymity.

Finding 17: Governmental organizations within San Diego County are no less subject to fraud, waste, abuse and conflict of interest than the average American organization (including public and private sector), which on average loses seven percent of its annual revenues to such activities.

Finding 18: Cities, school districts, community college districts, and other governmental organizations within San Diego County not named herein could benefit by considering the facts, findings and recommendations in this report and should consider adoption and implementation of some, if not all, of the recommendations set forth below.

RECOMMENDATIONS

The 2009/2010 San Diego County Grand Jury recommends that the City Managers of the cities of *Carlsbad, Chula Vista, Coronado, Del Mar, El Cajon, Encinitas, Escondido, Imperial Beach, La Mesa, Lemon Grove, National City, Oceanside, Poway, San Marcos, Santee, Solana Beach, and Vista*:

- 10-70:** Bring before the legislative body of each entity listed above for its consideration in a public meeting a proposal to adopt integrated comprehensive Codes of Ethics defining and prohibiting fraud, waste, abuse and conflict of interest.
- 10-71:** Bring before the legislative body of each entity listed above for its consideration in a public meeting a proposal to adopt and apply internal controls compliant with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles as applicable.
- 10-72:** Bring before the legislative body of each entity listed above for its consideration in a public meeting a proposal to adopt and implement fraud, waste, abuse and conflict of interest hotlines outsourced to third party providers assuring anonymity.

The 2009/2010 San Diego County Grand Jury recommends that the Superintendents of the San Diego County Office of Education and the following school districts: *Alpine Union, Bonsall Union, Borrego Springs Unified, Cajon Valley Union, Cardiff Elementary, Carlsbad Unified, Chula Vista Elementary, Coronado Unified, Dehesa, Del Mar Union, Encinitas Union, Escondido Union, Escondido Union High, Fallbrook Union Elementary, Fallbrook Union High, Grossmont Union High, Jamul-Dulzura Union, Julian Union, Julian Union High, La Mesa-Spring Valley, Lakeside Union, Lemon Grove, Mountain Empire Unified, National, Oceanside Unified, Poway Unified, Ramona Unified, Rancho Santa Fe, San Diego Unified, San Dieguito, San Marcos, San Pasqual Union, San Ysidro, Santee, Solana Beach, South*

Bay Union, Spencer Valley, Sweetwater Union High, Vallecitos, Valley Center-Pauma Unified, Vista Unified, and Warner Unified:

- 10-73:** Bring before the governing body of each entity listed above for its consideration in a public meeting a proposal to adopt integrated comprehensive Codes of Ethics defining and prohibiting fraud, waste, abuse and conflict of interest.
- 10-74:** Bring before the governing body of each entity listed above for its consideration in a public meeting a proposal to adopt and apply internal controls compliant with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles as applicable.
- 10-75:** Bring before the governing body of each entity listed above for its consideration in a public meeting a proposal to adopt and implement fraud, waste, abuse and conflict of interest hotlines outsourced to third party providers, assuring anonymity.

The 2009/2010 San Diego County Grand Jury recommends that the Superintendents of *Grossmont-Cuyamaca Community College District, MiraCosta Community College District, Palomar Community College District, San Diego Community College District, and Southwestern Community College District:*

- 10-76:** Bring before the governing body of each entity listed above for its consideration in a public meeting a proposal to adopt integrated comprehensive Codes of Ethics defining and prohibiting fraud, waste, abuse and conflict of interest
- 10-77:** Bring before the governing body of each entity listed above for its consideration in a public meeting a proposal to adopt and apply internal controls compliant with Generally Accepted Government Auditing Standards and/or Generally Accepted Accounting Principles as applicable.
- 10-78:** Bring before the governing body of each entity listed above for its consideration in a public meeting a proposal to adopt and implement fraud, waste, abuse and conflict of interest hotlines outsourced to third party providers, assuring anonymity.

The 2009/2010 San Diego County Grand Jury recommends that the Board of Port Commissioners of the Unified Port of San Diego:

- 10-79:** Bring before the Board of Port Commissioners for its consideration in a public meeting a proposal to open the internal fraud hotline to employees, vendors, customers, or other anonymous sources.

The 2009/2010 San Diego County Grand Jury recommends that the Airport Authority Board of the San Diego International Airport:

- 10-80: Bring before the governing body of the Airport Authority for its consideration in a public meeting a proposal to adopt and implement a fraud, waste, abuse and conflict of interest hotline outsourced to a third party provider, assuring anonymity.**

REQUIREMENTS AND INSTRUCTIONS

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
 - (1) The respondent agrees with the finding
 - (2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
 - (1) The recommendation has been implemented, with a summary regarding the implemented action.
 - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
 - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
 - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.

- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

| Responding Agency | Recommendations | Date |
|---|----------------------------|----------------|
| Auditor, City of San Diego | 10-63 through 10-65 | 8/25/10 |
| Audit Committee, City of San Diego | 10-63 through 10-64 | 8/25/10 |
| Chief Administrative Officer, County of San Diego | 10-66 through 10-69 | 8/25/10 |
| Board of Supervisors, County of San Diego | 10-66 through 10-69 | 8/25/10 |
| Board of Trustees, San Diego Unified School District | 10-60 through 10-62 | 8/25/10 |
| Superintendent San Diego Unified School District | 10-60 through 10-62 | 8/25/10 |
| Superintendent, San Diego County Office of Education | 10-73 through 10-75 | 8/25/10 |
| City Manager, City of Chula Vista | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Carlsbad | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Coronado | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Del Mar | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of El Cajon | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Encinitas | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Escondido | 10-70 through 10-72 | 8/25/10 |

| | | |
|--|----------------------------|----------------|
| City Manager, City of Imperial Beach | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of La Mesa | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Lemon Grove | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of National City | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Oceanside | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Poway | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of San Marcos | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Santee | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Solana Beach | 10-70 through 10-72 | 8/25/10 |
| City Manager, City of Vista | 10-70 through 10-72 | 8/25/10 |
| Alpine Union School District | 10-73 through 10-75 | 8/25/10 |
| Bonsall Union School District | 10-73 through 10-75 | 8/25/10 |
| Borrego Springs Unified School District | 10-73 through 10-75 | 8/25/10 |
| Cajon Valley Union School District | 10-73 through 10-75 | 8/25/10 |
| Cardiff School District | 10-73 through 10-75 | 8/25/10 |
| Carlsbad Unified School District | 10-73 through 10-75 | 8/25/10 |
| Chula Vista Elementary School District | 10-73 through 10-75 | 8/25/10 |
| Coronado Unified School District | 10-73 through 10-75 | 8/25/10 |
| Dehesa School District | 10-73 through 10-75 | 8/25/10 |
| Del Mar Union School District | 10-73 through 10-75 | 8/25/10 |

| | | |
|---|----------------------------|----------------|
| Encinitas Union School District | 10-73 through 10-75 | 8/25/10 |
| Escondido Union School District | 10-73 through 10-75 | 8/25/10 |
| Escondido Union High School District | 10-73 through 10-75 | 8/25/10 |
| Fallbrook Union Elementary School District | 10-73 through 10-75 | 8/25/10 |
| Fallbrook Union High School District | 10-73 through 10-75 | 8/25/10 |
| Grossmont Union High School District | 10-73 through 10-75 | 8/25/10 |
| Jamul-Dulzura Union School District | 10-73 through 10-75 | 8/25/10 |
| Julian Union School District | 10-73 through 10-75 | 8/25/10 |
| Julian Union High School District | 10-73 through 10-75 | 8/25/10 |
| La Mesa-Spring Valley School District | 10-73 through 10-75 | 8/25/10 |
| Lakeside Union School District | 10-73 through 10-75 | 8/25/10 |
| Lemon Grove School District | 10-73 through 10-75 | 8/25/10 |
| Mountain Empire Unified School District | 10-73 through 10-75 | 8/25/10 |
| National School District | 10-73 through 10-75 | 8/25/10 |
| Oceanside Unified School District | 10-73 through 10-75 | 8/25/10 |
| Poway Unified School District | 10-73 through 10-75 | 8/25/10 |
| Ramona Unified School District | 10-73 through 10-75 | 8/25/10 |
| Rancho Santa Fe School District | 10-73 through 10-75 | 8/25/10 |
| San Dieguito School District | 10-73 through 10-75 | 8/25/10 |
| San Marcos School District | 10-73 through 10-75 | 8/25/10 |

| | | |
|--|----------------------------|----------------|
| San Pasqual Union School District | 10-73 through 10-75 | 8/25/10 |
| San Ysidro School District | 10-73 through 10-75 | 8/25/10 |
| Santee School District | 10-73 through 10-75 | 8/25/10 |
| Solana Beach School District | 10-73 through 10-75 | 8/25/10 |
| South Bay Union School District | 10-73 through 10-75 | 8/25/10 |
| Spencer Valley School District | 10-73 through 10-75 | 8/25/10 |
| Sweetwater Union High School District | 10-73 through 10-75 | 8/25/10 |
| Vallecitos School District | 10-73 through 10-75 | 8/25/10 |
| Valley Center-Pauma Unified School District | 10-73 through 10-75 | 8/25/10 |
| Vista Unified School District | 10-73 through 10-75 | 8/25/10 |
| Warner Unified School District | 10-73 through 10-75 | 8/25/10 |
| Grossmont-Cuyamaca Community College District | 10-76 through 10-78 | 8/25/10 |
| MiraCosta Community College District | 10-76 through 10-78 | 8/25/10 |
| Palomar Community College District | 10-76 through 10-78 | 8/25/10 |
| Southwestern Community College District | 10-76 through 10-78 | 8/25/10 |
| Chancellor San Diego Community College District | 10-76 through 10-78 | 8/25/10 |
| Board of Port Commissioners Unified Port of San Diego | 10-79 | 8/25/10 |
| Airport Authority Board | 10-80 | 8/25/10 |

Filed: May 27, 2010

MINUTES

**IMPERIAL BEACH CITY COUNCIL
REDEVELOPMENT AGENCY
PLANNING COMMISSION
PUBLIC FINANCING AUTHORITY**

AUGUST 11, 2010

Community Room (Behind City Hall)
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

SPECIAL MEETING – 1:00 P.M.

SPECIAL MEETING CALL TO ORDER

MAYOR JANNEY called the Workshop Meeting to order at 1:03 p.m.

ROLL CALL BY CITY CLERK

Councilmembers present: Bragg, McCoy, Rose
Councilmembers absent: None
Mayor present: Janney
Mayor Pro Tem present: King

Staff present: City Manager Brown; City Attorney Lyon;
Deputy City Clerk Wolfson

REPORTS

1. INTERVIEW CANDIDATES AND MAKE APPOINTMENTS FOR THE POSITION ON THE BOARD OF COMMISSIONERS OF SAN DIEGO UNIFIED PORT DISTRICT – IMPERIAL BEACH PORT COMMISSIONER. (0150-70)

Applications for those individuals not selected for interview were submitted as Last Minute Agenda Information:

- Jose “Pepe” Cervantes
- Gaidi Finnie
- John Haupt
- William Zidbeck

MAYOR JANNEY gave background on the item and discussed the work done by the subcommittee; he distributed interview questions developed by the subcommittee and stated his desire for each candidate to receive identical questions; he announced the Public Comments portion of the agenda would be taken following the interviews.

The following candidates were interviewed by Mayor and Council individually, and each candidate answered questions of Council:

- John S. (Stan) Burton
- Dan Malcolm
- Thomas K. Schaaf

Upon conclusion of interviews, Mayor Janney called a recess at 3:20 p.m. and reconvened the meeting to Open Session at 3:45 p.m. Candidates Burton and Malcolm were in attendance.

PUBLIC COMMENTS

SHARON CLOWARD, of the San Diego Port Tenants Association, voiced her appreciation of the interview process; she commented the questions were balanced.

MAYOR JANNEY thanked the candidates, including those who were not selected for an interview; he commented each applicant was very well qualified.

MOTION BY JANNEY, SECOND BY BRAGG, TO APPOINT DAN MALCOLM AS THE IMPERIAL BEACH PORT COMMISSIONER.

Council thanked the candidates in attendance and gave high praise for the time committed to the application process and their qualifications and experience.

VOTES WERE NOW CAST ON THE MOTION BY JANNEY, SECOND BY BRAGG, TO APPOINT DAN MALCOLM AS THE IMPERIAL BEACH PORT COMMISSIONER. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT

MAYOR JANNEY adjourned the meeting at 3:57 p.m.

James C. Janney, Mayor

Lisa Wolfson, CMC
Deputy City Clerk



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL AND CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GARY BROWN, CITY MANAGER/EXECUTIVE DIRECTOR

MEETING DATE: AUGUST 18, 2010

ORIGINATING DEPT.: COMMUNITY DEVELOPMENT DEPARTMENT
GREG WADE, COMMUNITY DEVELOPMENT DIRECTOR *GW*

SUBJECT: MONTHLY UPDATE REPORT ON THE REDEVELOPMENT OF THE SEACOAST INN HOTEL

BACKGROUND:

At the City Council meeting on Wednesday, April 21, 2010, the City Council approved a Memorandum of Understanding (MOU) between the City/Redevelopment Agency and the Developer/Property Owners of the Seacoast Inn (Imperial Coast Limited Partnership) outlining financial and other commitments for the redevelopment of the Seacoast Inn. Also approved as part of the MOU was a Project Schedule detailing important project milestones for the project's development. At the meeting on April 21, 2010, the City Council also requested a monthly update report be made to advise the Council on progress made and compliance with the approved MOU and Project Schedule.

At the City Council meeting on May 19, 2010, City staff and Pacifica presented the first of the requested monthly updates. Staff advised the City Council that the demolition permit had been issued and the building permit plans (structural and architectural) had been resubmitted for plan check. Pacifica advised the City Council on progress made with respect to the schedule contained in the Memorandum of Understanding (MOU). The City Council requested that, for future monthly updates, all information and/or schedule updates should be provided to the City Council with their agenda packages rather than at the time of the meeting as a last minute agenda item. The City Council has received monthly updates at the second meeting of each month since that time.

DISCUSSION:

On Wednesday, August 18, 2010, the City Council will receive the monthly update from Pacifica. It is expected that Pacifica will report that they have received approval on their CC&R's and are finalizing negotiations on payment of their existing loan. Negotiations on the Redevelopment Agency financial participation are on-going.

FISCAL ANALYSIS:

No fiscal impact with this report.

ENVIRONMENTAL REVIEW

None required with this report.

DEPARTMENT RECOMMENDATION:

That the City Council/Redevelopment Agency receive the update report on the Seacoast Inn project and provide comment and input as necessary.

CITY MANAGER'S RECOMMENDATION

Approved Department recommendation.



Gary Brown, City Manager/Executive Director

Attachments:

1. Project Schedule

PROJECT SCHEDULE

| TASK | DESCRIPTION OF TASK (PACIFICA'S OBLIGATION UNLESS OTHERWISE NOTED) | DATE | COMMENT |
|-------------|---|---|--|
| 1 | Submit complete demolition permit application to City with all timely completion of all required coordination with APCD, SDG&E, etc. as necessary to accommodate City issuance of demolition permit | 4/27/10 | Complete |
| 2 | City issues demolition permit | 4/30/10 | Complete |
| 3 | Compliance with "prior to issuance condition." | ---- | ---- |
| 3.1 | Submit CC&Rs to Dept. of Real Estate | 4/9/10 | Complete |
| 3.2 | Submit CC&Rs to Coastal Commission | 4/23/10 | Complete |
| 3.3 | Record deed restriction with County | 4/23/10 | Complete |
| 3.4 | Submit final map to City with bond | 4/20/10 | Complete |
| 3.5 | County issues tax clearance certificate | 5/13/10* | Complete |
| 3.6 | <i>Citibank issues subordination agreement</i> | <i>5/7/10 *</i> | N/A |
| 3.7 | Final Map approved by City Council | 4/21/10 | Complete |
| 3.8 | <i>Final Map recorded</i> | <i>5/14/10* Map will be submitted for recordation within one day of completion of Tasks 3.5 and 3.6</i> | <i>*Actual date dependent upon 3.5 and 3.6 (not entirely within Pacifica's control).</i> |
| 3.9 | <i>Submit recorded Final Map to Coastal Commission</i> | <i>5/14/10*</i> | <i>*See 3.8.</i> |
| 4 | Submit payment for City's/Agency's staff and consultant | 4/14/10 | Complete |
| 5 | Submit payment for OPA legal fees | 4/22/10 | Complete |
| 6 | Submit payment to replenish deficient account | 4/14/10 | Complete |
| 7 | Submit evidence to reasonable satisfaction of City (i.e., copies of materials and list of lenders contacted/to be contacted) that it is pursuing construction financing for the project | 4/19/10 | Complete |
| 8 | Submit construction budget and supporting bid documents evidencing construction costs | 4/14/10 | Complete |
| 9 | Submit pro formas to City | 4/14/10 | Complete |
| 10 | <i>Submit all documentation to Coastal Commission necessary for approval of "prior to issuance conditions"</i> | <i>5/17/10* All documentation will be submitted to Coastal Commission within one day of completion</i> | Complete except for recordation of final map. CC&Rs approved by CCC on 8/4/2010. |

| | | | |
|-------------|---|---|---|
| | | <i>of tasks 3.5, 3.6, and 3.8</i> | Condition subsequent letter signed, notarized and filed on 8/4/2010. |
| 11 | <i>Coastal Commission approves "prior to issuance conditions"</i> | <i>5/28/10*</i> | <i>* Date dependent upon 3.5, 3.6, 3.8 and 3.9 and Coastal Commission turn-around time.</i> |
| 12 | Coastal Commission extends CDP | 5/14/10 | Complete |
| 13 | Hazardous Materials abatement completed | 6/1/10 | Complete |
| 14 | <i>Commence demolition</i> | <i>6/1/10 with 1 day extension for each day completion of Tasks 11 and 12 are delayed</i> | |
| 15 | Completes demolition | 6/30/10 with 1 day extension for each day completion of Tasks 14 is delayed | |
| 16 | Submit revised building permit plans (and fee) to City | 5/16/10 | Complete |
| 16.1 | Submit MEP plans to City | 6/30/10 | Complete |
| 17 | Correction and resubmission to City of building permit application and portions thereof | Will resubmit by 7/28/10 | |
| 18 | City/Agency submits draft OPA to Pacifica | 6/22/10 | |
| 19 | City/Agency approves OPA | 7/22/10 | |
| 20 | City issues building permit | 5 days after plans are approved by Building Safety | |
| 21 | City issues redevelopment bonds | TBD by City | |
| 22 | Pacifica commences construction of project | 45 days after | |

| | | | |
|-----------|---------------------------------|--|--|
| | | completion of Tasks 19, 20 and 21 | |
| 23 | Pacifica completes construction | 18 months following completion of Task 22 | |

* dates with asterisk are estimates only.



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL/CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY BOARD

FROM: GARY BROWN, CITY MANAGER/EXECUTIVE DIRECTOR

MEETING DATE: AUGUST 18, 2010

ORIGINATING DEPT.: COMMUNITY DEVELOPMENT DEPARTMENT
GREG WADE, DIRECTOR *GW*

SUBJECT: ARCHITECTURAL DESIGN, SITE PLAN AND PHASING FOR THE 9TH AND PALM REDEVELOPMENT PROJECT

BACKGROUND:

City and Redevelopment Agency ("Agency") staff have, through an exclusive negotiation agreement (ENA), been negotiating with Sudberry, Inc. ("Sudberry") for the future development of the Agency-owned property located on the south side of Palm Avenue/SR 75 west of 9th Street (the "Project"). As we move closer to finalizing the terms of the Disposition and Development Agreement (DDA), Agency staff and Sudberry are requesting input from the Agency primarily on the proposed architectural design and style of the proposed Project. Also presented for information purposes are the revised site plan to accommodate proposed tenants and the proposed reconfiguration of the Palm Avenue/SR-75 right-of-way and intersection. Additionally, Sudberry would like to advise the Agency/City Council of its proposal to phase the project so that tenant commitments can be met and initial development of the site can proceed without delay.

DISCUSSION:

Attached are the architectural elevation drawings and an updated site plan for the proposed Project. The proposed architectural design of the Project has not changed substantially since it was last presented to the Redevelopment Agency/City Council. The overall intent of the design is not to replicate any particular architectural style seen elsewhere in the County, but rather to create a unique style for Imperial Beach incorporating architectural elements of other beach communities. Agency and City staff are generally supportive of the proposed architecture and are seeking City Council direction on whether to proceed with project approvals incorporating this architectural design.

Although staff is comfortable with the general architectural design, Sudberry has been advised of some concerns. Specifically, staff has expressed concerns regarding an apparent lack of direct pedestrian access from the public right-of-way to Building A and resulting "blank wall" area fronting both Palm Avenue/SR 75 and 9th Street. Staff is also concerned about the lack of architectural detail and pedestrian access at the corner of 9th and Palm, which is and should be a primary focal point of the entire site. Sudberry has advised staff that these concerns are a result of specific floor plan requirements of the prospective tenants. Nevertheless, staff is requesting that the concerns be addressed during design development.

Staff has also indicated some concern with the proposed westerly vehicular access from Palm Avenue to the site. Currently, the driveway in this location is combined with that of the property to the west and far exceeds the allowable maximum driveway width. Additionally, staff is concerned whether or not a driveway in this location will conflict at all with the reconfigured Palm Avenue/SR 75 intersection. If there are no impacts to traffic and the driveways can be divided into two separate driveways, staff may be willing to support this vehicular access point. Staff intends to work with the Developer and the design team on these and other design issues that may arise as the design is further refined and developed.

The current proposal would be to develop the site in two phases, the first of which would include buildings A, B, C and D. The second phase would include Buildings E and F. Please note that Building E is a newly-proposed "multi-use" retail building that would add more gross leasable area to the development. Sudberry has no tenant currently identified for this building but has indicated that they are preparing for potential retailers who may have an interest in the project and such a building. The current breakdown of the project is as follows:

Project Summary

| | |
|---------------|--------------------------------------|
| Site Area | 3.9 acres |
| Building Area | 44,500 square feet |
| Parking | 227 stalls (5 per 1,000 square feet) |

Building Summary

Phase 1:

| | |
|-----------|--------------------|
| A) Market | 14,800 square feet |
| B) Shops | 3,500 square feet |
| C) Shops | 3,500 square feet |
| D) Shops | 3,000 square feet |

Phase 2:

| | |
|-----------|--------------------|
| E) Shops | 4,700 square feet |
| F) Retail | 15,000 square feet |

The site plan also shows the proposed realignment and reconfiguration of the Palm Avenue/SR 75 right-of-way and intersection. Agency staff and Sudberry are continuing to work with Caltrans on the partial relinquishment of this right-of-way to facilitate the proposed realignment of the site. Staff will be presenting a resolution to the City Council on September 1, 2010, seeking authorization for this right-of-way relinquishment.

ENVIRONMENTAL REVIEW:

The requested input on the general architectural design of the proposed project is not, in itself, subject to CEQA. However, the proposed project, site plan, architectural design and development permits will subject to environmental review under CEQA.

FISCAL IMPACT:

There is no direct fiscal impact with the review of the general architectural design.

DEPARTMENT RECOMMENDATION:

Staff recommends that the Redevelopment Agency/City Council provide input and general support for the proposed architectural design of the project for the 9th and Palm Redevelopment site.

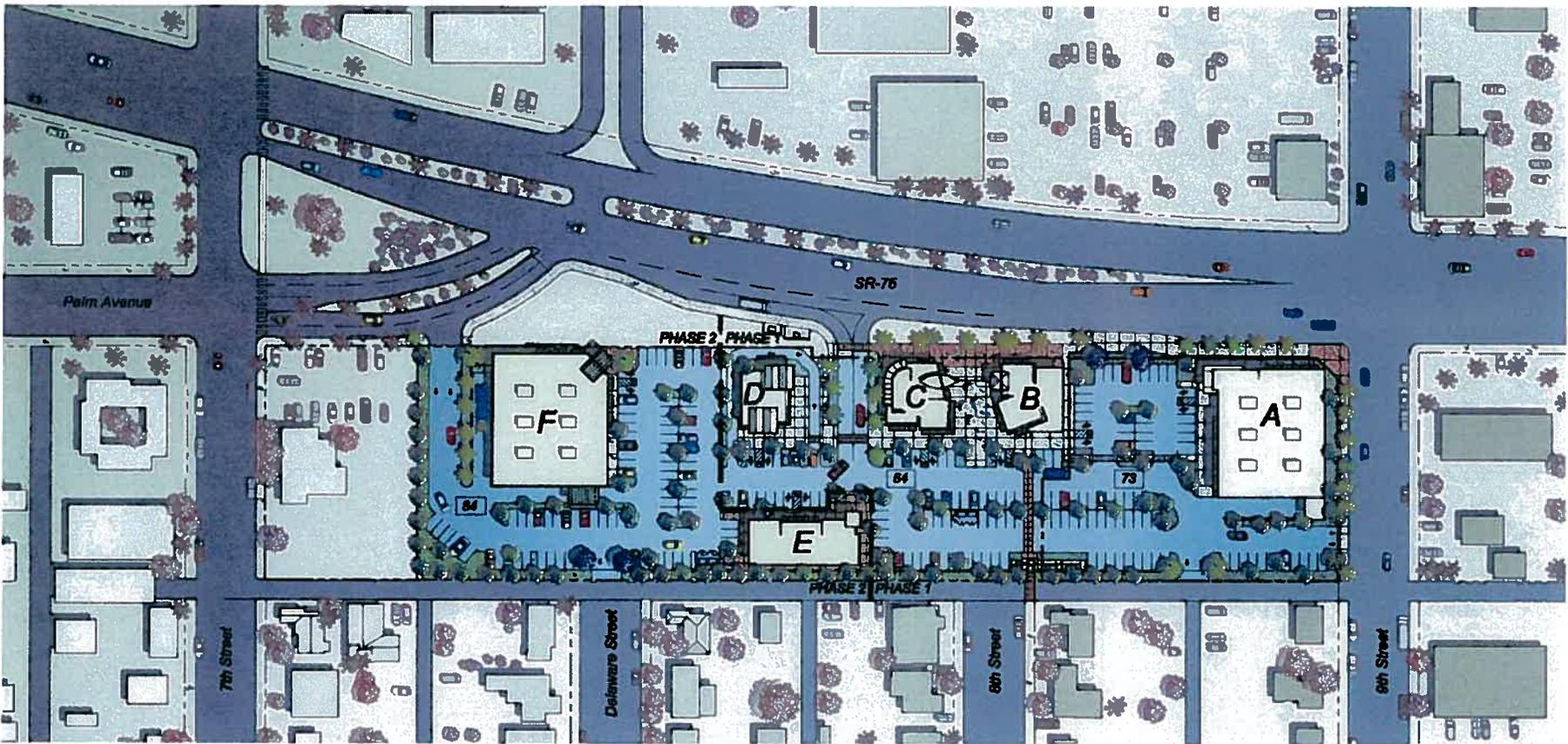
CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary Brown, City Manager

Attachments: 1. Site Plan and Architectural Design Concepts

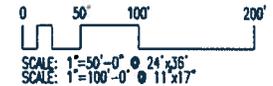


Project Summary

| | |
|---------------|-------------------------|
| Site Area | 3.9 acres |
| Building Area | 44,600 sf |
| Parking | 227 Stalls (571,000 sf) |

Building Summary

| | |
|-----------|-----------|
| A) Market | 14,600 sf |
| B) Shops | 3,500 sf |
| C) Shops | 3,500 sf |
| D) Shops | 3,000 sf |
| E) Shops | 4,700 sf |
| F) Retail | 18,000 sf |



August 12, 2010

NOTE: NET BUILDING FOOTPRINTS AND HEIGHTS SHOWN ARE APPROXIMATE AND MAY CHANGE WITHIN TOTAL OF THE INFORMATION CONTAINED HEREIN HAS BEEN GIVEN TO US BY SOURCES WE DEEM RELIABLE. WE HAVE NO REASON TO DOUBT ITS ACCURACY, BUT WE DO NOT GUARANTEE IT. ALL INFORMATION SHOULD BE VERIFIED PRIOR TO PURCHASE OR LEASE.

Andrew Hull Stevenson Architects

Site Plan

9th & Palm, Imperial Beach, California





Building 'B'

Building 'C'

SR-75 Elevations

August 12, 2010

Andrew Hull Stevenson Architects
 4311 Cassia Drive, Suite 202
 San Diego, CA 92121
 Tel: 619-594-1100

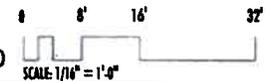
Elevations
 9th & Palm, Imperial Beach

Sudberry Development



Building 'F'

SR-75 Elevation



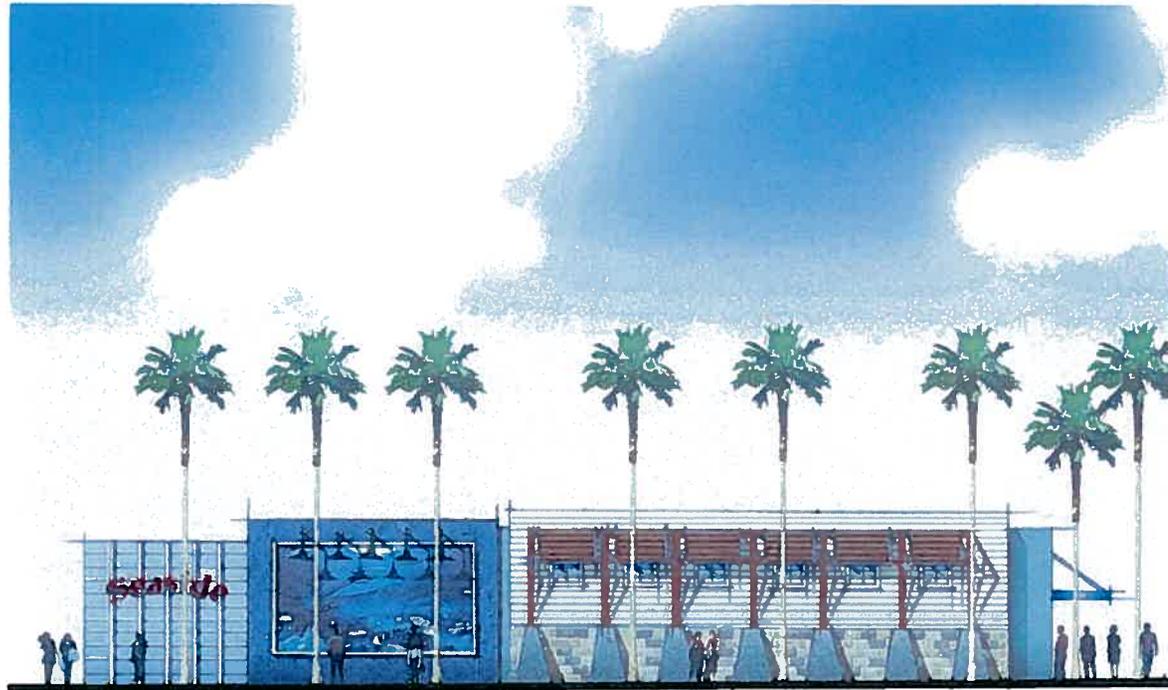
August 12, 2010

Andrew Hull Stevenson Architects

1481 Marinette Drive, Suite 200
San Diego, California 92116
T: 352.333.7373 F: 352.946.3332

Elevations
9th & Palm, Imperial Beach

 **Sudberry Development**



Building 'A'

SR-75 Elevation



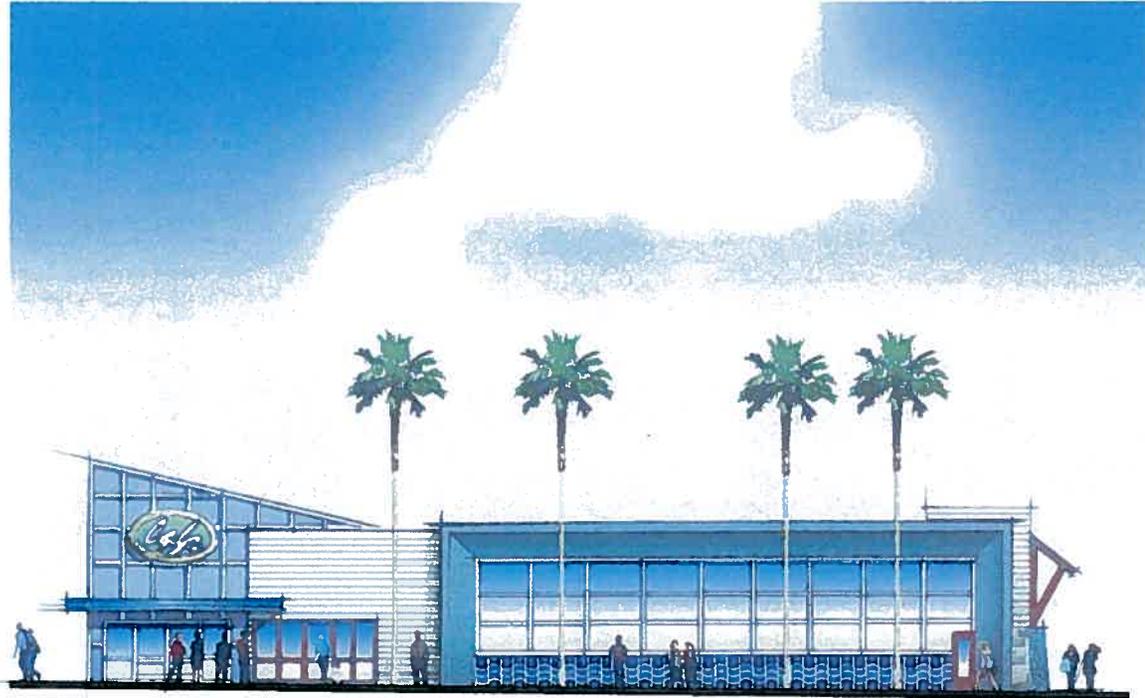
August 12, 2010

Andrew Hull Stevenson Architects

1445 Stonehenge Drive, Suite 210
San Diego, California 92108
T 619 274 2222 F 619 544 2063

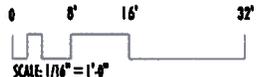
Elevations
9th & Palm, Imperial Beach

 **Sudberry Development**



Building 'A'

West Elevation

August 12, 2010 
SCALE: 1/16" = 1'-0"

Andrew Hull Stevenson Architects
1401 Abasco Lane, Suite 200
San Diego, California 92111
P: 619-591-7774 F: 619-594-2639

Elevations
9th & Palm, Imperial Beach

 **Sudberry Development**



**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: GARY BROWN, CITY MANAGER

MEETING DATE: AUGUST 18, 2010

ORIGINATING DEPT.: COMMUNITY DEVELOPMENT DEPARTMENT
GREG WADE, COMMUNITY DEVELOPMENT DIRECTOR *GW*
RAFAEL ADAME, BUILDING OFFICIAL
DAVID GARCIAS, CODE COMPLIANCE OFFICER

SUBJECT: IMPLEMENTATION OF A SYSTEMATIC CODE COMPLIANCE PROGRAM

BACKGROUND:

On June 2, 2010, the City Council accepted a code compliance activities report for the 2009 calendar year. Also at this meeting, staff provided options for implementing a proactive "Systematic Code Compliance Program." At the conclusion of the meeting, staff was directed to implement a proactive "Systematic Code Compliance Program" combining both the "Target Area Approach" and the "Violation Type Approach" as a pilot program for a period of six months. Council also directed staff to prepare details on how such a program will be implemented and return to Council for review in August of this year. As part of this new program, Council also approved certain technology upgrades as an efficiency tool to aide code compliance efforts. Those upgrades are currently being implemented.

DISCUSSION:

The City Council directed staff to proceed with a combination of the Target Area and Violation Type approaches and gave additional input and direction on how the new systematic code compliance program should be structured and implemented. Staff has reviewed this direction and is proposing the following Systematic Code Compliance Program.

Specific Violations to be Addressed Under this Program

Considering staff's evaluation of a three-block area, the new Systematic Code Compliance Program (the "Program") will be focused primarily on property maintenance violations located in the front yard or areas which are clearly in public view. This would include violations such as cars parked on unimproved areas, overgrown vegetation, abandoned vehicles, lack of maintenance, storage of personal property, etc. Additionally, any readily visible life safety or hazardous sanitation violations will also be addressed.

Target Area of Implementation

The initial pilot Program will be focused on the Oneonta Neighborhood in the area bounded by Imperial Beach Boulevard and Iris Avenue to the north and south and 13th and 15th streets to the west and east. During staff's initial field survey, this area was determined to be one of the neighborhoods most in need of focused Code Compliance and Enforcement efforts.

Prioritization of Code Compliance Cases

In order to maintain the City's current code compliance activity while undertaking this new program, a prioritization of case types will be established. The following priorities follow the City Council's direction to maintain current citizen-generated complaints as the highest priority:

Priority I

Citizen complaint cases submitted/reported by the general public.

Priority II

Cases generated under the new "Systematic Code Compliance Program"

Priority III

Complaints referred by other City Departments (i.e., storm water violations, Fire Code violations, etc.). This may require individual Departments to carry out enforcement of codes directly under their purview.

In addition to the priorities listed, and as noted above, any life safety or hazardous sanitation violations found within any of the three categories will become the highest priority and addressed as quickly as practicable.

Advance Notification to Residents of the Systematic Code Compliance Program

Staff will formulate and implement an education and notification program to alert residents within the identified Target Area of the proposed enforcement Program. Notices to target area residents and property owners will be provided at least thirty (30) days in advance of implementation of the Program. The notification process will consist of the following:

- Notification using the local water company's billing notices.
- Sending a flyer to all households in the target area.
- Utilizing local media, such as the Eagle & Times to get the message out.

Dedicated Time for "Systematic Code Compliance Program"

Staff will dedicate Code Compliance personnel for ten (10) hours per week to carry out the Program in the identified target area. This will ensure that code compliance complaints from citizens and/or other City Departments do not interfere with the implementation of this new Program.

Technology Upgrades

The review and purchase of new hand held and portable technology tools were authorized by

the City Council on June 2, 2010, and are currently underway. The proposed purchase of two portable computer tough books for use in the field to facilitate field entries while away from the office is estimated to be completed by September 30, 2010. Additionally, several software upgrades are currently being reviewed by Administrative Services to enhance code enforcement operations and efficiency.

Conclusion

Staff has developed a Program that it believes is responsive to the direction given by the City Council to implement and carry out proactive and systematic code compliance program. This was accomplished by an in-depth review of the information obtained during the three-block field survey, an analysis of current code compliance case work load, a review of available staff time and specific direction from the City Council. As directed by the City Council on June 2, 2010, staff will implement this new Program for a six-month period and then return to the Council with a status report on the Program's overall effectiveness.

ENVIRONMENTAL DETERMINATION:

This new program itself is not subject to CEQA review. However, specific projects generated from such a program could be subject to planning review for planning or building permit activity and would be reviewed for compliance with CEQA during such review.

FISCAL IMPACT:

The purchase of hand-held data entry computers and field printers are estimated at approximately \$7,110.00:

| | | |
|--------------------------------|------------|---|
| • Two Laptop computers | \$5,200.00 | (\$2,600 x 2-laptops) |
| • Two Portable Printers | \$ 400.00 | (\$200 x 2-printers) |
| • Two Converters (400 watt ea) | \$ 150.00 | (\$75 x 2-converters) |
| • Two Vehicle Mounts | \$ 400.00 | (\$200 x 2-mounts) |
| • Two Wireless card services | \$ 960.00 | (\$40 per mo x 2-services x 12-mo for ea) |
| Total | \$7,110.00 | |

The equipment purchases will be reimbursed up to fifty (50%) percent by the Abandoned Vehicle Abatement program and the remaining fifty (50%) percent covered by the Redevelopment Housing funds. Annual service charges would also be reimbursed up to fifty percent (50%) by the Abandoned Vehicle Abatement program.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council authorize staff to implement the Systematic Code Compliance Program as proposed and provide any additional direction as necessary.

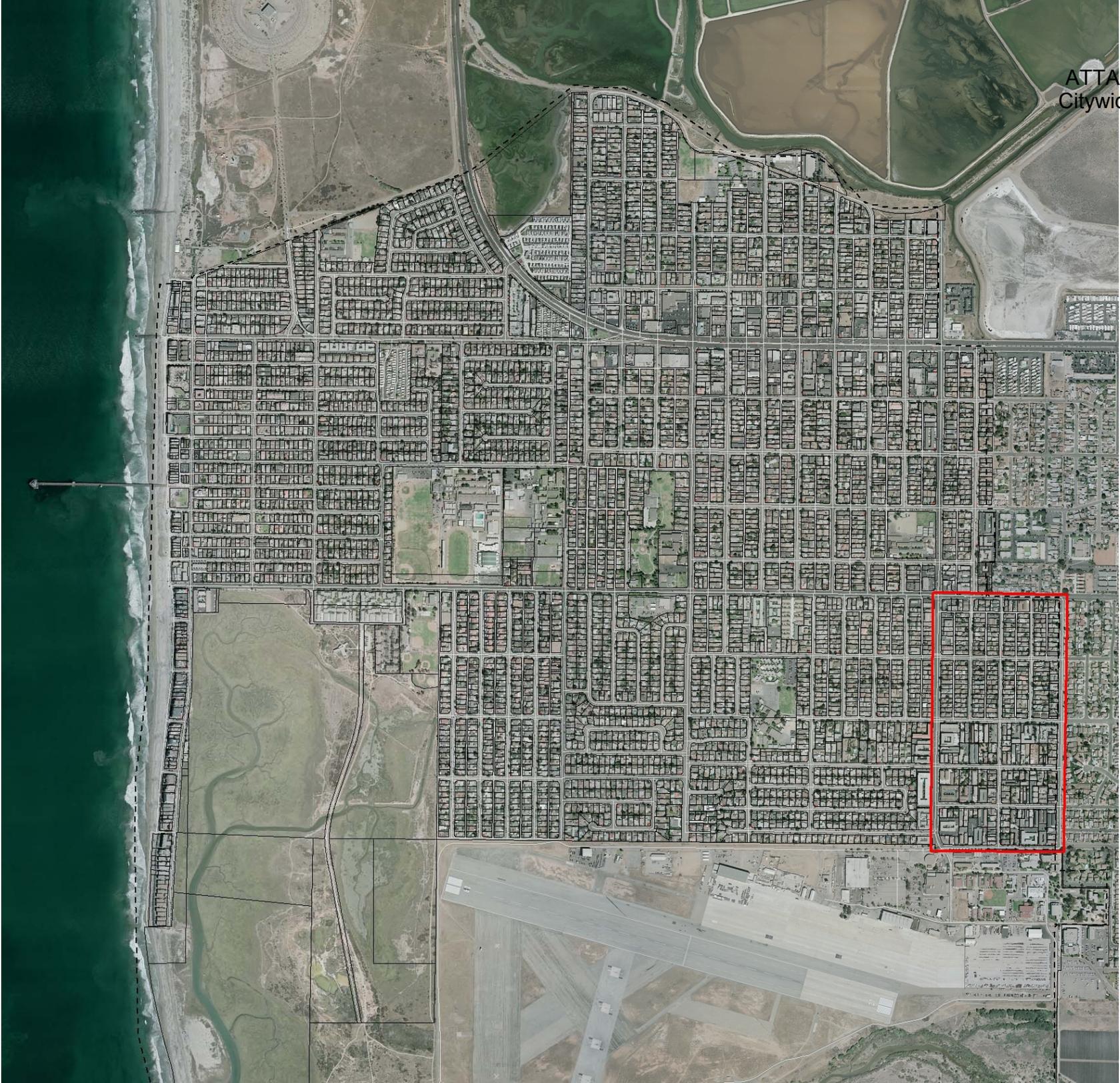
CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary Brown, City Manager

Attachments: Arial Map of East Oneonta Neighborhood & City wide overview.





**STAFF REPORT
CITY OF IMPERIAL BEACH**

TO: HONORABLE MAYOR AND CITY COUNCIL/CHAIR AND MEMBERS OF THE REDEVELOPMENT AGENCY

FROM: GARY BROWN, CITY MANAGER/EXECUTIVE DIRECTOR

MEETING DATE: AUGUST 18, 2010 – TIME SPECIFIC FOR 7:00 PM

ORIGINATING DEPT.: COMMUNITY DEVELOPMENT DEPARTMENT
GREG WADE, DIRECTOR *GW*

SUBJECT: COMMERCIAL ZONING REVIEW – ADDITIONAL PROTOTYPE AND COMMERCIAL ZONING RECOMMENDATIONS DOCUMENT

BACKGROUND:

On Wednesday, December 16, 2009, the City Council continued its focus discussions on Maximum Residential Densities, Setbacks and step-backs, Floor Area Ratios (FARs), and Performance-based incentives. Staff and a member of the consultant team presented an overview of these items and responded to questions and comments from the City Council. During this discussion, questions were asked and comments were made regarding the proposed recommendations, including those pertaining to maximum residential densities, floor area ratio (FAR), and the amount of commercial square footage generated with the proposed recommendations as compared to the existing zoning. The City Council elected to continue this focus discussion and provide more formal recommendations at their meeting on January 20, 2010. This item was then continued to February 17, 2010.

At the meeting on February 17, 2010, staff provided another overview of the recommendations for which specific recommendations are needed. The recommendations were also presented in a matrix to clearly list the proposed recommendations as well as the direction given by the City Council for each. The City Council then continued its discussion of maximum residential densities, setbacks and stepbacks, floor area ratios and performance-based incentives. During this meeting, the City Council appeared to reach some consensus on allowing a slight increase in density to thirty-six (36) dwelling units per acre in both the C/MU-2 and C/MU-3 zones through meeting identified incentive criteria. The City Council also supported the same height increases in the C/MU-3 zone (i.e., to 35 feet through incentives). There was also specific discussion regarding setbacks and stepbacks. Given the complexity of the issues discussed, there was insufficient time to cover all topics. The City Council, therefore, requested that staff return on March 3, 2010, to continue its focused discussion on these topics.

At their meeting on March 3, 2010, the City Council continued this focus discussion. The discussion at this meeting focused on building setbacks, primarily those in the C-2 (proposed C/MU-2) Zone. The concerns expressed by Council Members centered on new, multi-story mixed-use and commercial development adjacent to existing residential and residentially-zoned property. Although, currently no setbacks are required in the C-2 Zone, several Council Members expressed support for required upper-level setbacks (above the first floor) for property adjacent to residentially-zoned property to implement existing General Plan policies. The City

Council directed staff to return to the City Council on March 17, 2010, to continue the focus discussions on the remaining Commercial Zoning Review recommendations.

On March 17, 2010, there was little discussion on setbacks and stepbacks as it was suggested that additional visual simulations or prototypes be developed to assist in this discussion. As such, much of the discussion on March 17, 2010 focused on incentives for achieving additional building height and density. After this and subsequent discussion, it was the consensus of the City Council that a list or "menu" of potential incentives be provided within the zoning code from which developers could select to incorporate into their projects to be considered for additional building height and/or residential density.

At their meeting on April 21, 2010, the City Council/Redevelopment Agency authorized a third contract amendment with EDAW/AECOM in the amount of \$23,000 to illustrate proposed development regulations, including proposed setbacks and stepbacks.

At their Special Meeting on July 13, 2010, the City Council conducted a focused discussion on key design guidelines, outstanding recommendations in the matrix and the next steps in the review of the Commercial Zoning Review recommendations, including the community outreach element. Staff reported that the immediate next step would be a presentation of the new development prototypes to illustrate potential design elements of the proposed development regulations as compared to the existing regulations along with a continued discussion on recommended building setbacks and stepbacks particularly for multi-story mixed-use and commercial development adjacent to existing residential and residentially-zoned property.

On July 21, 2010, the City Council received a presentation of the newly-developed prototypes from staff and the City's consultant. Due to time constraints, however, there was insufficient time to review and discuss building setbacks and stepbacks and to receive substantive comments from all Council Members on all of the prototypes. As such, staff returned to the City Council on Wednesday, August 4, 2010, to continue the presentation and discussion of the prototypes and building setbacks and stepbacks.

DISCUSSION:

On Wednesday, August 4, 2010, the City Council continued its focus discussion on the prototypes and building setbacks and stepbacks. The discussion focused primarily on building stepbacks and setbacks of properties abutting residential and residentially-zoned properties in the C/MU-2 Zone, particularly the Old Palm area. During this discussion, some Council Members supported a ground-floor rear yard setback to allow for greater separation between proposed commercial/mixed-use projects and existing residential use. While no formal recommendation was provided by the City Council, staff suggested that an approach could be to provide some options to the community during the outreach effort for proposed setbacks and stepbacks. Staff also suggested that the additional prototype might be developed for a small lot property on the north side of Old Palm to study the impact of a required ground-floor rear yard setback on development feasibility, particularly given that no setback is required today.

Staff has requested that the consultant team develop one more prototype as discussed above. Staff intends to present that to the City Council at its meeting on August 18, 2010. Staff also expects to present a draft of the document being prepared that outlines the recommendations of the Commercial Zoning Review. Because of the tight time-frame in preparing this information, copies of the prototype and the Recommendations document are not attached to this staff report. If at all possible, they will be provided to the City Council ahead of the August 18th meeting.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

This discussion of the recommended zoning amendments is not, in itself, subject to CEQA.

FISCAL IMPACT:

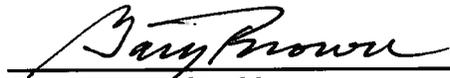
None with this item.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council review the materials presented by staff, provide direction and input on the final development prototype and proposed and recommended building setbacks and stepbacks and the Commercial Zoning Review Recommendations document.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.



Gary Brown, City Manager