A G E N D A

CITY OF IMPERIAL BEACH
CITY COUNCIL
PLANNING COMMISSION
PUBLIC FINANCING AUTHORITY
HOUSING AUTHORITY
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

SEPTEMBER 4, 2013

Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

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

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

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

ROLL CALL BY CITY CLERK

CLOSED SESSION

1. **CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
   Initiation of Litigation pursuant to Govt. Code section 54956.9(d)(4) (1 case)
   RECONVENE AND ANNOUNCE ACTION (IF APPROPRIATE)

ADJOURN CLOSED SESSION

REGULAR MEETING CALL TO ORDER

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.*

Any writings or documents provided to a majority of the City Council/Planning Commission/Public Financing Authority/Housing Authority/I.B. Redevelopment Agency Successor Agency 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.

PRESENTATIONS (1.1-1.3)

1.1* DEBUT OF NEW SAN DIEGO COUNTY LIBRARY BOOKMARKS FEATURING IMPERIAL BEACH LIFEGUARDS. (0150-20)

1.2* PRESENTATION ON SOUTH COUNTY ECONOMIC VISIONING PROJECT BY CINDY GOMPPER GRAVES, EXECUTIVE DIRECTOR. (0140-45)

1.3* PRESENTATION ON SERIES 13 REGIONAL GROWTH FORECAST: DRAFT SUBREGIONAL FORECAST BY KIRBY BRADY, RESEARCH ANALYST, SANDAG. (0140-40)

* No staff report.

CONSENT CALENDAR (2.1-2.6) - *All matters listed under Consent Calendar are considered to be routine and will be enacted by one motion. There will be no separate discussion of these items, unless a Councilmember/Boardmember 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.*

A. CITY COUNCIL CONSENT CALENDAR:

2.1 MINUTES.
City Manager's Recommendation: Approve the minutes of the Regular City Council Meeting of August 21, 2013.

2.2 RATIFICATION OF WARRANT REGISTER. (0300-25)
City Manager's Recommendation: Ratify the following registers: Accounts Payable Numbers 82954 through 83071 for a subtotal amount of $784,482.24 and Payroll Checks/Direct Deposit 45424 through 45450 for a subtotal of $145,342.93 for a total amount of $929,825.17.

2.3 ADOPTION OF RESOLUTION NO. 2013-7381 APPROVING AN AGREEMENT WITH UTILITY COST MANAGEMENT TO COMPLETE A REVIEW OF THE CITY'S UTILITY BILLS. (0375-90)
City Manager's Recommendation: Adopt resolution.

2.4 RESOLUTION NO. 2013-7380 APPROVING A TWO YEAR AGREEMENT WITH LANCE, SOLL & LUNGHARD TO PERFORM THE CITY'S FINANCIAL AUDIT. (0310-95)
City Manager's Recommendation: Adopt resolution.

2.5 RESOLUTION NO. 2013-7379 ACCEPTING THE DEPARTMENT OF HOMELAND SECURITY PROGRAM FY 2011 PORT SECURITY GRANT PROGRAM AWARD OF $125,000 AND AUTHORIZING THE INSTALLATION OF A COASTAL SURVEILLANCE CAMERA SYSTEM. (0220-20 & 0390-88)
City Manager's Recommendation: Adopt resolution.

B. I.B. REDEVELOPMENT AGENCY SUCCESSOR AGENCY CONSENT CALENDAR:

2.6 ADOPTION OF RESOLUTION NO. SA-13-28 OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE AN AGREEMENT WITH LANCE, SOLL & LUNGHARD FOR AUDIT SERVICES. (0310-95)
City Manager/Executive Director's Recommendation: Adopt resolution.

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

None.

ORDINANCES – SECOND READING/ADOPTION (4)

None.

PUBLIC HEARINGS (5.1)

5.1 RESOLUTION NO. 2013-7383 AMENDMENT TO THE CIRCULATION ELEMENT OF THE GENERAL PLAN/LOCAL COASTAL PLAN (LCPA/GPA 130032) TO ACCOMMODATE BIKE LANES ON 13TH STREET. MF 1120. (0620-20 & 0720-55)

City Manager's Recommendation:

1. Open the public hearing and entertain testimony;
2. Close the public hearing; and
3. Adopt Resolution No. 2013-7383 approving an amendment to the City's Circulation Element of the General Plan/Local Coastal Program (GPA/ LCPA 130032) that redesignates 13th Street from a 4-lane collector to a 3-lane collector and which makes the necessary findings in compliance with local and state requirements.

REPORTS (6.1-6.5)

6.1 DISCUSSION ON WATER REUSE AS A STRATEGY TO SECURE SECONDARY EQUIVALENCY AT POINT LOMA WASTEWATER TREATMENT PLANT. (0620-75)

City Manager's Recommendation:

1. Receive presentation from Scott Tulloch;
2. Discuss Council's position on recycled water;
3. Discuss Council's position for supporting a secondary equivalency standard for the PLWTP;
4. Support or recommend changes to the proposed Metro JPA resolution of support;
5. Direct staff to add an additional whereas to the resolution that expresses the City's opposition to any increasing flow of secondary treated effluent out of the South Bay Ocean Outfall as a result of this plan; and
6. Direct staff to return at the next Council meeting with a supporting resolution for the Metro JPA.

6.2 CONSIDERATION OF AND AUTHORIZATION TO ISSUE A REQUEST FOR QUALIFICATIONS AND PROPOSALS FOR SPECIALIZED SERVICES TO OPERATE AND MANAGE THE IMPERIAL BEACH SPORTS PARK. (0920-40)

City Manager's Recommendation:

1. Receive report and provide comments, input and direction on the Draft RFQ/P and
2. Unless major changes are requested, direct staff to incorporate the changes recommended by City Council and issue the RFQ/P.

6.3 NO ITEM.

6.4 ADOPT RESOLUTION NO. 2013-7384 APPROVING AND ADOPTING A LETTER OF INTENT TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE IMPERIAL BEACH FIREFIGHTERS' ASSOCIATION LOCAL 4692. (0540-20)

City Manager's Recommendation: Adopt resolution.

6.5 RESOLUTION NO. 2013-7386 APPROVING AMENDMENT NO. 9 TO THE 2012 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM REVISING FUNDING PROJECTIONS AND AUTHORIZING CARRY OVER TO FY 2014 FUNDING TO WIT: TRANSNET LOCAL STREET IMPROVEMENT PROGRAM OF PROJECTS FOR FISCAL YEARS 2013 THROUGH 2017. (0680-80)

City Manager's Recommendation:

1. Receive this report and
2. Adopt Resolution 2013-7386 authorizing staff to draw down carryover funds and to reprogram the $18,000 of revenue projection reduction.

I.B. REDEVELOPMENT AGENCY SUCCESSOR AGENCY REPORTS (7.1)

7.1 ADOPTION OF CITY COUNCIL RESOLUTION NO. 2013-7382 APPROVING THE ISSUANCE BY THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF TAX ALLOCATION REFUNDING BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT; ADOPTION OF RESOLUTION NO. FA-13-04 APPROVING REFUNDING INSTRUCTIONS IN CONNECTION WITH TAX ALLOCATION REFUNDING BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF DOCUMENTS RELATED THERETO; AND ADOPTION OF SA-13-27 AUTHORIZING THE ISSUANCE OF AND OTHER ACTIONS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS, SERIES 2013. (0340-90 & 0410-05)

City Manager/Executive Director's Recommendation:

1. That the City Council adopt Resolution No. 2013-7382 approving the issuance by the Imperial Beach Redevelopment Agency Successor Agency Tax Allocation Refunding Bonds relating to the Palm Avenue/Commercial Redevelopment Project;
2. That the Financing Authority adopt Resolution No. FA-13-04 Approving Refunding Instructions in connection with Tax Allocation Bonds Relating to the Palm Avenue/Commercial Redevelopment Project and authorizing official actions and execution of documents related thereto; and
3. That the Successor Agency adopt Resolution No. SA-13-27 authorizing the issuance and prescribing the terms, conditions and form of the Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013; approving the form of and authorizing the execution and delivery of a First Supplemental Indenture of Trust and a Bond Purchase Agreement; approving the form of and authorizing the distribution of a Preliminary Official Statement and authorizing execution and delivery of an Official Statement; approving the retention of an underwriter; authorizing payment of costs of issuance; and authorizing and approving necessary actions in connection therewith.

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.ImperialBeachCA.gov.

/s/
Jacqueline M. Hald, MMC
City Clerk

SANDAG

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July 19, 2013

File Number 3100900

TO: San Diego Association of Governments Board of Directors

FROM: Kurt Kroninger, Director of Technical Services

SUBJECT: Series 13 Regional Growth Forecast: Draft Subregional Forecast

The Series 13 Regional Growth Forecast will serve as the foundation for San Diego Forward: The Regional Plan and other planning documents across the region. In March, the San Diego Association of Governments (SANDAG) Board of Directors received an overview of the regional demographic, economic, and housing trends expected over the next four decades.

The region-wide forecast establishes the framework for the next step, the subregional forecast. At the July 11, 2013, meeting of the Regional Planning Technical Working Group, the SANDAG Board of Directors planning directors received the attached report on the draft subregional forecast. The subregional forecast is scheduled to be presented at the September 13, 2013, SANDAG Board of Director's Policy meeting. In the interim, SANDAG staff will be reaching out to each jurisdiction offering presentations to City Councils, Boards of Supervisors, and committees/commissions.

If you have any questions about the Growth Forecast or would like to schedule a presentation, please contact Kirby Brady, (619) 699-6924, kirby.brady@sandag.org.

KKR/bga

Enclosures:
1. Series 13 Regional Growth Forecast: Draft Subregional Forecast
2. Series 13 Subregional Growth Forecast

cc: City Managers
County Administrative Officer

MEMBER AGENCIES
Cities of
Carlsbad
Chula Vista
Coronado
Del Mar
El Cajon
Encinitas
Escondido
Imperial Beach
La Mesa
Lemon Grove
National City
Oceanside
Poway
San Diego
San Marcos
Santee
Solana Beach
Vista
and
County of San Diego

ADVISORY MEMBERS
Imperial County
California Department of Transportation
Metropolitan Transit System
North County Transit District
United States Department of Defense
San Diego Unified Port District
San Diego County Water Authority
Southern California Tribal Chairmen's Association
Mexico

San Diego Association of Governments

REGIONAL PLANNING TECHNICAL WORKING GROUP

July 11, 2013

AGENDA ITEM NO.: **9**

Action Requested: DISCUSSION

SERIES 13 REGIONAL GROWTH FORECAST: DRAFT SUBREGIONAL FORECAST File Number 3100900

Introduction

During the past 12 months, SANDAG staff and representatives and elected officials from each of the San Diego region's nineteen jurisdictions have worked together to develop a long-range growth forecast for the San Diego region and its neighborhoods. The Series 13 Regional Growth Forecast[1] will serve as the foundation for San Diego Forward: The Regional Plan including the alternative land use and transportation scenarios and other planning documents (e.g., water, general plans) across the region. The preliminary results of that effort are described in detail below.

Overview of Forecasted Regional Growth

SANDAG projects the region's population will grow by nearly one million people by 2050. This forecast is consistent with previous expectations although future growth rates have been reduced due to increased domestic migration out of the region. The growth in population will drive job growth and housing demand within the region – adding nearly 500,000 jobs and more than 330,000 housing units by 2050.

Table 1: Series 13 San Diego Regional Growth Forecast

	Population		Housing Units		Jobs	
	Total	Percent Average Annual Change	Total	Percent Average Annual Change	Total	Percent Average Annual Change
2010[2]	3,095,313	-	1,158,076	-	1,421,941	-
2012	3,143,429	0.8%	1,165,818	0.3%	1,450,913	1.0%
2020	3,435,713	1.1%	1,249,654	0.9%	1,624,124	1.4%
2035	3,853,698	0.8%	1,394,688	0.7%	1,769,938	0.6%
2050	4,068,759	0.4%	1,491,804	0.4%	1,911,405	0.5%
2010-2050	*973,446*	*0.7%*	*333,728*	*0.6%*	*489,464*	*0.7%*

[1] SANDAG denotes forecasts by a sequential series number. The current working forecast is known as the Series 13: 2050 Regional Growth Forecast. The forecast used in the 2050 Regional Transportation Plan and Sustainable Communities Strategy (RTP/SCS) adopted by the Board of Directors in October 2011 was the Series 12: 2050 Regional Growth Forecast.

[2] Data from 2010 are included as reference to the U.S. Census for population. 2010 Housing and Jobs are sourced from the SANDAG land inventory system and California Employment Development Department. San Diego Forward: The Regional Plan will use 2012 as its reference year.

Much of the region's growth will be driven by natural increase, total births minus deaths. Longer life expectancies will contribute to the aging population seen in the outer years of the forecast, while the trends of increased deaths (as a result of the older population) and net out-migration will factor into the slower growth rates anticipated in the future. By 2050 it is expected that nearly 20 percent of the population will be ages 65 and over, compared with just 12 percent today.

In terms of the race and ethnic composition of the region, significant changes are on the horizon. The 2010 census revealed San Diego to now be a majority-minority region - meaning no single race or ethnic group comprises more than 50 percent of the total population. In 2010 the two dominant race and ethnic groups were non-Hispanic whites and Hispanics, accounting for 48 percent and 32 percent of the region's total population, respectively. By 2050, however, it is expected that Hispanics will account for over 46 percent of the total population while the non-Hispanic White population will decline to approximately 30 percent. The Asian population is expected to increase to 15 percent; up from 11 percent in 2010. Non-Hispanic blacks, two or more races, and "other" groups each comprise less than 5 percent of the total population today and are expected to remain relatively unchanged out to 2050.

Changing Local Plans

This forecast represents a continuing trend in the San Diego region to provide more housing and job opportunities in the existing urbanized areas of the region. Since 1999, more than three quarters of the 19 jurisdictions have made or are in the process of making significant updates to their general plans. In 1999, SANDAG projected 21 percent of future housing growth would occur in the unincorporated areas of the county under the local general plans at the time. Today, SANDAG expects 17 percent of growth to occur in the unincorporated areas and much of that is focused in existing villages such as Lakeside, Valley Center, Ramona, and Alpine. As a result of these updates, SANDAG has identified sufficient housing opportunities in the existing general plans for the first time in nearly two decades.

The forecasted growth also reflects more sustainable general plans from the local jurisdictions. At the turn of the century, about 90 percent of vacant residential land in the cities was planned for single family use. The Series 13 Forecast shows 84 percent of housing growth by 2050 being multifamily. Local and regional conservation programs also continue to protect more of San Diego's sensitive lands. Currently, over 50 percent of the region is preserved as open space, parks, or habitat, and SANDAG forecasts that an additional 20,000 acres will be preserved by 2050.

General Intensification of Existing Uses

As a result of changing local plans, SANDAG forecasts a general intensification of existing land uses within urban communities and along key transportation corridors. For example, National City's general plan update results in opportunities for over 10,000 additional multifamily units near the Blue Line Trolley and planned trolley connecting San Ysidro and UTC via National City. San Marcos has drafted Specific Plans for the San Marcos Creek and University districts adding mixed use developments near Cal State-San Marcos and the SPRINTER Rail Corridor. Finally, over half of the growth in new housing will occur in the city of San Diego. Downtown will continue to thrive over the next few decades and the growth will start to spill over into areas of Barrio Logan, Golden Hill, and Uptown communities.

In terms of jobs, SANDAG expects the existing employment centers to continue to thrive. The University Towne Centre (UTC) / Sorrento Valley / Torrey Mesa employment cluster will continue to be the largest job center in the region. SANDAG expects downtown to add another 30,000 jobs by 2050. The Otay Mesa border area will become a much larger job center growing from just over 15,000 jobs today to over 45,000 by 2050. Finally, Chula Vista will add nearly 50,000 new jobs as the Chula Vista Bayfront, downtown investments, and new planned communities in eastern Chula Vista come online.

More detailed results of this growth forecast are shown by jurisdiction in Attachment 1.

SANDAG Forecasting Process

The SANDAG forecast is completed in two steps. The first is the development of a regional forecast of population, housing and jobs. The regional forecast establishes the framework for the next step, the subregional forecast. The regional forecast is developed by SANDAG with input from expert demographers, economists, developers, local planning directors, and natural resource managers. These experts review economic and demographic assumptions about fertility, migration, inflation, and other indicators. In addition to the traditional expert panel review SANDAG conducts, SANDAG also has reviewed the forecast with key stakeholders across the region including transportation, land use, and economic development advocates.

SANDAG uses its Demographic and Economic Forecasting Model (DEFM) to develop the regional forecast. DEFM was first developed to support the Series 4 forecast in the late 1970s. DEFM uses a standard demographic (i.e., cohort-survival) economic modeling technique to estimate future growth. Forecasts developed using DEFM have had strong accuracy; since Series 4 (1977), on average DEFM regional forecasts have been within 4 percent of observed population growth.

The DEFM results feed the subregional allocation models to develop city and community level forecasts. The Series 13 subregional forecast employs a new tool called the Production, Exchange, Consumption, and Allocation System (PECAS). This new model offers several enhancements beyond the subregional forecasting models used in prior forecasts by introducing economic conditions and return on investment calculations into the projections of development, redevelopment, and infill. PECAS, in addition to new data sources, continues to rely upon the land use plans, policies, and zoning ordinances of the 18 cities, the County of San Diego, and other land use authorities.

For the development of the subregional forecast, SANDAG staff works extensively with each jurisdiction to collect and verify detailed land use inputs down to the parcel level. The data collected includes information on remaining housing capacity, zoning, existing and planned land use, as well as constraints to development (steep slopes, habitat lands, floodplains, etc).

In addition to providing land use information, each jurisdiction is asked to provide guidance on the most likely development patterns for their jurisdiction by 2050.

A preliminary draft of the subregional forecast was presented to the Technical Working Group on June 13, 2013. SANDAG staff consulted with each jurisdiction to review these numbers and incorporate any necessary changes to the revised draft subregional forecast

Next Steps

The Regional Planning Technical Working Group is asked to review and provide feedback on the subregional forecast in advance of the Board of Directors meeting on July 26, 2013.

Attachment: 1. Subregional Tables

Key Staff Contact: Kirby Brady, (619) 699-6924, Kirby.Brady@sandag.org

Draft Series 13 Subregional Growth Forecast

Disclaimer: This forecast represents one possibility for future growth in the San Diego region. It is intended to represent a likely prediction of future growth, but it is not intended to be a prescription for growth. The Series 13 Regional Growth Forecast represents a combination of economic and demographic projections and existing plans and policies.

POPULATION

	Actual	Projections			Numeric Change by Increment			Change 2010 - 2050		
	2010	2020	2035	2050	2010-2020	2020-35	2035-50	Total	Percent	Avg Ann
Carlsbad	105,185	118,241	123,634	123,942	13,056	5,393	308	18,757	17.8%	0.4%
Chula Vista	243,916	286,744	320,297	343,752	42,828	33,553	23,455	99,836	40.9%	0.9%
Coronado	24,697	23,633	24,145	24,286	(1,064)	512	141	(411)	-1.7%	0.0%
Del Mar	4,161	4,412	4,668	4,784	251	256	116	623	15.0%	0.3%
El Cajon	99,478	102,745	109,222	115,419	3,267	6,477	6,197	15,941	16.0%	0.4%
Encinitas	59,518	62,829	64,718	66,178	3,311	1,889	1,460	6,660	11.2%	0.3%
Escondido	143,951	165,051	172,890	173,253	21,100	7,839	363	29,302	20.4%	0.5%
Imperial Beach	26,324	27,510	30,354	31,579	1,186	2,844	1,225	5,255	20.0%	0.5%
La Mesa	57,065	61,092	70,151	77,411	4,027	9,059	7,260	20,346	35.7%	0.8%
Lemon Grove	25,320	26,821	28,774	30,796	1,501	1,953	2,022	5,476	21.6%	0.5%
National City	58,582	62,265	74,343	85,424	3,683	12,078	11,081	26,842	45.8%	0.9%
Oceanside	167,344	177,929	188,865	190,129	10,585	10,936	1,264	22,785	13.6%	0.3%
Poway	47,811	50,010	52,670	52,860	2,199	2,660	190	5,049	10.6%	0.3%
San Diego	1,301,617	1,454,150	1,664,684	1,766,700	152,533	210,534	102,016	465,083	35.7%	0.8%
San Marcos	83,781	98,940	108,470	112,323	15,159	9,530	3,853	28,542	34.1%	0.7%
Santee	53,413	59,488	63,518	66,279	6,075	4,030	2,761	12,866	24.1%	0.5%
Solana Beach	12,867	13,409	14,311	14,941	542	902	630	2,074	16.1%	0.4%
Vista	93,719	96,973	112,175	126,508	3,254	15,202	14,333	32,789	35.0%	0.8%
Unincorporated	486,564	543,471	625,809	662,195	56,907	82,338	36,386	175,631	36.1%	0.8%
Region Total	3,095,313	3,435,713	3,853,698	4,068,759	340,400	417,985	215,061	973,446	31.4%	0.7%

HOUSING

	Actual	Projections			Numeric Change by Increment			Change 2010 - 2050		
	2010	2020	2035	2050	2010-2020	2020-35	2035-50	Total	Percent	Avg Ann
Carlsbad	44,422	48,390	49,978	50,212	3,968	1,588	234	5,790	13.0%	0.3%
Chula Vista	78,384	89,063	98,924	107,471	10,679	9,861	8,547	29,087	37.1%	0.8%
Coronado	9,581	9,667	9,702	9,799	86	35	97	218	2.3%	0.1%
Del Mar	2,606	2,639	2,650	2,667	33	11	17	61	2.3%	0.1%
El Cajon	35,884	36,180	38,126	40,766	296	1,946	2,640	4,882	13.6%	0.3%
Encinitas	25,481	26,131	26,633	27,667	650	502	1,034	2,186	8.6%	0.2%
Escondido	47,971	53,563	55,512	55,827	5,592	1,949	315	7,856	16.4%	0.4%
Imperial Beach	9,860	10,014	10,928	11,520	154	914	592	1,660	16.8%	0.4%
La Mesa	25,954	26,463	30,036	33,374	509	3,573	3,338	7,420	28.6%	0.6%
Lemon Grove	8,840	9,100	9,685	10,517	260	585	832	1,677	19.0%	0.4%
National City	16,200	17,423	21,090	24,812	1,223	3,667	3,722	8,612	53.2%	1.1%
Oceanside	65,014	67,965	70,812	71,248	2,951	2,847	436	6,234	9.6%	0.2%
Poway	16,476	16,853	17,602	17,800	377	749	198	1,324	8.0%	0.2%
San Diego	515,426	559,197	640,194	691,629	43,771	80,997	51,435	176,203	34.2%	0.7%
San Marcos	28,174	32,622	35,596	37,118	4,448	2,974	1,522	8,944	31.7%	0.7%
Santee	19,900	21,489	22,687	23,903	1,589	1,198	1,216	4,003	20.1%	0.5%
Solana Beach	6,521	6,583	6,870	7,118	62	287	248	597	9.2%	0.2%
Vista	30,875	31,015	35,369	40,201	140	4,354	4,832	9,326	30.2%	0.7%
Unincorporated	170,507	185,297	212,294	228,155	14,790	26,997	15,861	57,648	33.8%	0.7%
Region Total	1,158,076	1,249,654	1,394,688	1,491,804	91,578	145,034	97,116	333,728	28.8%	0.6%

JOBS

	Actual	Projections			Numeric Change by Increment			Change 2010 - 2050		
	2010	2020	2035	2050	2010-2020	2020-35	2035-50	Total	Percent	Avg Ann
Carlsbad	64,956	77,431	83,938	85,718	12,475	6,507	1,780	20,762	32.0%	0.7%
Chula Vista	64,035	82,966	100,096	114,435	18,931	17,130	14,339	50,400	78.7%	1.5%
Coronado	28,535	29,116	29,247	29,273	581	131	26	738	2.6%	0.1%
Del Mar	4,431	4,542	4,691	4,725	111	149	34	294	6.6%	0.2%
El Cajon	37,626	41,412	45,146	49,780	3,786	3,734	4,634	12,154	32.3%	0.7%
Encinitas	25,643	27,276	28,364	29,542	1,633	1,088	1,178	3,899	15.2%	0.4%
Escondido	47,869	53,495	57,479	59,061	5,626	3,984	1,582	11,192	23.4%	0.5%
Imperial Beach	3,592	4,556	4,805	4,830	964	249	25	1,238	34.5%	0.7%
La Mesa	24,729	28,677	33,847	36,527	3,948	5,170	2,680	11,798	47.7%	1.0%
Lemon Grove	6,639	7,320	7,987	8,653	681	667	666	2,014	30.3%	0.7%
National City	26,826	30,293	32,660	39,785	3,467	2,367	7,125	12,959	48.3%	1.0%
Oceanside	41,142	48,208	52,927	54,091	7,066	4,719	1,164	12,949	31.5%	0.7%
Poway	30,235	34,012	35,809	37,199	3,777	1,797	1,390	6,964	23.0%	0.5%
San Diego	764,671	867,567	934,806	1,009,177	102,896	67,239	74,371	244,506	32.0%	0.7%
San Marcos	36,857	45,793	55,207	64,282	8,936	9,414	9,075	27,425	74.4%	1.4%
Santee	14,229	16,501	18,212	18,565	2,272	1,711	353	4,336	30.5%	0.7%
Solana Beach	7,417	8,156	8,509	8,802	739	353	293	1,385	18.7%	0.4%
Vista	35,124	40,971	48,007	48,812	5,847	7,036	805	13,688	39.0%	0.8%
Unincorporated	157,385	175,832	188,201	208,148	18,447	12,369	19,947	50,763	32.3%	0.7%
Region Total	1,421,941	1,624,124	1,769,938	1,911,405	202,183	145,814	141,467	489,464	34.4%	0.7%

DRAFT

Item No. 2.1

MINUTES

CITY OF IMPERIAL BEACH
CITY COUNCIL
PLANNING COMMISSION
PUBLIC FINANCING AUTHORITY
HOUSING AUTHORITY
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

AUGUST 21, 2013

Council Chambers
825 Imperial Beach Boulevard
Imperial Beach, CA 91932

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

CLOSED SESSION CALL TO ORDER BY MAYOR
MAYOR JANNEY called the Meeting to order at 5:00 p.m.

ROLL CALL BY CITY CLERK

Councilmembers present:	Patton, Bilbray, Spriggs
Councilmembers absent:	None
Mayor present:	Janney
Mayor Pro Tem present:	Bragg
Staff present:	City Manager Hall, City Attorney Lyon, City Clerk Hald

CLOSED SESSION
MOTION BY BILBRAY, SECOND BY SPRIGGS, TO ADJOURN TO CLOSED SESSION UNDER:

1. CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to Government Code Section 54956.9(d)(2) (1 case)
Facts and Circumstances pursuant to Government Code Section 54956.9(e)(1)

MOTION CARRIED UNANIMOUSLY.

MAYOR JANNEY recessed the meeting to Closed Session at 5:01 p.m. and he reconvened the meeting to Open Session at 6:00 p.m.

Reporting out of Closed Session, CITY ATTORNEY LYON announced City Council discussed Item No. 1, City Council gave direction and no reportable action was taken.

ADJOURN CLOSED SESSION
The Closed Session Meeting was adjourned at 6:01 p.m.

REGULAR MEETING CALL TO ORDER
MAYOR JANNEY called the Regular Meeting to order at 6:02 p.m.

ROLL CALL BY CITY CLERK

Councilmembers present:	Patton, Bilbray, Spriggs
Councilmembers absent:	None
Mayor present:	Janney
Mayor Pro Tem present:	Bragg
Staff present:	City Manager Hall, City Attorney Lyon, Assistant City Manager Wade, Public Safety Director Clark, Public Works Director Levien, City Clerk Hald

PLEDGE OF ALLEGIANCE
MAYOR JANNEY led everyone in the Pledge of Allegiance.

AGENDA CHANGES
ASSISTANT CITY MANAGER WADE announced City Staff is recommending continuance of Item No. 6.2 to the City Council meeting of September 4, 2013. He advised City Council that the draft request for proposals is being revised based on recommendations from the meetings with the Sports Park Ad Hoc Committee and the Sports Park Task Force.

MAYOR/COUNCIL REIMBURSEMENT DISCLOSURE/COMMUNITY ANNOUNCEMENTS/ REPORTS ON ASSIGNMENTS AND COMMITTEES
MAYOR PRO TEM BRAGG welcomed Andy Hall, Imperial Beach's new City Manager.

MAYOR JANNEY announced he and Councilmember Patton attended the City of Imperial Beach Employee Appreciation Party. He thanked Erika Cortez for arranging a successful event and recognized the City employees for their service to Imperial Beach.

COMMUNICATIONS FROM CITY STAFF
PUBLIC SAFETY DIRECTOR CLARK introduced Mark Ryan, the new lieutenant at the San Diego County Sheriff's Imperial Beach Patrol Station.

LT. RYAN introduced himself to the City Council and spoke briefly about his background.

PUBLIC SAFETY DIRECTOR CLARK announced September is National Preparedness Month and spoke about the importance of taking steps to prepare for emergencies. He also announced October is National Fire Prevention Month and a Fire Department Open House is scheduled for October 5, 2013.

PUBLIC COMMENT
MARCUS BOYD encouraged people to watch a CNN documentary on medical marijuana by Dr. Sanjay Gupta, detailing Dr. Gupta's shift in position on the medical marijuana issue. He spoke in support for citywide regulations that provides for safe, local and reliable access in Imperial Beach.

PRESENTATIONS (1)
None.

CONSENT CALENDAR (2.1-2.4)
In response to Councilmember Spriggs' question regarding payments to SANDPIPA (San Diego Pooled Insurance Authority) totaling $145,000, ASSISTANT CITY MANAGER WADE explained the payments were for the annual insurance premiums for property and liability. He further stated that according to the Interim Administrative Services Director, the rates are low for a City our size due to the lack of claims made against the City.

MOTION BY PATTON, SECOND BY SPRIGGS, TO APPROVE CONSENT CALENDAR ITEM NOS. 2.1 THRU 2.4. MOTION CARRIED UNANIMOUSLY.

2.1 MINUTES.
Approved the minutes of the Regular City Council Meeting of August 7, 2013.

2.2 RATIFICATION OF WARRANT REGISTER. (0300-25)
Ratified the following registers: Accounts Payable Numbers 82888 through 82953 for a subtotal amount of $587,924.59 and Payroll Checks/Direct Deposit 45392 through 45423 for a subtotal of $157,193.19 for a total amount of $745,117.78.

2.3 RESOLUTION 2013-7374 IN SUPPORT OF HOUSE RESOLUTION 241 RECOGNIZING THE IMPORTANCE OF THE EFFORTS OF THE UNITED STATES INTERNATIONAL BOUNDARY WATER COMMISSION (USIBWC) AND ITS RECENT EFFORTS TO ADDRESS TRASH, SEDIMENT, AND WATER QUALITY ISSUES WITH THEIR MEXICAN COUNTERPARTS, COMISION INTERNACIONAL DE LIMITES Y AGUAS (CILA) THROUGH A PROPOSED MINUTE. (0230-70 & 0620-75)

1. Approved Resolution of support and
2. Directed the City Manager to send the Resolution of support to Congressman Juan Vargas in support of House Resolution 241.

2.4 ADOPTION OF RESOLUTION NUMBER 2013-7378 AUTHORIZING THE CITY MANAGER TO EXECUTE THE FIRST OF TWO EXTENSIONS OF THE MOU WITH THE SOUTH BAY UNION SCHOOL DISTRICT FOR SCHOOL RESOURCE OFFICER SERVICES IN THE ELEMENTARY SCHOOLS. (0260-45)
Adopted resolution.

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 ADOPTION OF RESOLUTION NO. 2013-7375 APPROVING THE CITY'S RESPONSE TO THE MAY 28, 2013 GRAND JURY REPORT ENTITLED "IMPERIAL BEACH FINANCES – A CITY UNDER STRESS". (0440-25)

CITY MANAGER HALL introduced the item.

ASSISTANT CITY MANAGER WADE reported on the item. He noted that City Staff agreed with the Grand Jury's primary finding that there was no fraud or wrongdoing detected and also agreed that the dissolution process has been difficult to navigate.

Councilmember Spriggs expressed appreciation for staff's detailed report which addresses every finding and recommendation in the Grand Jury report. In light of the allegations made against the City, he requested that the City's response to the Grand Jury report be entered into the record.

ASSISTANT CITY MANAGER WADE reviewed and displayed the Grand Jury's nine recommendations and the City's responses as detailed in the staff report and shown below:

1. The first recommendation (13-83) is that the City "update its timekeeping system and approval procedure to allow required segregation of labor costs to the Successor Agency."

This recommendation has been implemented. A new project code was created in February 2012 to segregate Successor Agency administrative costs, including labor, which was fully implemented after the enactment of AB 1484, which clarified the ROPS reporting requirements. Additionally, the Successor Agency has created other project-related codes to more accurately account for costs incurred by the Successor Agency.

2. The Grand Jury's second recommendation (13-84) is that the City "[i]mmediately implement accounting procedures that accurately segregate all costs types (notably labor and outsourced legal expenses) between the General Fund, Successor Agency and other City funds."

   This recommendation has been implemented. As noted above under the first recommendation, a number of project codes segregating Successor Agency costs have been created and utilized, before and after the Grand Jury audit. These include project codes segregating costs associated with litigation costs, property management, Pier South Hotel, Bikeway Village, and the 2003 Tax Allocation Bond refinancing, among others.

3. The Grand Jury's third recommendation (13-85) is that "by the end of Calendar Year (CY) 2013, institute a time study that should be performed on a periodic basis to allocate time spent on RDA activities."

   This recommendation will not be implemented. A time study is not warranted because Imperial Beach staff already record the actual hours spent on Successor Agency activity using specific project codes. Legal services are also recorded according to specific project codes and billed separately under specific project titles. The support documentation for the staff hours dedicated to Successor Agency activities has been reviewed and approved by DOF; therefore a time study is not needed and would constitute a waste of taxpayer resources.

4. The Grand Jury's fourth recommendation (13-86) is "by the end of CY 2013, improve the City accounting system for legal expenses."

   This recommendation has been implemented. The accounting for legal services has been reclassified to the Legal Services account from the Professional Services account, with journals created to correct previous entries. All legal services are coded to project sub-accounts for litigation and operations.

5. The Grand Jury's fifth recommendation (13-87) is "by the end of CY 2013, restate financial statements for FY 2010-2011."

   This recommendation will not be implemented. The basis for this recommendation is not clear, but if it is the issue of the $1.7 million transfer to the General Fund to fund Former RDA costs and expenses, that issue was resolved with the DOF approval of the transfer and finding that it was authorized. Both the City and Former RDA received an unqualified audit report for FY 2010-2011.

6. The Grand Jury's sixth recommendation (13-88) is, "by end of CY 2013, identify labor costs related to RDA activities for the period of February 1 through June 30, 2012 and make an adjusting journal entry to transfer this cost from the City's General Fund to the Successor Agency fund."

This recommendation will not be implemented. There were no RDA costs incurred during the stated period because the RDA was dissolved February 1, 2012. Additionally, the Dissolution Act allows for payment of labor costs related to Successor Agency activities. Adjustments are done only when the adjustment would change the balance sheet, however, this recommendation would have no net effect. Finally, it would be inappropriate to change the accounting for a period which has already been reviewed and approved by DOF.

7. The Grand Jury's seventh recommendation (13-89) is "develop a timekeeping system or work with the current vendor's system support to automate the timesheet approval process and to implement automated controls that prevent employees from adjusting time sheets after supervisor's approval."

   This recommendation has been implemented. The City's current electronic time keeping system is automated and protects against employee alteration of time sheets after submittal. The Administrative Services/Finance Department follows an additional control procedure by auditing the submitted approved timesheets against the timekeeping hours in the system.

8. The Grand Jury's eighth recommendation (13-90) is "begin immediately to increase the accuracy of their ROPS submission procedures to comply with DOF requirements."

   This recommendation has been implemented. The Successor Agency is constantly pursuing procedures to improve its accuracy and compliance with the Dissolution Act, reflected by the consistent approval rate by DOF of its enforceable obligations and RPTTF funding for all ROPS submittals to date.

9. The Grand Jury's final recommendation (13-91) is to "consider getting help from the State representatives or County resources in the ROPS submission and settlement process."

   This recommendation has been implemented. Imperial Beach has sought and received assistance from State representatives and County resources in the preparation and submission of its ROPS. However, it should be noted that the recommendation is unwarranted, because Successor Agency staff are highly skilled and experienced and have been successful in managing the redevelopment dissolution process and compliance with the Dissolution Act. This is reflected in the timely submittal of all ROPS and approval by DOF of most of the enforceable obligations; payment of all available RPTTF funds for Successor Agency enforceable obligations; issuance of the Finding of Completion; and consistent receipt of unqualified audit reports.

CITY ATTORNEY LYON clarified that the report was issued by the Civil Grand Jury, not the Criminal Grand Jury. The Civil Grand Jury has the authority to investigate procedures of local agencies. She noted that the 2012-2013 Civil Grand Jury issued fifteen reports containing policy recommendations to various local agencies and had the authority to do so pursuant to State law. Additionally, State law requires local agencies to respond and it dictates how local agencies are to respond. She further noted that State law does not require the City to adopt the policy recommendations but only to consider them and provide a response. The response letter presented to City Council embodies what is to be done under the law.

ASSISTANT CITY MANAGER WADE stated that a positive outcome of the report is having somebody else look at what was being done and having a conclusion that nothing was done

wrong. Additionally, implementing recommendations that can improve the system is a positive outcome of the report.

DANTE PAMINTUAN stated that he was embarrassed by the language contained in the response letter. He suggested that the City welcome the Grand Jury's recommendations and not be defensive.

MAYOR PRO TEM BRAGG thanked Assistant City Manager Wade for his thorough explanation of the City's response. She noted that the rules relating to the wind-down of redevelopment kept changing and it has been a complicated process. She thanked Assistant City Manager Wade, former City Manager Brown, City Attorney Lyon and special counsel for their efforts.

MAYOR JANNEY stated that the California State Department of Finance, being the highest authority in the dissolution process, approved everything the City reported to them. He recognized staff and outside counsel for successfully navigating through the dissolution process. He expressed disappointment that some of the information presented by the complainant and the Grand Jury were incorrect. He noted that multiple auditors have shown that we have been performing in accordance with the laws and he spoke in support for staff's recommendation.

COUNCILMEMBER BILBRAY questioned what the City can do to inform its citizens of the positive outcome.

CITY MANAGER HALL responded that all the information presented is available to the public. The challenge, however, is that this is a complicated matter with a voluminous amount of information that is hard to follow. He stressed the importance of following the process from beginning to end as one can get lost in the changes in legislation. Staff will prepare a timeframe showing how the process unfolded and how the City responded as the dissolution process happened. He noted that Imperial Beach is one of the first cities to complete the process.

COUNCILMEMBER SPRIGGS stated that the dissolution of redevelopment has created a tremendous amount of stress on every city in the state that had a redevelopment agency. The IB City Council has been as aggressive as any City Council can be in fighting to keep projects alive so they can be completed. He stressed that at every turn, the efforts of City Staff and City Council have been vindicated and stated that he is proud of the work that has been done. With regard to the response letter, he questioned the tone and the use of terminology.

CITY ATTORNEY LYON stated that the response letter meets the intent of the law and tone is a matter of preference. Adding the word "respectfully" before the words "disagree" and "submitted" would be appropriate language as the letter is being submitted to the presiding judge. These changes are non-substantive and can be made by Staff.

MOTION BY SPRIGGS, SECOND BY PATTON, TO ADOPT RESOLUTION NO. 2013-7375 APPROVING THE CITY'S RESPONSE TO THE MAY 28, 2013 GRAND JURY REPORT ENTITLED "IMPERIAL BEACH FINANCES – A CITY UNDER STRESS" WITH THE NON-SUBSTANTIVE CHANGES TO THE RESPONSE LETTER AS PROPOSED BY THE CITY ATTORNEY.

MAYOR JANNEY stressed that the results of the Grand Jury audit did not uncover any fraud.

VOTES WERE NOW CAST ON ORIGINAL MOTION BY SPRIGGS, SECOND BY PATTON, TO ADOPT RESOLUTION NO. 2013-7375 APPROVING THE CITY'S RESPONSE TO THE MAY 28, 2013 GRAND JURY REPORT ENTITLED "IMPERIAL BEACH FINANCES – A CITY UNDER STRESS" WITH THE NON-SUBSTANTIVE CHANGES TO THE RESPONSE LETTER AS PROPOSED BY THE CITY ATTORNEY. MOTION CARRIED UNANIMOUSLY.

MAYOR JANNEY recognized Dr. Katie McNamara, the new Superintendent for South Bay Union School District.

6.2 CONSIDERATION OF AND AUTHORIZATION TO ISSUE A REQUEST FOR QUALIFICATIONS AND PROPOSALS FOR SPECIALIZED SERVICES TO OPERATE AND MANAGE THE IMPERIAL BEACH SPORTS PARK. (0920-40)

Item continued to the City Council meeting of September 4, 2013.

6.3 RESOLUTION NO. 2013-7377 FORMALLY ACCEPTING AND APPROPRIATING THE 2012-2013 BICYCLE TRANSPORTATION ACCOUNT (BTA) GRANT FUNDS AND AUTHORIZING AN AMENDMENT TO THE CITY'S FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM (CIP) FOR THE 13TH STREET BIKEWAY PROJECT. (0330-35 & 0680-20)

CITY MANAGER HALL introduced the item.

PUBLIC WORKS DIRECTOR LEVIEN showed an aerial photo of the proposed changes to 13th Street.

COUNCILMEMBER BILBRAY expressed concern about high traffic volumes and traffic flow due to the nearby high density residential area and the Navy base and did not support the item.

In response to Councilmember Patton's question about previous traffic studies, PUBLIC WORKS DIRECTOR LEVIEN stated that the volume of traffic and frequency were studied by the traffic engineer and they meet the engineering standards for converting to this method for traffic lanes. The signal lights can be studied later if it turns out to be an issue. He further stated that he does not know of any problems that may come up in the future. With regard to Councilmember Bilbray's concerns, increased traffic is not anticipated at the Navy base as there are no plans for expansion and there is no expectation that the residential area will become more dense.

ASSISTANT CITY MANAGER WADE stated that a Local Coastal Program Amendment related to this project that addresses the circulation element will be presented to City Council at their next meeting. He also stated that there is a Bicycle Transportation Plan that was approved by the City Council that classifies 13th Street as a Class 2 Bicycle Facility.

MAYOR JANNEY stated that the Navy is aware of this project and supports it as they would like to see their staff use more bicycles. He stressed that the Navy does not have the capability to increase personnel at the base.

In response to concerns of the City Council, PUBLIC WORKS DIRECTOR LEVIEN stated that he can present the drawings to City Council once they are completed and that City Council supported this project when he presented it to them in April. After conducting studies, the traffic engineer did not expect congestion to occur. He stressed that the design serves several purposes such as slowing traffic down, providing a safer alternative to transportation in terms of

bicycling and making it safer for pedestrians.

COUNCILMEMBER SPRIGGS noted that the proposed project does not include major infrastructure construction but rather striping of lanes. He suggested that if the amount of traffic increases, the street can be returned to a four lane road.

COUNCILMEMBER BILBRAY suggested that after the project is completed, have Staff report back to City Council on the flow of traffic and have City Council decide if the street should return to four lanes.

MOTION BY JANNEY, SECOND BY BILBRAY, TO ADOPT RESOLUTION NO. 2013-7377 FORMALLY ACCEPTING AND APPROPRIATING THE 2012-2013 BICYCLE TRANSPORTATION ACCOUNT (BTA) GRANT FUNDS AND AUTHORIZING AN AMENDMENT TO THE CITY'S FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM (CIP) FOR THE 13TH STREET BIKEWAY PROJECT AND RETURN TO CITY COUNCIL WITH A REPORT ON THE TRAFFIC FLOW SIX MONTHS TO ONE YEAR AFTER THE COMPLETION OF THE PROJECT. MOTION CARRIED UNANIMOUSLY.

6.4 AUTHORIZATION TO PREPARE AND ISSUE A REQUEST FOR QUALIFICATIONS/PROPOSALS (RFQ/P) TO PREPARE CIVIL ENGINEERING DRAWINGS, CONDUCT ENVIRONMENTAL REVIEW AND PREPARE AN ENVIRONMENTAL REVIEW DOCUMENT FOR THE PALM AVENUE MIXED USE AND COMMERCIAL CORRIDOR MASTER PLAN. (0620-20 & 0720-55)

CITY MANAGER HALL introduced the item.

ASSISTANT CITY MANAGER WADE gave a brief history on the project. He noted that the project will be incorporated into the FY14 CIP and he showed a PowerPoint presentation on the Palm Avenue Mixed Use and Commercial Corridor Master Plan.

MOTION BY BRAGG, SECOND BY PATTON, TO AUTHORIZE THE PREPARATION AND ISSUANCE OF A REQUEST FOR QUALIFICATION AND PROPOSALS TO SELECT PROFESSIONAL CONSULTANT SERVICES NECESSARY TO CARRY OUT THE SCOPE OF WORK FOR THE PALM AVENUE MIXED USE AND COMMERCIAL CORRIDOR MASTER PLAN. MOTION CARRIED UNANIMOUSLY.

I.B. REDEVELOPMENT AGENCY SUCCESSOR AGENCY REPORTS (7)
None.

ITEMS PULLED FROM THE CONSENT CALENDAR (IF ANY)
None.

ADJOURNMENT
Mayor Janney adjourned the meeting at 7:48 p.m.

James C. Janney, Mayor

Jacqueline M. Hald, MMC
City Clerk

AGENDA ITEM NO. 2.2

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, City Manager**
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**ADMINISTRATIVE SERVICES DEPARTMENT**
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.

Vendor:	Check:	Amount:	Description:
SD County Sheriff	83054	$ 475,206.32	Jun 2013 Law Enf Services

The following registers are submitted for Council ratification.

WARRANT #	DATE	AMOUNT
Accounts Payable		
82954-83026	08/16/13	$ 208,801.25
83027	08/19/13	$ 3,528.02
83028-83071	08/22/13	$ 572,152.97
	Sub-total	**$ 784,482.24**

Note:

Payroll Checks/Direct Deposit		
45424-45450	P.P.E. 8/08/13	$ 145,342.93
	Sub-total	**$ 145,342.93**
	TOTAL	**$ 929,825.17**

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

Warrants are issued from budgeted funds and there is no additional impact on reserves.

DEPARTMENT RECOMMENDATION:

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

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:
1. Warrant Registers

PREPARED 08/22/2013, 10:23:42
PROGRAM: GM350L
CITY OF IMPERIAL BEACH

A/P CHECKS BY PERIOD AND YEAR
FROM 08/09/2013 TO 08/22/2013

BANK CODE 00

CHECK DATE / ACCOUNT #	CHECK NUMBER	VENDOR NAME / TRN DATE	VENDOR # / DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
08/16/2013	82954	ACE UNIFORMS & ACCESSORIES INC	1571				521.59
101-3020-422.25-03		06/17/2013	SANTOS,T -INSPECTION	171468		12/2013	521.59
08/16/2013	82955	AGRICULTURAL PEST CONTROL	123				95.00
101-6020-452.21-04		07/23/2013	JUL 2013	309766	140106	02/2014	95.00
08/16/2013	82956	AMERICAN MESSAGING	1759				180.01
101-3020-422.27-05		08/01/2013	AUG 2013	L1074045NH	140093	02/2014	132.84
601-5060-436.27-04		07/01/2013	JUL-SEP 2013	L1252241NG	140160	01/2014	47.17
08/16/2013	82957	ARROWHEAD MOUNTAIN SPRING WATE	1340				56.75
101-5020-432.30-02		07/23/2013	JUL 2013	03G0026726646	140171	01/2014	56.75
08/16/2013	82958	AT&T DATACOMM, INC.	1854				176.36
503-1923-419.30-22		07/19/2013	MERIDIAN DESK PHONE	SB762373	140176	01/2014	176.36
08/16/2013	82959	BOYCE INDUSTRIES INC	486				380.05
501-1921-419.30-02		07/23/2013	PRESSURE WASHER SOAP	56266	140005	01/2014	380.93
501-1921-419.30-02		07/23/2013	CREDIT TAX ADJ	56266	140005	02/2014	.88-
08/16/2013	82960	BRETT HEITMAN	4				2,633.00
101-0000-221.01-05		07/25/2013	BOND REFUND 1009 9TH ST	TEP 13-34		01/2014	2,633.00
08/16/2013	82961	CALEB WEINTRAUB	2				53.00
101-0000-121.00-00		08/01/2013	REFUND PT OVERPAYMENT	58336		12/2013	53.00
08/16/2013	82962	CALIFORNIA AMERICAN WATER	612				1,637.34
101-6040-454.27-02		08/06/2013	05-0092998-9 07/02-08/01	08-26-2013		01/2014	388.26
101-3030-423.27-02		08/06/2013	05-0093917-8 07/02-08/01	08-26-2013		01/2014	179.93
101-5010-431.27-02		08/06/2013	05-0094000-2 07/02-08/01	08-26-2013		01/2014	40.75
101-5010-431.27-02		08/06/2013	05-0094041-6 07/02-08/01	08-26-2013		01/2014	22.00
101-5010-431.27-02		08/06/2013	05-0094076-2 07/02-08/01	08-26-2013		01/2014	22.00
101-5010-431.27-02		08/06/2013	05-0094163-8 07/02-08/01	08-26-2013		01/2014	26.69
101-5010-431.27-02		08/06/2013	05-0094234-7 07/02-08/01	08-26-2013		01/2014	17.31
101-5010-431.27-02		08/06/2013	05-0094268-5 07/02-08/01	08-26-2013		01/2014	40.75
101-5010-431.27-02		08/06/2013	05-0094293-3 07/02-08/01	08-26-2013		01/2014	22.00
101-5010-431.27-02		08/06/2013	05-0094304-8 07/02-08/01	08-26-2013		01/2014	125.72
101-5010-431.27-02		08/06/2013	05-0094973-0 07/02-08/01	08-26-2013		01/2014	382.99
101-3030-423.27-02		08/08/2013	05-0155019-8 07/03-08/05	08-27-2013		01/2014	28.77
101-5010-431.27-02		08/08/2013	05-0155037-0 07/03-08/05	08-27-2013		01/2014	21.87
601-5060-436.27-02		08/08/2013	05-0392478-9 07/03-08/05	08-27-2013		01/2014	17.18
101-5010-431.27-02		08/09/2013	05-0402959-6 07/08-08/06	08-28-2013		01/2014	33.93
601-5060-436.27-02		08/08/2013	05-0505362-9 07/03-08/05	08-27-2013		01/2014	267.19
08/16/2013	82963	CDW GOVERNMENT INC	725				5,521.60
503-1923-419.30-22		06/30/2013	ANTIVIRUS PROTECTION	DG07878		12/2013	1,493.20
503-1923-419.30-22		06/25/2013	MICROSOFT LICENSE	DD16719		12/2013	275.00
503-1923-419.20-06		07/30/2013	HP LAPTOP COMPUTER	DT85909	140085	01/2014	1,960.35
503-1923-419.20-06		07/30/2013	COMPUTER MONITORS	DT93190	140085	01/2014	1,268.62

CHECK DATE / ACCOUNT #	CHECK NUMBER	VENDOR NAME / TRN DATE	VENDOR # / DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
503-1923-419.20-06		07/30/2013	ERGOTRON DUAL LCD STAND	DT57271	140085	01/2014	524.43
08/16/2013	82964	CITY OF SAN DIEGO	896				510.77
601-5060-436.21-04		07/24/2013	APR-JUN 2013 MUNI SEWER	1000083234		12/2013	510.77
08/16/2013	82965	CLEAN HARBORS	913				1,276.00
101-5040-434.29-04		07/02/2013	JUN 2013 HHW PROGRAM	1000048973		12/2013	1,276.00
08/16/2013	82966	CORODATA MEDIA STORAGE, INC.	2334				135.72
503-1923-419.20-06		07/31/2013	JUL 2013 DATA STORAGE	DS1258842	140096	01/2014	135.72
08/16/2013	82967	COUNTY RECORDER	1818				50.00
101-0000-221.01-02		06/04/2013	NOE 1278 14TH STREET	MF 1108		12/2013	50.00
08/16/2013	82968	COUNTY RECORDER	1818				190.00
101-0000-221.01-02		06/18/2013	SEACOAST INN ENCROACHMENT	06-18-2013		12/2013	190.00
08/16/2013	82969	COX COMMUNICATIONS	1073				216.60
503-1923-419.29-04		08/01/2013	08/01-08/31 3110015533201	08-22-2013	140162	02/2014	37.60
601-5050-436.21-04		08/05/2013	08/04-09/03 3110091187001	08-25-2013	140162	02/2014	179.00
08/16/2013	82970	DOWNSTREAM SERVICES, INC.	1593				670.00
601-5050-436.21-04		06/21/2013	JUN 2013 STORM DRAIN MANT	71785		12/2013	670.00
08/16/2013	82971	FASTENAL	909				305.65
501-1921-419.30-02		07/23/2013	BOLTS	CACHU31966	140007	01/2014	50.72
101-6040-454.30-02		08/01/2013	HACKSAW/DRILL BITS	CACHU32106	140007	02/2014	40.77
501-1921-419.30-02		07/11/2013	ABRASIVE DISKS	CACHU31839	140007	01/2014	66.59
101-6040-454.30-02		07/22/2013	CARBIDE BURRS	CACHU31959	140007	01/2014	49.69
101-6040-454.30-02		05/03/2013	SECURITY WRENCHES	CACHU31145		12/2013	97.88
08/16/2013	82972	GCR TIRE CENTERS	1702				597.02
501-1921-419.28-16		08/06/2013	TIRES	832-23284	140047	02/2014	597.02
08/16/2013	82973	GO-STAFF, INC.	2031				1,010.50
101-3020-422.21-01		07/23/2013	W/E 07/21/13 MEDLEY, A	110881	140164	01/2014	485.04
101-3020-422.21-01		07/30/2013	W/E 07/28/13 MEDLEY,A	111190	140164	01/2014	525.46
08/16/2013	82974	HAROLD FEUQUAY	59				54.00
101-3030-423.28-04		07/25/2013	REIMBURSE EMT RE-CERT FEE	015080		01/2014	54.00
08/16/2013	82975	HINDERLITER DELLAMAS & ASSOCIA	111				3,325.00
101-1920-419.20-06		08/05/2013	JUL-SEP 2013 PROPERTY TAX	0019398-IN	140155	02/2014	2,025.00
101-1110-412.29-04		07/12/2012	AUDIT SVCS-SALES TAX	0019535-IN	140155	01/2014	1,300.00
08/16/2013	82976	I B FIREFIGHTERS ASSOCIATION	214				300.00
101-0000-209.01-08		08/15/2013	PAYROLL AP PPE 8/08/13	20130815		02/2014	300.00
08/16/2013	82977	ICMA RETIREMENT TRUST 457	242				5,861.15
101-0000-209.01-10		08/15/2013	PAYROLL AP PPE 8/08/13	20130815		02/2014	5,861.15

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08/16/2013	82978	IMPERIAL BEACH TROPHIES	319				39.96
101-1020-411.29-04		08/06/2013	COUNCIL CHAMBERS NAMEPLAT	5158	F14004	02/2014	39.96
08/16/2013	82979	JANI-KING OF CALIFORNIA, INC.	2042				7,483.66
101-1910-419.21-04		07/01/2013	JUL 2013	SDO07130617	140104	01/2014	4,013.02
101-1910-419.21-04		08/01/2013	AUG 2013	SDO08130614	140104	02/2014	3,470.64
08/16/2013	82980	JOHN DEERE LANDSCAPES	1986				1,330.65
101-6020-452.30-02		07/02/2013	QUIKPRO ROUNDUP	65282806	140028	01/2014	585.31
101-6020-452.30-02		07/03/2013	MULIT DIAMETER COMPRESSIO	65288688	140028	01/2014	29.12
101-6020-452.30-02		07/30/2013	ELECTRICAL VALVE	65578498	140028	01/2014	234.10
101-6020-452.30-02		06/21/2013	LANDSCAPE SUPPLIES	65155163		12/2013	431.90
101-6020-452.30-02		06/20/2013	IRRIGATION LANDSCAPE PART	65131467		12/2013	50.22
08/16/2013	82981	KANE, BALLMER & BERKMAN	1828				36,023.14
303-1250-413.20-01		07/08/2013	JUN 2013-AFFORDABLE HSNG	19285		12/2013	330.00
217-5000-532.20-06		07/08/2013	JUN 2013-AMERICAN LEGION	19286		12/2013	100.00
217-1240-413.20-06		07/08/2013	JUN 2013-HABITAT AHA	19827		12/2013	7,454.64
303-1250-413.20-01		07/08/2013	JUN 2013-SUCCESSOR AGENCY	19288		12/2013	8,923.55
101-0000-221.01-02		07/08/2013	JUN 2013-SEACOAST INN OPA	19289		12/2013	3,094.05
303-1250-413.20-01		07/08/2013	JUN 2013-2003 TABS REFNDG	19290		12/2013	6,215.00
303-1250-413.20-01		07/08/2013	JUN 2013-OVERSIGHT BOARD	19291		12/2013	55.00
303-1250-413.20-01		08/06/2013	JUL 2013 RDEVLPMNT-SHARED	19356	140188	02/2014	787.69
303-1250-413.20-01		07/05/2013	JUN 2013 REDEVELOOPMENT	19263		12/2013	675.71
101-0000-221.01-02		06/06/2013	MAY 2013 SEACOAST INN OPA	19218		12/2013	8,387.50
08/16/2013	82982	KOA CORPORATION	611				11,298.20
401-5020-432.20-06		07/30/2013	APR 2013 ECO BIKEWAY	JB32019X3	130718	10/2013	11,298.20
08/16/2013	82983	LIGHTHOUSE, INC	787				185.22
501-1921-419.28-16		07/08/2013	SEALED BEAM/LAMP	0885443	140040	01/2014	27.38
501-1921-419.28-16		07/15/2013	E-39 LINEAR STROBE TUBE	0887452	140040	01/2014	121.50
501-1921-419.28-16		08/02/2013	BACKUP ALARM	0893833	140040	02/2014	36.34
08/16/2013	82984	LLOYD PEST CONTROL	814				325.00
101-1910-419.21-04		07/12/2013	JUL 2013 MARINA VISTA CTR	3894744	140088	01/2014	53.00
101-1910-419.21-04		07/17/2013	JUL 2013 PUBLIC WORKS	3881506	140088	01/2014	53.00
101-1910-419.21-04		07/11/2013	JUL 2013 CITY HALL	3894499	140088	01/2014	36.00
101-1910-419.21-04		07/11/2013	JUL 2013 FIRE HOUSE	3894500	140088	01/2014	36.00
101-1910-419.21-04		07/11/2013	JUL 2013 SHERIFF DEPT	3894672	140088	01/2014	36.00
101-1910-419.21-04		07/30/2013	JUL 2013 SPORTS PARK	3879707	140088	01/2014	51.00
101-1910-419.21-04		07/30/2013	JUL 2013 DEMPSEY CTR	3881788	140088	01/2014	60.00
08/16/2013	82985	MASON'S ALIGNMENT, BRAKES	921				96.00
501-1921-419.28-01		08/05/2013	A-1 REPLACE BROKEN HOSE	23027	140041	02/2014	96.00
08/16/2013	82986	NEW POINTE INVESTMENT 26, LLC	4				8,258.24
101-0000-221.01-05		08/01/2013	BOND REFUND 1255 5TH ST	TEP 13-30		02/2014	4,915.00
101-0000-221.01-05		08/01/2013	BOND REFUND 1261 5TH ST	TEP 13-35		02/2014	3,343.24

CHECK DATE / ACCOUNT #	CHECK NUMBER	VENDOR NAME / TRN DATE	VENDOR # / DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
08/16/2013	82987	OFFICE DEPOT, INC	1262				1,320.09
101-1210-413.30-01		07/10/2013	FILE FOLDERS/ADDING MACHI	664493081001	140001	01/2014	114.81
101-1020-411.30-01		07/02/2013	FILE FOLDERS/PENCILS/TAPE	663744913001	140001	01/2014	50.00
101-1020-411.30-01		07/02/2013	FASTENERS	663744914001	140001	01/2014	6.51
101-1020-411.30-01		07/01/2013	MISC OFFICE SUPPLIES	661473616001	130002	12/2013	96.90
101-1020-411.30-01		07/08/2013	RETURNED FILE FOLDERS	663741756001	130002	12/2013	34.01-
101-3020-422.30-01		07/16/2013	MISC OFFICE SUPPLIES	666919066001	140001	01/2014	221.05
101-3020-422.30-01		07/16/2013	CD SLEEVES	666921131001	140001	01/2014	4.15
101-5020-432.30-01		07/13/2013	STAMP	664378901001	140001	02/2014	50.09
101-5020-432.30-01		07/18/2013	MISC OFFICE SUPPLIES	66726914001	140001	02/2014	47.41
101-5020-432.30-01		07/18/2013	PENS	667269227001	140001	02/2014	7.58
101-1210-413.30-01		07/25/2013	MISC OFFCIE SUPPLIES	668583537001	140001	01/2014	104.37
101-5020-432.30-01		07/09/2013	NOTE PADS	664378990001	140001	01/2014	4.50
101-1020-411.30-01		07/08/2013	RETURNED FILE FOLDERS	663940568001		01/2014	44.47-
101-1210-413.28-11		08/01/2013	BL ENVELOPES	665420121001	140001	02/2014	283.12
101-5020-432.30-01		07/22/2013	PENCILS	667269228001	140001	01/2014	1.83
101-3020-422.30-01		07/22/2013	Q-STICK CAPACITIVE TOUCH	668023500001	140001	01/2014	9.67
101-3020-422.30-02		07/22/2013	TELESCOPING HIGH	668023699001	140001	01/2014	14.14
101-3020-422.30-01		07/22/2013	LETTER TRAY/OFC SUPPLIES	668023700001	140001	01/2014	43.69
101-3020-422.30-01		07/24/2013	USB DRIVE	668023701001	140001	01/2014	43.15
101-1130-412.30-01		07/31/2013	BINDERS/DIVIDERS	669386382001	140001	01/2014	42.26
101-1230-413.28-11		08/01/2013	WADE, G BUSINESS CARDS	669755737001	140001	02/2014	36.90
101-1010-411.30-02		07/01/2013	BINDERS/PENS/MISC OFF SUP	661593605001		12/2013	109.76
101-1110-412.30-01		07/01/2013	PRIVACY FILTER	661605400001		12/2013	106.68
08/16/2013	82988	OLDCASTLE PRECAST, INC.	2471				375.84
601-5060-436.30-02		07/19/2013	BUTYL SEAL	070154804	140092	01/2014	375.84
08/16/2013	82989	ONE SOURCE DISTRIBUTORS	1071				521.02
101-6040-454.30-02		07/17/2013	LAMP FIXTURE	S4047839.001	140011	01/2014	186.98
101-6040-454.30-02		07/29/2013	LAMPS	S4065127.001	140011	01/2014	7.48
101-6040-454.30-02		07/31/2013	FUSWHOLDER/CONNCETORS	S4063421.001	140011	01/2014	150.06
101-1910-419.30-02		07/08/2013	T-8 LAMPS	S4050479.001	140011	01/2014	176.50
08/16/2013	82990	PADRE JANITORIAL SUPPLIES	1430				550.78
101-6040-454.30-02		07/10/2013	CLEANING DISINFECTANT	345057	140022	01/2014	172.00
101-3030-423.30-02		07/29/2013	JANITORIAL SUPPLIES	345814	140022	01/2014	239.46
101-6040-454.30-02		08/05/2013	JANITORIAL SUPPLIES	346122	140022	02/2014	139.32
08/16/2013	82991	PARS	2425				400.00
101-1920-419.20-06		01/01/2013	MAY 2013	26219	130076	11/2013	80.00
101-3020-422.20-06		01/01/2013	MAY 2013	26219	130076	11/2013	80.00
101-3030-423.20-06		01/01/2013	MAY 2013	26219	130076	11/2013	80.00
101-6010-451.20-06		01/01/2013	MAY 2013	26219	130076	11/2013	80.00
101-6040-454.20-06		01/01/2013	MAY 2013	26219	130076	11/2013	80.00
08/16/2013	82992	PARTNERSHIP WITH INDUSTRY	1302				2,378.37
101-6040-454.30-02		07/15/2013	P/E 07/15/2013	GS04853	140075	02/2014	22,050.00
101-6040-454.30-02		07/15/2013	P/E 07/15/2013	GS04853	140075	02/2014	22,050.00-

CHECK DATE / ACCOUNT #	CHECK NUMBER / TRN DATE	VENDOR NAME / DESCRIPTION	VENDOR # / INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
101-6040-454.30-02	07/15/2013	P/E 07/15/2013	GS04853	140075	02/2014	347.21
101-6040-454.30-02	07/15/2013	P/E 07/15/2013	GS04853	140075	02/2014	462.96
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101-6040-454.30-02	07/31/2013	P/E 07/31/2013	GS04873	140075	02/2014	366.30
101-6040-454.30-02	07/31/2013	P/E 07/31/2013	GS04873	140075	02/2014	366.30
101-6040-454.30-02	07/31/2013	P/E 07/31/2013	GS04873	140075	02/2014	488.39
08/16/2013 82993	PITNEY BOWES INC	271				207.36
101-1920-419.25-02	06/03/2013	JUL-SEP 2013 POSTAGE MTR	747211	140156	01/2014	207.36
08/16/2013 82994	PMI	23				870.51
601-5060-436.30-02	07/09/2013	SANIHANDS WIPES CANISTER	0419804	140012	01/2014	87.86
101-6040-454.30-02	07/12/2013	PROTECTIVE GLOVES	0420429	140012	01/2014	782.65
08/16/2013 82995	POWERLAND EQUIPMENT, INC.	2510				1,735.60
501-1921-419.28-16	07/30/2013	#696 BEACH TRACTOR REPAIR	92217		01/2014	1,735.60
08/16/2013 82996	RCP BLOCK & BRICK INC	115				96.22
101-5010-431.30-02	07/16/2013	CONCRETE BUFF OXIDE	1287575	140033	01/2014	48.11
101-5010-431.30-02	07/16/2013	CONCRETE BUFF OXIDE	1287576	140033	01/2014	48.11
08/16/2013 82997	RECLAIMED AGGREGATES, INC.	2137				300.00
101-5010-431.29-04	07/14/2013	BOBTAIL	74-ACC-01531	140036	02/2014	300.00
08/16/2013 82998	RICOH USA, INC.	2392				4,358.12
101-1110-412.28-01	08/02/2013	AUG 2013	90514662	140182	02/2014	346.10
101-1210-413.28-01	08/02/2013	AUG 2013	90514662	140182	02/2014	346.10
101-1230-413.28-01	08/02/2013	AUG 2013	90514662	140182	02/2014	346.10
101-3020-422.28-01	08/02/2013	AUG 2013	90514662	140182	02/2014	346.12
101-3030-423.28-01	08/02/2013	AUG 2013	90514662	140182	02/2014	346.10
101-5020-432.28-01	08/02/2013	AUG 2013	90514662	140182	02/2014	346.10
101-6010-451.28-01	08/02/2013	AUG 2013	90514662	140182	02/2014	346.10
101-1110-412.28-01	07/04/2013	JUL 2013	89331309	140182	01/2014	276.49
101-1210-413.28-01	07/04/2013	JUL 2013	89331309	140182	01/2014	276.46
101-1230-413.28-01	07/04/2013	JUL 2013	89331309	140182	01/2014	276.49
101-3020-422.28-01	07/04/2013	JUL 2013	89331309	140182	01/2014	276.49
101-3030-423.28-01	07/04/2013	JUL 2013	89331309	140182	01/2014	276.49
101-5020-432.28-01	07/04/2013	JUL 2013	89331309	140182	01/2014	276.49
101-6010-451.28-01	07/04/2013	JUL 2013	89331309	140182	01/2014	276.49
08/16/2013 82999	ROBERT HALF TECHNOLOGY	1826				900.00
503-1923-419.10-02	08/08/2013	08/02/13 WASHINGTON, E	38500201	140098	02/2014	900.00
08/16/2013 83000	SAFEWAY SIGN COMPANY	2309				1,082.50
101-5010-431.21-23	07/17/2013	ROUTE SIGNS	94750	140068	01/2014	340.53
101-5010-431.21-23	07/18/2013	ROUTE SIGNS	94762	140068	01/2014	741.97
08/16/2013 83001	SAN DIEGO GAS & ELECTRIC	1399				17,353.97
101-3020-422.27-01	08/08/2013	1008 786 9371 06/28-07/31	08-24-2013		01/2014	36.33
101-1910-419.27-01	08/08/2013	1008 786 9371 06/28-07/31	08-24-2013		01/2014	139.08

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101-5010-431.27-01		08/08/2013	1008 860 4389 06/26-07/29	08-24-2013		01/2014	37.96
101-3020-422.27-01		08/08/2013	1980 769 7764 06/27-07/30	08-24-2013		01/2014	3,530.04
601-5060-436.27-01		08/08/2013	5263 521 9238 06/26-07/29	08-24-2013		01/2014	10.00
101-6020-452.27-01		08/08/2013	5649 771 4749 07/01-08/01	08-24-2013		01/2014	9.96
101-5010-431.27-01		08/08/2013	5649 771 4749 06/30-08/01	08-24-2013		01/2014	6,593.17
101-5010-431.27-01		08/08/2013	8507 517 8464 07/01-08/01	08-24-2013		01/2014	112.71
601-5060-436.27-01		08/08/2013	8507 517 8464 07/01-08/01	08-24-2013		01/2014	77.41
101-6020-452.27-01		08/08/2013	8507 517 8464 06/28-07/31	08-24-2013		01/2014	1,030.22
601-5060-436.27-01		08/08/2013	8541 770 1270 06/30-08/01	08-24-2013		01/2014	4,755.16
101-5020-432.27-01		08/08/2013	9169 299 2261 06/25-07/28	08-24-2013		01/2014	1,021.93
08/16/2013	83002	COUNTY OF SAN DIEGO	264				191.98
101-5020-432.28-11		07/11/2013	JUN 2013 ASSESSOR PARCEL	12496		12/2013	191.98
08/16/2013	83003	AUDITOR AND CONTROLLER-COUNTY	279				11,825.00
101-1920-419.28-12		07/01/2013	FY 2013/2014 LAFCO COSTS	LC13-70	140087	01/2014	11,825.00
08/16/2013	83004	SANDPIPA	321				24,480.00
502-1922-419.20-07		07/02/2013	2013/2014 W/C CLAIMS ADMI	WCIB1314	140086	01/2014	24,480.00
08/16/2013	83005	SD COUNTY FIRE CHIEFS' ASSOCIA	354				50.00
101-3020-422.28-12		08/07/2013	BELL, JASON MEMBRSHP DUES	2013/2014		02/2014	50.00
08/16/2013	83006	SDGE	289				5,218.88
101-5010-431.27-01		08/02/2013	0646 753 1938 06/28-07/31	08-17-2013		01/2014	10.15
101-5010-431.27-01		08/02/2013	1694 230 1484 06/28-07/31	08-17-2013		01/2014	22.34
101-5010-431.27-01		07/31/2013	1912 409 2723 06/26-07/29	08-15-2013		01/2014	10.36
101-6010-451.27-01		08/05/2013	2081 689 7619 07/01-08/01	08-20-2013		01/2014	348.82
101-5010-431.27-01		08/01/2013	2741 969 9359 06/30-07/31	08-16-2013		01/2014	138.55
215-6026-452.27-01		08/01/2013	2819 871 6315 06/30-07/31	08-16-2013		01/2014	1,847.85
101-5010-431.27-01		08/02/2013	3062 843 3719 06/28-07/31	08-17-2013		01/2014	12.94
101-5010-431.27-01		07/31/2013	5280 340 6641 06/26-07/29	08-15-2013		01/2014	83.27
101-5010-431.27-01		07/31/2013	5576 188 0541 06/26-07/29	08-15-2013		01/2014	10.15
601-5060-436.27-01		08/01/2013	8773 823 6424 06/27-07/30	08-16-2013		01/2014	792.27
101-5010-431.27-01		08/02/2013	9476 001 6989 06/30-07/31	08-17-2013		01/2014	921.81
101-6020-452.27-01		08/05/2013	0175 275 3776 07/01-08/01	08-20-2013		01/2014	188.38
101-5010-431.27-01		08/05/2013	0824 329 2041 07/01-08/01	08-20-2013		01/2014	202.14
101-6010-451.27-01		08/05/2013	2081 692 3399 07/01-08/01	08-20-2013		01/2014	12.32
101-6020-452.27-01		08/05/2013	2083 847 9032 07/01-08/01	08-20-2013		01/2014	71.62
101-6010-451.27-01		08/05/2013	3206 700 9265 07/01-08/01	08-20-2013		01/2014	132.89
101-5010-431.27-01		08/02/2013	3448 930 9646 06/28-07/31	08-17-2013		01/2014	10.15
101-5010-431.27-01		08/02/2013	5153 272 6717 06/28-07/31	08-17-2013		01/2014	13.60
101-6020-452.27-01		08/05/2013	5456 692 8951 07/01-08/01	08-20-2013		01/2014	28.32
101-6020-452.27-01		08/05/2013	6921 003 2109 07/01-08/01	08-20-2013		01/2014	223.10
101-5010-431.27-01		08/05/2013	7706 795 7872 07/01-08/01	08-20-2013		01/2014	11.95
101-6010-451.27-01		08/05/2013	9956 693 6272 07/01-08/01	08-20-2013		01/2014	125.90
08/16/2013	83007	SEIU LOCAL 221	1821				1,527.76
101-0000-209.01-08		08/15/2013	PAYROLL AP PPE 8/08/13	20130815		02/2014	1,527.76
08/16/2013	83008	SHARP REES-STEALY MEDICAL CNTR	390				1,087.00
101-6040-454.21-04		07/13/2013	JUN 2013 PRE-EMPLOYMENT	262		12/2013	733.00

CHECK DATE	CHECK NUMBER	VENDOR NAME / VENDOR #	ACCOUNT # / TRN DATE	DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
			101-3030-423.21-04 / 07/13/2013	JUN 2013 PRE-EMPLOYMENT	262		12/2013	354.00
08/16/2013	83009	SOUTH BAY FOUNDRY INC / 477						
			101-5010-431.30-02 / 07/18/2013	ANGLE PLATES	0134607-IN	140023	01/2014	90.72 / 90.72
08/16/2013	83010	SOUTH WEST SIGNAL / 488						
			101-5010-431.21-04 / 07/31/2013	JUL 2013	51220	140035	01/2014	4,775.00 / 160.00
			401-5020-432.20-06 / 07/12/2013	INSTALL EB LOOPS	51200		01/2014	4,615.00
08/16/2013	83011	SPARKLETTS / 2341						
			101-3020-422.30-02 / 08/02/2013	JUL 2013	12529930 080213	140102	02/2014	54.83 / 54.83
08/16/2013	83012	THE SURF HUT / 1415						
			101-3030-423.25-03 / 08/01/2013	LG PROTECTION SUNGLASSES	402137	140175	02/2014	3,693.60 / 3,693.60
08/16/2013	83013	THOMAS B. HOLT / 2514						
			101-3030-423.28-04 / 07/30/2013	REIMBURSE EMT RE-CERT	015156		01/2014	54.00 / 54.00
08/16/2013	83014	TRAFFIC SAFETY MATERIALS, LLC. / 2369						
			101-5010-431.21-23 / 07/16/2013	IMPACT RECOVERY POSTS	2996	140065	01/2014	697.46 / 697.46
08/16/2013	83015	TREASURER, COUNTY OF S.D. / 688						
			101-3020-422.20-06 / 07/30/2013	FY 13/14 HIRT MEMBERSHIP	HIRT-2013-008		01/2014	18,518.00 / 18,518.00
08/16/2013	83016	TREASURER, COUNTY OF S.D. / 688						
			101-3020-422.20-06 / 07/19/2013	2013/2014 SD COUNTY EMERG	UDC 2013-08		01/2014	735.07 / 735.07
08/16/2013	83017	T-MAN TRAFFIC SUPPLY / 2469						
			101-5010-431.21-23 / 07/16/2013	THERMAL TAPE	645	140091	01/2014	2,804.54
			101-5010-431.21-23 / 07/17/2013	THERMAL PLASTIC	670	140091	01/2014	1,051.70
			101-5010-431.21-23 / 07/29/2013	THERMAL PLASTIC	723	140091	01/2014	350.57 / 1,402.27
08/16/2013	83018	US BANK / 2458						
			101-0000-209.01-20 / 08/15/2013	PAYROLL AP PPE 8/08/13	20130815		02/2014	2,894.62 / 2,894.62
08/16/2013	83019	US MOBILE WIRELESS COMMUNICATI / 1983						
			101-3030-423.28-01 / 07/18/2013	2013/2014 MAINT CONTRACT	36886	130886	12/2013	1,764.00 / 1,764.00
08/16/2013	83020	USAA / 1						
			502-1922-419.28-17 / 08/02/2013	RELEASE OF CLAIMS BY USAA	986056		02/2014	3,465.39 / 3,465.39
08/16/2013	83021	VALLEY INDUSTRIAL SPECIALTIES, / 767						
			101-6040-454.30-02 / 07/19/2013	TRAP PRIMER	197412	140030	01/2014	514.99
			101-6040-454.30-02 / 07/22/2013	SERVOMOTOR ASSY	197426	140030	01/2014	76.60 / 438.39
08/16/2013	83022	WAGE WORKS INC. / 2210						
			101-1920-419.21-04 / 07/16/2013	JUL 2013	125AI0252557	140161	01/2014	113.00 / 113.00
08/16/2013	83023	WAXIE SANITARY SUPPLY / 802						
			101-6040-454.30-02 / 08/02/2013	JANITORIAL SUPPLIES	74079972	140013	02/2014	602.24 / 602.24

CHECK DATE / ACCOUNT #	CHECK NUMBER	VENDOR NAME / TRN DATE	VENDOR # / DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
08/16/2013	83024	WEST GROUP CTR	826				
101-1020-411.28-14		07/01/2013	JUN 2013	827511601		12/2013	252.96
101-1020-411.28-14		08/01/2013	JUL 2013	827704266	140187	02/2014	126.48
							126.48
08/16/2013	83025	WYETH GIBSON	2				
101-0000-121.00-00		08/01/2013	REFUND PT OVERPAYMENT	60862		12/2013	103.00
							103.00
08/16/2013	83026	ZUMAR INDUSTRIES INC.	875				
101-5010-431.21-23		07/03/2013	STREET SIGN	0146564	140014	01/2014	39.65
							39.65
08/19/2013	83027	BRETT HEITMAN	1				
502-1922-419.28-17		08/19/2013	RELEASE OF CLAIM-	08-15-2013		02/2014	3,528.02
							3,528.02
08/22/2013	83028	ACOM SOLUTIONS, INC	799				
503-1923-419.20-26		07/24/2013	DIGITIZED SIGNATURE CHANG	0178039-IN	140084	02/2014	425.00
							425.00
08/22/2013	83029	ADVANCED PROCESSING & IMAGING	2139				
503-1923-419.20-26		07/31/2013	13/14 OPTIVIEW MAINT	34088	140174	01/2014	8,000.00
							8,000.00
08/22/2013	83030	OSCAR A ALVAREZ	2192				
101-3030-423.28-04		07/31/2013	REIMBURSE EMT CERT FEES	015191		02/2014	54.00
							54.00
08/22/2013	83031	ARJIS	1737				
101-3010-421.21-04		07/01/2013	FY 2014 ARJIS JPA FEES	AR168527	140157	01/2014	18,048.00
							18,048.00
08/22/2013	83032	AVENET, LLC	1510				
503-1923-419.20-06		08/05/2013	SHORTCUT URL	33301	140189	02/2014	100.00
							100.00
08/22/2013	83033	AZTEC LANDSCAPING INC	310				
101-5010-431.21-04		07/31/2013	JUL 2013	0025097-IN	140099	02/2014	1,540.00
							1,540.00
08/22/2013	83034	CALIFORNIA AMERICAN WATER	612				
601-5060-436.27-02		08/12/2013	05-0101092-0 07/09-08/07	09-03-2013		01/2014	1,901.55
101-5020-432.27-02		08/14/2013	05-0102217-2 07/09-08/13	09-13-2013		01/2014	20.83
101-6020-452.27-02		08/12/2013	05-0102503-5 07/09-08/07	09-03-2013		01/2014	184.60
101-6020-452.27-02		08/12/2013	05-0102504-3 07/09-08/07	09-03-2013		01/2014	522.91
101-5010-431.27-02		08/12/2013	05-0102729-6 07/09-08/07	09-03-2013		01/2014	6.76
101-6020-452.27-02		08/13/2013	05-0106225-1 07/10-08/08	09-03-2013		01/2014	499.79
101-6020-452.27-02		08/13/2013	05-0106249-1 07/10-08/08	09-03-2013		01/2014	6.74
101-6020-452.27-02		08/13/2013	05-0106336-6 07/10-08/08	09-03-2013		01/2014	11.43
101-6020-452.27-02		08/13/2013	05-0106337-4 07/10-08/08	09-03-2013		01/2014	6.74
101-6020-452.27-02		08/14/2013	05-0109756-2 07/11-08/09	09-03-2013		01/2014	34.86
							606.89
08/22/2013	83035	CLEANLINE CONCRETE INC	4				
101-0000-221.01-05		08/14/2013	BOND REFUND -253/255 ELM	TEP 13-36		02/2014	915.00
							915.00
08/22/2013	83036	COUNTY OF SAN DIEGO	1055				
101-3010-421.21-04		08/07/2013	JUL 2013 PARKING PENALTY	07/13		02/2014	1,727.00
							1,727.00
08/22/2013	83037	D.A.R. CONTRACTORS	1122				
101-3050-425.20-06		08/01/2013	JUL 2013	711301229	140103	02/2014	347.00
							347.00

CHECK DATE / ACCOUNT #	CHECK NUMBER	VENDOR NAME / TRN DATE	VENDOR # / DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
08/22/2013	83038	EAGLE NEWSPAPER	1204				345.00
101-1020-411.28-07		07/11/2013	JUL 2013 LEGAL DISPLAY	77679	140186	01/2014	270.00
101-0000-221.01-02		07/25/2013	JUL 2013 PUBLIC NOTICE	77889		01/2014	75.00
08/22/2013	83039	ENVIRONMENTAL SYSTEMS RESEARCH	1413				3,900.01
503-1923-419.20-25		07/29/2013	MAINTENANCE RENEWAL	92683516	140168	02/2014	3,900.01
08/22/2013	83040	FASTENAL	909				115.23
101-5010-431.30-02		07/24/2013	BOLT BINS RE-STOCK	CACHU31985	140007	01/2014	115.23
08/22/2013	83041	GRAINGER	1051				402.47
601-5060-436.30-02		08/02/2013	ALIKE KEY PADLOCKS	9208514365	140008	02/2014	244.36
101-1910-419.30-02		07/25/2013	SAFETY GLASSES	9201441806	140008	01/2014	23.39
101-1910-419.30-02		07/31/2013	SPRAY PAINT	9205622237	140008	01/2014	39.07
101-1910-419.30-02		08/05/2013	FLUORESCENT LAMPS/BALLAST	9209301176	140008	02/2014	95.65
08/22/2013	83042	HANSON AGGREGATES INC.	48				1,191.76
101-5010-431.30-02		07/25/2013	4 YRDS CONCRETE DELIVERY	528280	140037	01/2014	558.17
101-5010-431.30-02		08/02/2013	5 YRDS CONCRETE	528555	140037	02/2014	633.59
08/22/2013	83043	JETER SYSTEMS	483				181.97
101-1210-413.30-01		07/11/2013	AP FILING FOLDERS AND YEA	2183746	F14003	01/2014	181.97
08/22/2013	83044	JOHN HOLDEN	2518				70.00
101-3040-424.28-04		08/06/2013	CBO & PLANS EXAMINER CERT	VRFP9C5C52D8		02/2014	70.00
08/22/2013	83045	KOA CORPORATION	611				314.50
210-1235-513.20-06		06/30/2013	JUN 2013 IB BLVD CROSSWLK	JB32032X3	130760	13/2013	314.50
08/22/2013	83046	LIGHTING ASSOCIATION OF SAN DI	2516				2,697.80
101-5020-432.20-06		07/12/2013	LIGHTING FIXTURE-SEACOAST	SDLA4201		02/2014	2,697.80
08/22/2013	83047	METRO WASTEWATER JPA	1002				8,456.00
601-5060-436.21-04		08/05/2013	2013/2014 JPA COSTS	175		02/2014	8,456.00
08/22/2013	83048	MUNICIPAL EMERGENCY SERVICES,	2434				557.28
101-3020-422.30-02		07/12/2013	FIREFIGHTER GEAR	00430618-SNV	140112	01/2014	453.60
101-3020-422.30-02		08/01/2013	TURNOUT REPAIR	00436570_SNV	140112	02/2014	103.68
08/22/2013	83049	PACIFIC TECHNICAL DATA, LLC.	2515				579.00
202-5016-531.20-06		08/12/2013	ELM AVE TRAFFIC COUNTING	PTD13-0809-01		02/2014	579.00
08/22/2013	83050	PADRE JANITORIAL SUPPLIES	1430				554.99
101-1910-419.30-02		08/05/2013	JANITORIAL SUPPLIES	346169	140022	02/2014	94.20
101-1910-419.30-02		08/08/2013	JANITORIAL SUPPLIES	346234	140022	02/2014	236.95
101-6040-454.30-02		07/17/2013	JANITORIAL SUPPLIES	345355	140022	01/2014	223.84
08/22/2013	83051	PMI	23				109.05
101-3030-423.30-02		06/05/2013	MEDICAL GLOVES	0414681	140012	01/2014	109.05

CHECK DATE / ACCOUNT #	CHECK NUMBER	VENDOR NAME / TRN DATE	VENDOR # / DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
08/22/2013	83052	PORT OF SAN DIEGO	28				271.00
601-5050-436.29-04		06/10/2013	SD BAY WATERSHED SHARED	1800026173		02/2014	271.00
08/22/2013	83053	ROBERT STABENOW	199				26.23
101-3030-423.30-02		07/25/2013	REIMBURSE FOR CARABINER	3711		01/2014	26.26
101-3030-423.30-02		07/25/2013	REIMBURSE FOR CARABINER	3711		02/2014	.03-
08/22/2013	83054	SAN DIEGO COUNTY SHERIFF	882				475,206.32
101-3010-421.20-06		07/24/2013	JUN 2013 LAW ENF SERVICES	07-24-2013		12/2013	443,314.72
212-3036-421.20-06		07/24/2013	JUN 2013 COPPS GRANT	07-24-2013		12/2013	34,000.00
101-0000-338.60-03		07/24/2013	JUN 2013 TOW FEE CREDIT	07-24-2013		12/2013	2,108.40-
08/22/2013	83055	SD COUNTY FIRE CHIEFS' ASSOCIA	354				50.00
101-3020-422.28-12		08/20/2013	FRENCH,J-SDCTOA DUES	2013/2014		02/2014	50.00
08/22/2013	83056	SKS INC.	412				3,991.40
501-1921-419.28-15		08/08/2013	1141.9 GAL REG FUEL	1257041-IN	140046	02/2014	3,991.40
08/22/2013	83057	SPRINT	2040				149.97
101-3020-422.27-05		07/29/2013	06/26-07/25/13 DATA CONN	594768811-068	140184	01/2014	149.97
08/22/2013	83058	UNDERGROUND SERVICE ALERT OF	731				49.50
601-5060-436.21-04		08/01/2013	JUL 2013	720130322	140074	02/2014	49.50
08/22/2013	83059	VORTEX INDUSTRIES, INC.	786				4,620.93
101-1910-419.21-04		07/09/2013	ROLL DOOR MAINT	11-756732-1	140111	01/2014	833.66
101-1910-419.21-04		07/24/2013	LG PATIO DOOR REPAIR	11-760670-1	140111	02/2014	310.96
504-1924-519.20-06		07/25/2013	DOOR INSTALLATION	11-757707-1	140173	01/2014	3,476.31
08/22/2013	83060	WAGE WORKS INC.	2210				113.00
101-1920-419.21-04		08/19/2013	AUG 2013 MNTHLY ADMIN FEE	125AI0259025	140161	02/2014	113.00
08/22/2013	83061	WALKSANDIEGO	1551				2,500.00
202-5016-531.20-06		07/24/2013	JUN/JUL 2013	179-1	130885	01/2014	2,500.00
08/22/2013	83062	WELLS FARGO CORPORATE TRUST SE	2384				5,067.50
735-0000-221.03-01		07/25/2013	IMPRVMNT BONDS ASSMNT	984521		02/2014	1,067.50
735-0000-221.03-01		07/25/2013	IMPRVMNT BONDS ASSMNT	984521		02/2014	4,000.00
08/22/2013	83063	WESTERN LIGHT SOURCE	2519				1,200.00
101-5020-432.20-06		07/17/2013	LIGHTING FIXTURE STUDY	1184		02/2014	1,200.00
08/22/2013	83064	WESTERN RIM CONSTRUCTORS, INC.	2481				4,204.54
401-5020-432.20-06		07/31/2013	ECO BIKEWAY	7	130656	01/2014	4,204.54
08/22/2013	83065	WHITE CAP CONSTRUCTION SUPPLY	1434				223.67
101-5010-431.30-02		07/24/2013	WIRE MESH MAT	10000481553	140015	01/2014	26.58
101-5010-431.30-02		07/29/2013	CONCRETE CUTOFF WHEEL	10000496774	140015	01/2014	38.94
101-5010-431.30-02		07/30/2013	RAPID SET GROUT CEMENT	10000506217	140015	01/2014	158.15

CHECK DATE / ACCOUNT #	CHECK NUMBER	VENDOR NAME / TRN DATE	VENDOR # / DESCRIPTION	INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
08/22/2013	83066	3-T EQUIPMENT CO.	11				1,671.84
601-5060-436.28-01		07/30/2013	SEWER HOSE	59928	140117	01/2014	1,671.84
08/22/2013	83071	U.S. BANK	1873				20,274.46
101-1020-411.30-01		06/27/2013	ORDINANCE BINDERS	33052-E		12/2013	886.50
101-3035-423.30-02		06/25/2013	JG EQUIPMENT	07071	140133	01/2014	199.52
101-3035-423.30-02		06/25/2013	JG EQUIPMENT/SUPPLIES	1418	140133	01/2014	175.44
101-3030-423.30-02		06/14/2013	ADMINISTRATIVE CITE BOOKS	1291363	140135	01/2014	821.55
101-3035-423.28-04		07/01/2013	JG COMPETITION FEES	5354802833	140133	01/2014	300.00
101-3035-423.28-04		07/01/2013	JG COMPETITION FEES	5354918286	140133	01/2014	30.00
101-3030-423.28-04		07/01/2013	JG PARTICIPANT ICE CREAM	563442	140133	01/2014	150.00
101-3035-423.28-04		07/01/2013	JG PARTICIPANT ICE CREAM	563443	140133	01/2014	15.00
101-3035-423.28-04		07/03/2013	JG COMPETITION FEES	5360102579	140133	01/2014	20.00
101-3035-423.30-02		07/17/2013	JG CERTIFICATE PAPER	4876	140133	01/2014	37.78
101-3035-423.28-04		07/18/2013	JG BANQUET SUPPLIES	031056	140133	01/2014	77.46
101-3030-423.28-04		07/19/2013	JG BANQUET FOOD	010234	140133	01/2014	400.00
101-3035-423.28-04		07/19/2013	JG BANQUET TABLE COVERS	3313	140133	01/2014	19.41
101-3030-423.30-02		07/09/2013	SAFETY CTR WATER FILTER	NZSU	140135	01/2014	226.80
101-3030-423.30-02		07/12/2013	PICTURE FRAMES	057664	140135	01/2014	77.72
101-3030-423.30-02		07/16/2013	ROPE & HITCH PINS	066825/7574658	140135	01/2014	47.48
101-3030-423.25-03		07/17/2013	WETSUIT	6197322	140135	01/2014	74.64
101-3030-423.30-02		07/18/2013	SCRAPERS-JELLYFISH STINGS	036560/5580581	140135	01/2014	49.25
101-3030-423.30-02		06/26/2013	LG TOWER SUPPLIES	024027/7566490	140132	01/2014	19.25
101-3030-423.28-04		06/24/2013	LG MEETING REFRESHMENTS	897856	140134	01/2014	140.00
101-3030-423.30-02		06/25/2013	LG HQ LAUNDRY SOAP	0573	140134	01/2014	47.50
101-3030-423.30-02		06/25/2013	LG HQ SPARK KEYS	085446	140134	01/2014	14.85
101-3030-423.30-02		07/17/2013	OFFICE SUPPLIES	4875	140132	01/2014	66.38
101-3030-423.30-02		07/18/2013	JG CERTIFICATE PAPER	5212	140132	01/2014	17.91
101-3030-423.28-01		07/19/2013	DIVE COMPUTER BAND	6543	140132	01/2014	185.00
101-3030-423.28-04		07/21/2013	RESCUE DIVER COURSE X2	250201	140132	01/2014	1,000.00
101-3030-423.30-02		07/02/2013	LOCKER RM SHOWER CURTAIN	000020	140134	01/2014	10.67
101-3030-423.30-02		07/02/2013	JG GAME ITEMS	076437	140134	01/2014	69.08
101-3030-423.30-02		07/03/2013	RESCUE TUBE/KEYCHAINS	29661A	140134	01/2014	583.00
101-3030-423.25-03		07/08/2013	ALVAREZ,O UNIFORM SUNGLAS	INV108772	140134	01/2014	90.00
101-3030-423.30-02		07/09/2013	FIRST AID BOXES	1289031	140134	01/2014	113.84
101-3030-423.30-02		07/12/2013	GEAR BAGS-R.D. UNITS	1570107	140134	01/2014	77.17
101-3030-423.25-03		07/21/2013	RESCUE DIVER COURSE	07-21-2013	140134	01/2014	500.00
101-6020-452.30-02		02/28/2013	LANDSCAPING TOOLS	35579	140140	01/2014	550.85
101-1910-419.30-02		06/26/2013	JANITORIAL SUPPLIES	077717/7596346	140140	01/2014	125.49
101-6040-454.30-02		06/26/2013	HAND SANITIZER/SS CLEANER	51933971		01/2014	380.41
101-1230-413.28-04		07/11/2013	NAKAGAWA,J-SANDAG PRKG FE	2479	140121	01/2014	8.00
101-6020-452.21-04		07/02/2013	BOLLARD COVER POWDER COAT	113480	140140	01/2014	90.00
101-1910-419.21-04		07/03/2013	FIRE SPRINKLER INSPECTION	5964	140140	01/2014	350.00
101-1910-419.30-02		07/09/2013	PROPANE FUEL-SENIOR CTR	067421	140140	01/2014	23.69
101-5020-432.25-03		07/09/2013	BALL CAPS	63813	140140	01/2014	168.48
101-6020-452.30-02		07/17/2013	PLAYGROUND PAINT/TAPE	061678/6580355	140140	01/2014	105.58
101-6020-452.30-02		07/19/2013	FENCE CAPS	281268	140140	01/2014	21.87
101-5020-432.25-03		07/19/2013	BALL CAPS	63935	140140	01/2014	162.00
101-6020-452.30-02		07/20/2013	CAR CHARGER	704601	140140	01/2014	32.61

CHECK DATE / ACCOUNT #	CHECK NUMBER / TRN DATE	VENDOR NAME / DESCRIPTION	VENDOR # / INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
601-5060-436.30-02	07/09/2013	CASAS, M SAFETY BOOTS	027470	140147	01/2014	150.00
601-5060-436.30-02	07/18/2013	LIME-SEWER PIT	024362/5574960	140147	01/2014	10.48
601-5060-436.30-02	03/18/2013	VACTOR POLES/TOOLS	M-19584	140138	12/2013	977.34
101-3030-423.28-04	06/01/2013	JG TRYOUTS LANE USE	32116	140131	12/2013	50.00
101-6020-452.30-02	06/23/2013	IRRIGATIN CAPS/COUPLERS	037768/0017707	140144	01/2014	4.86
101-6040-454.30-02	06/24/2013	OUTLET & COVER	033351/9582309	140145	01/2014	17.78
101-6040-454.30-02	06/26/2013	SCRUB BRUSH HEADS	349221	140145	01/2014	65.50
101-6040-454.30-02	06/27/2013	EZ REACHERS	07688391-00	140145	01/2014	172.20
101-6040-454.30-02	06/27/2013	SCREWDRIVER SET	059438/6018749	140149	01/2014	17.25
101-6040-454.30-02	07/02/2013	PRIVACY LOCKS/REKEY	3577	140144	01/2014	304.84
101-6040-454.30-02	07/02/2013	27 GALLON STEEL LINERS	SC093404	140145	01/2014	433.40
101-6040-454.30-02	07/10/2013	LOCKSET	015418	140145	01/2014	101.80
101-6040-454.30-02	07/10/2013	PIER PAINT-LG TOWER/RR	020088579	140145	01/2014	227.39
101-6040-454.30-02	07/10/2013	ROLLERS/TOWELS	051234/3598068	140145	01/2014	31.26
101-6040-454.30-02	07/10/2013	HYDRO CUPLER	33589	140145	01/2014	228.17
101-6040-454.30-02	07/15/2013	PAINT LADELS	015685	140145	01/2014	4.32
101-6040-454.30-02	07/15/2013	PAINT BRUSHES	036974/8598554	140145	01/2014	39.70
101-6020-452.30-02	07/17/2013	PARK RR PAINT	051178/6244084	140145	01/2014	161.57
101-5010-431.30-02	06/26/2013	1.25 YARD CONCRETE	112135682-001	140139	01/2014	222.75
101-5010-431.30-02	06/27/2013	1 YARD CONCRETE	112174577-001	140139	01/2014	178.20
101-1910-419.30-02	06/24/2013	FUSES	030677	140143	01/2014	3.77
101-6040-454.30-02	06/26/2013	METERING SERVOMOTOR ASSY	170666	140143	01/2014	161.57
101-6040-454.30-02	06/27/2013	POWER CORD	797616	140143	01/2014	12.95
101-5010-431.30-02	07/16/2013	PAINT-RED/GRAY PRIMER	025245/4265155	140139	01/2014	42.39
101-5010-431.30-02	07/16/2013	CABLE TIES/SPRAY BOTTLES	052101/7243957	140139	01/2014	29.56
101-5010-431.30-02	07/18/2013	ANCHOR/HEX BOLTS/WASHERS	050941/5265282	140139	01/2014	17.97
101-6040-454.30-02	07/01/2013	FLANGED HOSE BIBB	170753	140143	01/2014	117.46
101-6040-454.30-02	07/02/2013	COVER PLATES/GLOVES	074721/1567288	140143	01/2014	32.19
101-6040-454.30-02	07/03/2013	SPRAY PAINT	072724/0572883	140143	01/2014	32.34
101-6040-454.30-02	07/09/2013	METAL/CONCRETE EPOXY	000758/455042	140143	01/2014	6.23
101-1910-419.30-02	07/09/2013	BATTERY CHGR-BCH WHEELCHR	3080	140143	01/2014	96.12
101-6040-454.30-02	07/11/2013	MINERAL SPIRITS	081234/2560552	140143	01/2014	9.70
101-6040-454.30-02	07/15/2013	PLANER TABLE/BOLTS/CAPS	062893898	140143	01/2014	221.63
101-6040-454.30-02	07/18/2013	SANDBLASTING/PRIME/PAINT	113685	140143	01/2014	150.00
101-1910-419.30-02	06/24/2013	FD COUNTER SUPPLIES	073279/9596063	140141	01/2014	43.26
101-1910-419.30-02	06/25/2013	LIGHTBULBS	033834/8571692	140141	01/2014	19.38
101-1910-419.30-02	06/25/2013	FD COUNTER SUPPLIES	063648/8566306	140141	01/2014	26.50
101-1910-419.30-22	06/26/2013	TOOLS FOR 624	061459/7582577	140141	01/2014	97.48
101-1910-419.30-02	06/26/2013	PARKING CURBS	1883840	140141	01/2014	43.20
101-1910-419.30-02	06/27/2013	SANDPAPER	054362/6571952	140141	01/2014	8.58
101-1910-419.30-02	06/27/2013	WOOD FINISH STAIN	056491/6582751	140141	01/2014	8.77
101-1910-419.30-22	06/27/2013	SHEET SANDER	087545/6572038	140141	01/2014	53.97
101-6020-452.30-02	07/08/2013	TOP SOIL -VETERANS PARK	97550	140141	01/2014	64.78
101-1910-419.30-02	07/09/2013	FAUCET STEM/GLOVES	077101/4597881	140141	01/2014	30.78
101-1910-419.30-02	07/11/2013	WINDOW FILM/BREAKER	045149/2573997	140141	01/2014	25.71
101-1910-419.30-02	07/15/2013	FD CABINET MATERIAL	084874/8013810	140141	01/2014	62.04
101-1910-419.30-02	07/16/2013	FD CABINET WOOD	052089/7580281	140141	01/2014	4.54
101-1910-419.30-02	07/16/2013	FD CABINET SUPPLIES	061771/7561149	140141	01/2014	17.58
101-1910-419.30-02	07/17/2013	SHED ROOF	006250/6021968	140141	01/2014	208.55
101-1910-419.30-02	07/17/2013	SHED PAINT -FLEET	087736/6014505	140141	01/2014	14.19

CHECK DATE / ACCOUNT #	CHECK NUMBER / TRN DATE	VENDOR NAME / DESCRIPTION	VENDOR # / INVOICE	PO #	PER/YEAR	CHECK AMOUNT / TRN AMOUNT
101-1910-419.30-02	07/18/2013	SHED PAINT/BRUSHES	028814/5580595	140141	01/2014	20.64
101-1910-419.30-02	07/18/2013	SUNSCREEN	4333	140141	01/2014	25.47
101-5010-431.30-02	06/26/2013	SKILSAW POWER CORD	006869/7582637	140148	01/2014	26.40
101-5040-434.28-13	07/03/2013	US EPA TOXIC FEE	078931	140142	01/2014	175.00
601-5060-436.30-02	07/03/2013	RUBBER HOSE & FITTINGS	042856/0583562	140146	01/2014	77.58
601-5060-436.30-22	07/03/2013	RUBBER HOSE & FITTINGS	042856/0583562	140146	01/2014	23.09
601-5060-436.30-02	07/09/2013	BALL VALVES	2805419-000	140146	01/2014	58.83
601-5060-436.30-22	07/18/2013	HAND TOOLS	056921/5551478	140146	01/2014	95.33
101-5010-431.30-02	07/03/2013	SWIVELS #625	SR12-1631	140148	01/2014	112.69
101-5010-431.25-02	07/09/2013	BOBCAT RENTAL/ASPHALT	484081	140148	01/2014	606.02
101-5010-431.25-02	07/09/2013	BOBCAT RENTAL/ASPHALT	484081	140148	01/2014	22.98
101-5010-431.25-02	07/09/2013	ASPHALT ROLLER RENTAL	484083	140148	01/2014	213.00
101-5010-431.25-02	07/15/2013	MOWER DECK RENTAL	486179	140148	01/2014	216.00
101-5010-431.30-02	07/16/2013	BOLLARDS 2ND/PALM PROJ	351520	140148	01/2014	398.29
101-5010-431.30-02	07/17/2013	PROPANE TANK EXCHANGES/GL	060941/5265203	140148	01/2014	75.15
101-5010-431.30-02	07/18/2013	PROPANE TANK EXCHANGES	078339	140148	01/2014	47.39
101-5010-431.21-23	07/18/2013	CROSSING SIGNS	084820-00	140148	01/2014	95.16
503-1923-419.30-22	06/24/2013	SCANNER REPAIR	50261	140136	01/2014	460.92
503-1923-419.28-04	06/27/2013	LOPEZ,H MEAL WORK LATE	012520	140136	01/2014	12.07
503-1923-419.28-04	06/27/2013	LOPEZ, LUNCHEON W/INTERN	092303	140136	01/2014	14.02
101-6020-452.30-02	06/25/2013	ELECTRIC OUTLET	069196/8566356	140152	01/2014	19.97
101-1110-412.28-04	07/09/2013	BROWN/WELLCOME LUNCH MTG	083818	140126	01/2014	29.68
101-1110-412.28-04	07/19/2013	BROWN, PORT MATTERS LUNCH	086830	140126	01/2014	26.40
503-1923-419.30-22	07/02/2013	LAPTOP CABLE	23036	140136	01/2014	64.78
503-1923-419.28-04	07/09/2013	INTERVIEW PANEL LUNCH	080222	140136	01/2014	43.79
503-1923-419.30-22	07/09/2013	SERVER HARDDRIVE REPAIR	502466	140136	01/2014	332.62
503-1923-419.30-22	07/09/2013	SERVER HARDDRIVE REPAIR	502466	140136	01/2014	159.00
503-1923-419.28-04	07/09/2013	COFFEE-INTERVIEW PANEL	711123	140136	01/2014	3.90
503-1923-419.30-22	07/10/2013	OVERNIGHT SHIPPING- ACOM	338477	140136	01/2014	38.02
503-1923-419.30-22	07/19/2013	REIMBURSED-PRSNAL PURCHSE	07-19-2013	140136	01/2014	3.89
503-1923-419.28-04	07/19/2013	LOPEZ,H-LUNCH W/TEMP	23003HVP	140136	01/2014	10.78
101-1210-413.28-12	05/21/2013	GFOA MEMBERSHIP	0164001	140137	01/2014	225.00
101-1020-411.28-11	06/25/2013	RECORDS REQUEST	36453	140122	01/2014	32.40
101-1010-411.28-04	06/27/2013	SPRIGGS,E CONF REGISTRATI	2013 CONF	140123	01/2014	475.00
101-6030-453.30-01	06/26/2013	KETTLE	042204	140128	01/2014	32.31
501-1921-419.28-16	06/25/2013	DRAIN HOSE	017716	140150	01/2014	11.26
501-1921-419.30-02	06/26/2013	CANVAS TURNLOCK SUPPLY	728677	140150	01/2014	108.00
101-3040-424.28-11	07/01/2013	PLAN REPRODUCTIONS	36501	140122	01/2014	102.06
101-3040-424.28-12	07/11/2013	HOLDEN,J ICC MEMBERSHIP	2012/2013	140122	01/2014	125.00
101-1010-411.28-04	07/22/2013	SPRIGGS,E-CONF TRAVEL	AWH2M5	140123	01/2014	137.80
101-6010-451.30-02	07/16/2013	REIMBURSED -PERSNL PURCH	07-16-2013	140127	01/2014	27.58
101-6010-451.30-02	07/16/2013	CAFE REFRESHMENTS	256410302	140127	01/2014	348.32
101-3020-422.30-02	07/11/2013	GLASS SHELF	5244624	140129	01/2014	90.97
101-1210-413.28-14	07/01/2013	GAAP UPDATE 2012	3874190	140137	01/2014	57.95
501-1921-419.28-16	07/02/2013	#602 DOOR LOCK	85976	140150	01/2014	118.10
501-1921-419.28-16	07/08/2013	#608 STARTER-LG QUAD	41193459	140150	01/2014	89.10
101-1230-413.28-04	06/25/2013	WADE,G LUNCHEON MTG	040366	140120	01/2014	20.71
101-1010-411.28-04	06/12/2013	06/26/13 COUNCIL DINNER	8608	140124	01/2014	62.10
101-1010-411.28-04	06/23/2013	COUNCIL REFRESHMENTS	00093701	140124	01/2014	24.02
101-1010-411.28-04	06/28/2013	06/28/13 COUNCIL BRKFAST	00021396	140124	01/2014	16.49

CHECK DATE	CHECK NUMBER	VENDOR NAME	VENDOR #	CHECK AMOUNT

ACCOUNT #	TRN DATE	DESCRIPTION	INVOICE	PO #	PER/YEAR	TRN AMOUNT
101-1110-412.30-01	06/24/2013	LAMINATOR REFILL ROLL	1Z3967850390948	140125	01/2014	14.97
101-1130-412.30-01	06/24/2013	LAMINATOR REFILL ROLL	1Z3967850390948	140125	01/2014	14.98
101-1110-412.30-01	06/24/2013	LAMINATOR REFILL ROLL	4239-9014-4556-	140125	01/2014	27.47
101-1130-412.30-01	06/24/2013	LAMINATOR REFILL ROLL	4239-9014-4556-	140125	01/2014	27.48
101-5010-431.30-02	06/24/2013	WORK GLOVES/SANDPAPER	094719/9571522	140151	01/2014	16.14
101-5020-432.28-04	06/24/2013	LAU, P-APWA MS4 SEMINAR	42525	140151	01/2014	90.00
101-1110-412.29-04	07/02/2013	CRATIVE CLOUD SUBSCRPTN	AD002312726EDU	140124	01/2014	29.99
101-1110-412.28-14	07/12/2013	NEWSLETTER SUBSCRIPTION	1373623584088	140124	01/2014	30.00
101-1010-411.28-04	07/17/2013	07/17/13 COUNCIL DINNER	17002R40	140124	01/2014	43.19
101-1920-419.30-02	07/01/2013	JUL/AUG 2013 AUTO ATTENDA	33363	140125	01/2014	300.00
101-1130-412.28-04	07/11/2013	CORTEZ, CITY ATTY LUNCH	021045	140125	01/2014	70.86
101-3020-422.30-02	07/05/2013	STATION CLEANING SUPPLIES	041162	140130	01/2014	134.25
101-3020-422.30-02	07/05/2013	RADIO STORAGE /SHOP RAGS	090922	140130	01/2014	33.45
101-3020-422.30-02	07/17/2013	SHIFT CALENDARS	2211-2450-2034-	140130	01/2014	179.41
101-3020-422.30-02	07/19/2013	COFFEE FILTERS	9242490921	140130	01/2014	25.06

DATE RANGE TOTAL * 784,482.24 *

AGENDA ITEM NO. 2.3

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER**
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**ADMINISTRATIVE SERVICES**
SUBJECT:	**ADOPTION OF RESOLUTION 2013-7381 APPROVING AN AGREEMENT WITH UTILITY COST MANAGEMENT TO COMPLETE A REVIEW OF THE CITY'S UTILITY BILLS**

BACKGROUND:
The City of Imperial Beach receives utility billing for its use of electricity, gas and water. Utility Cost Management provides a service to review utility bills to ensure bills are being correctly calculated in accordance with the City's agreements with the utilities. It is fiscally prudent for the City to ensure, to the extent possible, that it is being correctly billed and is not receiving any overcharges.

DISCUSSION:
Utility Cost Management (UCM) has been in business in California since 1991, and in that time has provided its services to state agencies, University of California campuses, many cities, and water and sewer districts. UCM's bill analysis seeks to reduce the amount paid for what is consumed and does not focus on energy or water efficiency recommendations. UCM researches, applies, and interprets the complex regulations upon which utility bills are based to ensure the City is not paying more than is required. UCM will identify billing errors and savings opportunities, negotiate with utility providers to implement the desired billing changes, and provide detailed calculations quantifying actual savings.

There is no actual cost outlay to the City for these services. Should errors be found and savings result, the City will share equally in the savings with UCM. Even if no savings are generated, the City benefits from the knowledge that all our utility bills are being correctly and accurately calculated.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

Any fiscal impact to the budget would result from utility bill reimbursements and potential reductions in future utility bills as a result of the review and correction of billing. Any reimbursement amount or reduction of future utility bills is unknown at this time. There will be no additional costs to the General Fund as a result of this agreement.

DEPARTMENT RECOMMENDATION:
Staff recommends the City Council adopt Resolution 2013-7381 authorizing the City Manager to sign the agreement with Utility Cost Management.

CITY MANAGER'S RECOMMENDATION:
Approve Department recommendation.

Attachments:
1. Resolution No. 2013-7381
2. Agreement With Utility Cost Management to Complete a Review of Utility Bills for the City of Imperial Beach

RESOLUTION NO. 2013-7381

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO SIGN AN AGREEMENT WITH UTILITY COST MANAGEMENT TO PROVIDE A REVIEW OF THE CITY'S UTILITY BILLS

WHEREAS, the City of Imperial Beach receives utility bills for its use of electricity, gas and water; and

WHEREAS, it is fiscally responsible for the City to ensure that utility bills are correctly and accurately calculated; and

WHEREAS, Utility Cost Management provides a service that reviews such utility bills to ensure the City is being fairly and accurately billed;

WHEREAS, Utility Cost Management will determine upon its review of the utility bills whether the method of calculation is correct and if any monies are to be reimbursed to the City of Imperial Beach based on errors in that calculation; and

WHEREAS; any monies found to be reimbursable to the City of Imperial Beach as a result of corrections to the bills shall be split equally between the City of Imperial Beach and Utility Cost Management.

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

1. The above recitals are true and correct.
2. This legislative body approves the contract with Utility Cost Management.
3. This legislative body authorizes the City Manager to sign the Utility Cost Management contract providing a review of the City of Imperial Beach's utility bills.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its regular meeting held on the 4th day of September, 2013, by the following roll call vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

_____
JAMES C. JANNEY, MAYOR

ATTEST:

_____
JACQUELINE M. HALD, MMC
CITY CLERK

ATTACHMENT 2

City of Imperial Beach

AGREEMENT FOR PROFESSIONAL SERVICES

This Agreement, entered into this ____ day of _____ 2013, by and between the CITY OF IMPERIAL BEACH (hereinafter referred to as "CITY" or "Client") and Utility Cost Management LLC (hereinafter referred to as "CONSULTANT" or "UCM") (hereinafter time to time referred to individually as a "PARTY" or collectively as the "PARTIES").

RECITALS

WHEREAS, CITY desires to hire a consultant to provide services related to the reduction of various utility bills, ("professional services"); and

WHEREAS, CONSULTANT is a firm that possesses the necessary qualifications to provide such professional services; and

WHEREAS, CITY has authorized the preparation of an Agreement to retain the professional services of CONSULTANT as hereinafter set forth;

NOW, THEREFORE, IT IS MUTUALLY AGREED THAT CITY DOES HEREBY RETAIN CONSULTANT ON THE FOLLOWING TERMS AND CONDITIONS:

Section 1. EMPLOYMENT OF CONSULTANT.

CITY hereby agrees to engage CONSULTANT and CONSULTANT hereby agrees to perform the services hereinafter set forth, in accordance with all terms and conditions contained herein. CONSULTANT represents that all professional services required hereunder will be performed directly by CONSULTANT.

Section 2. SCOPE OF SERVICES AND COMPENSATION.

A. CONSULTANT shall provide the professional services as described in Exhibit "A" entitled "Scope of Services," attached hereto and made a part hereof.

B. CONSULTANT and CITY agree to abide by the terms and conditions contained in this Agreement.

C. CONSULTANT will, in a professional manner, furnish all labor and all personnel; all supplies, materials, equipment, printing, vehicles, transportation, office space, and facilities; and all other means, except as otherwise expressly specified to be furnished by CITY, that are necessary or proper to complete the work and provide the required professional services.

D. The compensation to CONSULTANT for professional services under this Agreement shall be limited to payments provided in Section 7 of Exhibit A. The CONSULTANT shall not be eligible or entitled to any other payments, costs, reimbursements or expenses.

Section 3. PROJECT COORDINATION AND SUPERVISION.

The City Manager is hereby designated as the Project Coordinator for CITY and will monitor the progress and execution of this Agreement. The Administrative Services Director shall be the Project Director for CONSULTANT.

Section 4. LENGTH OF CONTRACT.

The contract services shall commence in September 2013, and shall be terminated upon completion of the work as set forth in Section 2 above, except as otherwise set forth in Section 16.

Any delay occasioned by causes beyond the control of CONSULTANT may be reason for the granting of extension of time for the completion of the aforesaid services. When such delay occurs, CONSULTANT shall immediately notify the Project Coordinator in writing of the cause and the extent of the delay, whereupon the Project Coordinator shall ascertain the facts and the extent of the delay and determine whether an extension of time for the completion of the professional services is justified by the circumstances.

Section 5. CHANGES.

CONSULTANT shall not be eligible or entitled to any other payments, costs, reimbursements or expenses for any changes in the scope of work under this Agreement without the express written approval of the City Manager and/or the City Council.

Section 6. OWNERSHIP OF DOCUMENTS.

All documents, data, studies, drawings, maps, models, photographs and reports prepared by CONSULTANT under this Agreement shall be considered the property of CITY. CONSULTANT may retain such copies of said documents and materials as desired, but shall deliver all original materials to CITY.

Section 7. AUDIT OF RECORDS.

A. At any time during normal business hours and as often as may be deemed necessary the CITY, CONSULTANT shall make available to a representative of CITY for examination all of its records with respect to all matters covered by this Agreement and shall permit CITY to audit, examine and/or reproduce such records. CONSULTANT shall retain such financial and program service records for at least four (4) years after termination or final payment under this Agreement.

B. The CONSULTANT shall include the CITY's right under this section in any and all of their subcontracts, and shall ensure that these sections are binding upon all subcontractors.

Section 8. PUBLICATION OF DOCUMENTS.

Except as necessary for performance of service under this Agreement, no drafts or copies of materials, including graphic art work, prepared pursuant to this Agreement shall be released by CONSULTANT to any other person or agency without CITY's prior written approval. All press releases, including graphic display information to be published in newspapers or magazines, shall be approved by CITY prior to their distribution, unless otherwise agreed in writing by the parties. After project completion, CONSULTANT may list the project and the general details in its promotional materials.

Section 9. COVENANT AGAINST CONTINGENT FEES.

CONSULTANT declares that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of the Agreement. For breach of violation of this warranty, CITY shall have the right to annul this Agreement without liability, or, at its sole discretion, to deduct from the Agreement price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

Section 10. NO ASSIGNMENTS.

Neither any part nor all of this Agreement may be assigned or subcontracted, except as otherwise specifically provided herein, or to which CITY, in its sole discretion, consents to in advance thereof in writing. Any assignment or subcontracting in violation of this provision shall be void.

Section 11. INDEPENDENT CONTRACTOR.

At all times during the term of this Agreement, CONSULTANT and any subcontractors employed by CONSULTANT shall be an independent contractor and shall not be an employee of the CITY. CITY shall have the right to control CONSULTANT only insofar as the results of CONSULTANT'S services rendered pursuant to this Agreement; however, CITY shall not have the right to control the means by which CONSULTANT accomplishes its services. Any provision in this Agreement that may appear to give CITY the right to direct CONSULTANT or sub consultant as to the details of doing the work or to exercise a measure of control over the work means that CONSULTANT shall follow the direction of the CITY as to end results of the work only.

Neither CONSULTANT nor CONSULTANT's employees shall in any event be entitled to any benefits to which CITY employees are entitled, including, but not limited to, overtime, any retirement benefits, workers' compensation benefits, any injury leave or other leave benefits, CONSULTANT being solely responsible for all such matters, as well as compliance with social security and income tax withholding and all other regulations and laws governing such matters.

Section 12. LICENSES, PERMITS, ETC.

CONSULTANT represents and declares to CITY that it has all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession and perform the services as set forth in this Agreement. CONSULTANT represents and warrants to CITY that CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, or approval which is legally required for CONSULTANT to practice its profession.

Section 13. INSURANCE.

CONSULTANT shall maintain, during the term of this Agreement, Workers' Compensation and Employer's Liability Insurance as prescribed by applicable law. Upon request, CITY shall be provided with satisfactory evidence that premiums have been paid and shall deliver to CITY certificates of insurance and endorsements as to each policy. Each certificate of insurance shall provide that the policy will not be materially altered or cancelled without first giving 10 days written notice to the CITY by certified mail. Coverage shall include appropriate waivers of subrogation as to the City. CONSULTANT agrees to this requirement irrespective of any other similar obligation imposed on others and CONSULTANT agrees to do so in conformity with the requirements set forth herein including those requirements set forth for certificates of insurance.

CONSULTANT shall assume liability for the wrongful or negligent acts, errors and omissions of its officers, agents and employees and sub Contractors in regard to any functions or activity carried out by them on behalf of CITY pursuant to the terms of this Agreement.

Section 14. CONSULTANT NOT AN AGENT.

Except as CITY may specify in writing or as otherwise provided in Exhibit A, CONSULTANT shall have no authority, expressed or implied, to act on behalf of CITY in any capacity whatsoever as an agent. CONSULTANT shall have no authority, expressed or implied, pursuant to this Agreement to bind CITY to any obligation whatsoever.

Section 15. INDEMNITY.

To the fullest extent permitted by law, CONSULTANT shall indemnify, defend, and hold harmless the CITY, and its officers, officials, agents and employees from any and all claims, demands, costs or liability that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, its employees, agents, and subcontractors in the performance of services under this AGREEMENT. CONSULTANT's duty to indemnify under this section shall not include liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the active or sole negligence or willful misconduct by the CITY or its elected officials, officers, agents, and employees. CONSULTANT's indemnification obligations shall not be limited by the insurance provisions of this AGREEMENT. The PARTIES expressly agree that any payment, attorney's fees, costs or expense CITY incurs or makes to or on behalf of an injured employee under the CITY's self-administered workers' compensation is included as a loss, expense, or cost for the purposes of this section, and that this section will survive the expiration or early termination of this AGREEMENT.

Section 16. TERMINATION.

Either party may terminate this Agreement, with or without cause, at any time by providing written notice to the other party of such termination and specifying the effective date thereof. Said termination shall be effective no sooner than seven (7) days following the date of delivery of the notice of termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, reports and other materials prepared by CONSULTANT shall, at the option of CITY, become the property of CITY. If this Agreement is terminated, CONSULTANT shall not be entitled to any payment unless specified in Section 7 of Exhibit A.

Section 17. NON-DISCRIMINATION.

CONSULTANT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin, nor shall CONSULTANT discriminate against any qualified individual with a disability. CONSULTANT will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex or national origin and shall make reasonable accommodation to qualified individuals with disabilities. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by CITY setting forth the provisions of this non-discrimination clause.

Section 18. OFFICE SPACE AND CLERICAL SUPPORT.

Consultant shall provide its own office space and clerical support at its sole cost and expense.

Section 19. SUBCONTRACTORS.

A. The CONSULTANT's hiring or retaining of third parties (i.e. subcontractors) to perform services related to this Agreement is subject to prior approval by the CITY.

B. All contracts entered into between the CONSULTANT and its subcontractor shall also provide that each subcontractor shall obtain insurance policies which shall be kept in full force and effect during any and all work related to this Agreement and for the duration of this Agreement. The CONSULTANT shall require the subcontractor to obtain all policies described in Section 13 above in the amounts required by the CITY, which shall not be greater than the amounts required of the CONSULTANT.

C. In any dispute between the CONSULTANT and its subcontractor, the CITY shall not be made a party to any judicial or administrative proceeding to resolve the dispute. The CONSULTANT agrees to defend and indemnify the CITY as described in Section 15 of this Agreement should the CITY be made a party to any judicial or administrative proceeding to resolve any such dispute.

Section 20. CONFIDENTIAL RELATIONSHIP.

CITY may from time to time communicate to CONSULTANT certain information to enable Consultant to effectively perform the services. CONSULTANT shall treat all such information as confidential, whether or not so identified, and shall not disclose any part thereof without the prior written consent of CITY. CONSULTANT shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services. The foregoing obligation of this Section 20, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information (ii) is, through no fault of CONSULTANT, hereafter disclosed in publicly available sources of information; (iii) is now in the possession of CONSULTANT without any obligation of confidentiality; or (iv) has been or is hereafter rightfully disclosed to CONSULTANT by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

CONSULTANT shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this contract without the prior written consent of CITY. In its performance hereunder, CONSULTANT shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

Section 21. MEDIATION.

In the event of a dispute between CITY and CONSULTANT concerning the terms of this Agreement or its performance, the parties may, but are not required to, agree to submit such dispute to mediation. If both Parties agree to mediation, CITY and CONSULTANT agree to cooperate in good faith to promptly select a mediator, to schedule a mediation session, and to attempt to settle the claim or dispute through mediation.

Section 22. NOTICES.

All communications to either party by the other party shall be deemed made when received by such party at its respective name and address, as follows:

Andy Hall

City Manager
City of Imperial Beach
825 Imperial Beach Blvd.
Imperial Beach CA 91932

Any such written communications by mail shall be conclusively deemed to have been received by the addressee five days after the deposit thereof in the United States Mail, postage prepaid and properly addressed as noted above.

Section 23. CALIFORNIA LAW; VENUE.

This Agreement and its performance shall be governed, interpreted, construed, and regulated by the laws of the State of California. Any action brought to enforce or interpret any portion of this Agreement shall be brought in the county of San Diego, California. CONSULTANT hereby waives any and all rights it might have pursuant to California Code of Civil Procedure § 394.

Section 24. ENTIRE AGREEMENT.

This Agreement, and its Attachments and Exhibits, set forth the entire understanding of the parties. There are no other understandings, terms or other agreements expressed or implied, oral or written. The following attachments are a part of this Agreement: Exhibit A. No change, alteration, or modification of the terms or conditions of this Agreement, and no verbal understanding of the PARTIES, their officers, agents, or employees shall be valid unless agreed to in writing by both PARTIES.

Section 25. SEVERABILITY.

If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion shall be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement shall continue in full force and effect.

Section 26. TIME IS OF ESSENCE.

Time is of the essence for each and every provision of this agreement that states a time for performance and for every deadline imposed by the Project Coordinator.

Section 27. COMPLIANCE WITH LAW.

CONSULTANT shall comply with applicable laws in effect at the time the services are performed hereunder which, to the best of its knowledge, information and belief, apply to its obligations under this Agreement.

Section 28. STATEMENT OF EXPERIENCE.

By executing this Agreement, CONSULTANT represents that it has demonstrated trustworthiness and possesses the quality, fitness, and capacity to perform the Agreement in a manner satisfactory to CITY. CONSULTANT represents that its financial resources, surety and insurance experience, service experience, completion ability, personnel, current workload, experience in dealing with private owners, and experience in dealing with public agencies all suggest that CONSULTANT is capable of performing the proposed contract and has a demonstrated capacity to deal fairly and effectively with and to satisfy a public agency.

Section 29. CONFLICTS OF INTEREST AND POLITICAL REFORM ACT OBLIGATIONS.

During the term of this Agreement CONSULTANT shall not act as consultant or perform services of any kind for any person or entity whose interests conflict in any way with those of the CITY. CONSULTANT shall at all times comply with the terms of the Political Reform Act and the local conflict of interest ordinance. CONSULTANT shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before the CITY in which the CONSULTANT has a financial interest as defined in Government Code Section 87103. CONSULTANT represents that it has no knowledge of any financial interests which would require it to disqualify itself from any matter on which it might perform services for the Agency.

CONSULTANT shall comply with all of the reporting requirements of the Political Reform Act and local ordinance. Specifically, CONSULTANT shall file Statements of Economic Interest with the City Clerk of the CITY in a timely manner within thirty (30) days of a determination by CITY that CONSULTANT is subject to a conflict of interest code.

Section 30. RESPONSIBILITY FOR EQUIPMENT.

CITY shall not be responsible nor held liable for any damage to persons or property consequent upon the use, misuse, or failure of any equipment used by CONSULTANT or any of CONSULTANT's employees or subcontractors, even if such equipment has been furnished, rented, or loaned to CONSULTANT by CITY. The acceptance or use of any such equipment by CONSULTANT, CONSULTANT's employees, or subcontractors shall be construed to mean that CONSULTANT accepts full responsibility for and agrees to exonerate, indemnify and hold harmless CITY from and against any and all claims for any damage whatsoever resulting from the use, misuse, or failure of such equipment.

Section 31. NO WAIVER.

No failure of either the CITY or the CONSULTANT to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement shall constitute a waiver of any such breach of such covenant, term or condition.

Section 32. DRAFTING AMBIGUITIES.

The PARTIES agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

Section 33. CONFLICTS BETWEEN TERMS.

If an apparent conflict or inconsistency exists between the main body of this Agreement and Exhibit "A", the main body of this Agreement shall control. If a conflict exists between an applicable federal, state, or local law, rule, regulation, order, or code and this Agreement, the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this Agreement, the Exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Agreement.

Section 34. EXHIBITS INCORPORATED.

Exhibit "A" is incorporated into the Agreement by this reference.

Section 35. SIGNING AUTHORITY.

The representative for each Party signing on behalf of a corporation, partnership, joint venture or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture, or entity and agrees to hold the other Party or PARTIES hereto harmless if it is later determined that such authority does not exist.

*****SIGNATURES ON FOLLOWING PAGE*****

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

CITY OF IMPERIAL BEACH,
A municipal corporation

_____
Andy Hall, City Manager

CONSULTANT:

_____
PRINT NAME AND TITLE HERE

APPROVED AS TO FORM:

_____
Jennifer M. Lyon, City Attorney

EXHIBIT "A"
SCOPE OF SERVICES

This agreement is made by and between Utility Cost Management LLC ("UCM") and the entity signing below ("Client") as follows:

1. **Applicable to Client's Utility Accounts**. Unless otherwise stated in an addendum initialed by both parties, this Agreement will apply to all telecommunications (including voice, data, cellular, long distance, VOIP), water, sewer, garbage, gas and electricity accounts (and any related utility user taxes, other taxes, assessments, surcharges or fees) with respect to which Client:
   (a) is receiving utility service as of the Effective Date (as defined below),
   (b) has received utility service within three years prior to the Effective Date,
   (c) receives utility service within one year after the Effective Date, or
   (d) has permitted or authorized UCM to obtain a copy of the utility bill.
   The telecommunications, water, sewer, garbage, gas and electric accounts described in this paragraph are hereinafter collectively referred to as "Utility Accounts". The "Effective Date", as that term is used above, is the first day of the calendar month after both UCM and Client have signed this Agreement.

2. **Client to Provide Utility Bills**. On or promptly after Client's execution of this Agreement, Client will provide UCM with a copy of at least one month's utility bills for all of Client's Utility Accounts.

3. **UCM Authorized to Obtain Information on Utility Accounts**. UCM is hereby authorized to obtain and review information relating to the Utility Accounts. If site visits are necessary, UCM will first obtain proper authorization.

4. **UCM's Findings Letter**. UCM will use its best efforts to identify the basis for any refunds, credits or Future Savings (as defined below) on Client's Utility Accounts. UCM will send one or more a "Findings Letters" to Client that generally sets forth the basis for any refunds, credits or Future Savings identified by UCM. UCM may, from time to time, supplement or amend the Findings Letter.

5. **Steps to Obtain Refunds or Savings.** UCM is authorized by Client to take steps to obtain the refunds, credits or Future Savings identified in the Findings Letter. Such steps may include, but are not limited to, communicating, negotiating and dealing with utility providers (or, in the case of utility user taxes or other governmental charges, the appropriate government entity), and seeking relief from the California Public Utilities Commission in a complaint proceeding or other proceeding.

6. **Cooperation By Client.** Client will cooperate with UCM, as reasonable, in UCM's efforts to carry out the purposes and intent of this Agreement. Such cooperation will include, but not be limited to, providing information upon request by UCM concerning Client's utility expenditures, utility service and operations.

7. **UCM's Compensation**.

   UCM's compensation will consist of the amounts set forth in both (a) and (b) below.

   (a) **Refunds or Credits**. If Client receives a refund or credit that was identified in the Findings Letter, then Client will pay to UCM **50%** of the amount refunded or credited. The amount of the refund or credit for this purpose will include all amounts refunded or credited (including any portion attributable to interest) for any overcharges that were incurred by Client prior to the date that the overcharges no longer appeared on the Client's utility bill. Payment of UCM's **50%** compensation is due within 30 days of the date UCM mails an invoice to Client.

   (b) **Future Savings**. If Client obtains Future Savings that were identified in the Findings Letter, then Client will pay UCM **50%** of such Future Savings that accrue during a Three-Year Savings Period. "Future Savings" is the amount by which Client's charges on its Utility Accounts are reduced as a result of a change in the billing rate, calculation, method or procedure. Future Savings will be calculated as the difference between the amount Client was billed on its Utility Accounts during the Three-Year Savings Period, and the amount that it would have been billed on its Utility Accounts during the Three-Year Savings Period if there had been no change in its billing rate, calculation, method or procedure. The Three-Year Savings Period begins on the date that the change in the billing rate, calculation, method or procedure is first reflected on Client's utility bill, and ends three years thereafter. UCM will

submit invoices periodically to Client for payment based on the Future Savings as they accrue. The invoices will verify (a) that Future Savings have actually been realized by Client, and (b) the amount of such Future Savings. Payment of UCM's invoices is due within 30 days of the date the invoices are mailed to Client. The compensation under this subparagraph will not include compensation for Future Savings that are the result of a reduction in the amount of utility usage by Client.

(c) **Client's Prior Knowledge of Basis For Refund, Credit, or Future Savings.** Client is not obligated to pay UCM pursuant to this paragraph for any refund, credit or Future Savings received by Client for which Client had submitted to the utility provider a written claim prior to the date of UCM's Findings Letter.

(d) Notwithstanding any other terms in this Exhibit A, UCM shall not be entitled to any refund, credit or Future Savings received by or due to Client for which Client would have otherwise received or been due without the services of UCM (the "Excluded Future Savings"). Excluded Future Savings include, but are not limited to, overpayments by the City on any Utility Accounts discovered by any party other than UCM.

8. Subcontract of Telecommunications Audit. UCM may engage an outside firm (the "Subcontractor") to perform some or all of the following: obtain and review Client's telecommunications accounts (Paragraph 3), identify the basis for any refunds, credits or Future Savings on such telecommunications accounts (Paragraph 4), and take steps to obtain the refunds, credits or Future Savings on such telecommunications accounts that are identified in the Findings Letter (Paragraph 5). Payment of the Subcontractor's compensation, if any, will be the sole responsibility of UCM, and not Client. Client hereby acknowledges and consents to UCM's engagement of a Subcontractor as described herein.

9. If Client Is Not Utility Customer. By providing a copy of any utility bill to UCM, Client is thereby agreeing that the Utility Account represented by such bill will be governed by this Agreement, regardless of whether or not Client is the Utility Customer with respect to such Utility Account. For purposes of this Agreement, the Utility Customer is the entity that (i) is named on the Utility Account as reflected by the utility bill, (ii) receives the utility service on the Utility Account, (iii) pays for or is liable for the charges on the Utility Account, or (iv) is the owner of the property at which the utility service is provided on the Utility Account. If Client is not the Utility Customer for a Utility Account then, with respect to that Utility Account, Client represents that it is signing this Agreement in its capacity as agent for the Utility Customer, and as such is authorized to legally bind the Utility Customer to the terms of this Agreement. Client further agrees that the terms of this Agreement will be equally binding on both Client and Customer, that all references in this Agreement to "Client" will also be deemed to be references to the Utility Customer, and that Client and the Utility Customer will be jointly and severally liable for payment of UCM's compensation under this Agreement.

10. No Legal Services. Client acknowledges and understands that: (1) Only an attorney can provide legal services or advice, (2) UCM is not an attorney or law firm, and does not and will not provide legal services or advice, (3) UCM does not and will not act as an attorney for Client or any other person, (4) Nothing in this Agreement, and no act, omission or statement by UCM, or its owners or employees, will be construed to create an attorney-client relationship between UCM and Client or any other person, (5) UCM is not subject to the California Rules of Professional Conduct, which govern the conduct of attorneys, and (6) Client should consult an attorney if it wishes to receive legal services or advice.

11. Disclosure of Information. UCM may obtain information that pertains to Client's business, operations, or affairs, including but not limited to its utility charges and utility usage. Client expressly authorizes UCM to use and disclose such information to others as necessary or convenient to carry out the services contemplated by this Agreement.

12. Release of Claims Against UCM. Client acknowledges and agrees that UCM has made no express or implied representation or warranty that it will be successful in identifying or obtaining any refunds, credits, or Future Savings on Client's Utility Accounts. Client hereby covenants not to bring any action for damages against UCM that is based upon or relates to any failure by UCM to identify or obtain refunds, credits, or Future Savings to which Client was or is entitled.

13. Representations Made By Client. It may become necessary for Client to make certain representations to the utility provider or other entity in order obtain refunds, credits or Future Savings identified by UCM in its Findings Letter. Client hereby warrants that any such representations made by Client will be true and correct in all respects.

 Initials: _____ Initials: _____

14. **Late Payment Penalty.** If payment of any invoice is not received by UCM within 30 days of the date the invoice was mailed, then interest on the amount owing will accrue, beginning on the 31st day after the invoice was mailed to Client, at the rate of 1% per month (prorated on a daily basis). In addition, if any payment is not received by UCM within 60 days of the date the invoice was mailed to Client, then a fee equal to 5% of the amount owing (including any accrued interest) will be imposed on the 61st day after the invoice was mailed. Interest will continue to accrue at 1% per month (prorated on a daily basis) on the entire amount due until paid in full.

Initials: _____ Initials: _____

AGENDA ITEM NO. 2.4

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER**
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**ADMINISTRATIVE SERVICES DEPARTMENT**
SUBJECT:	**RESOLUTION 2013-7380 APPROVING A TWO YEAR AGREEMENT WITH LANCE, SOLL & LUNGHARD TO PERFORM THE CITY'S FINANCIAL AUDIT**

BACKGROUND:
At the end of each fiscal year, the City of Imperial Beach is required to have an audit of its financial records. Lance, Soll & Lunghard has been the City's auditor since 2003.

DISCUSSION:
The annual audit of the City's financials is required and serves several important purposes. Auditors opine on the reasonableness of the financial statements and also provide recommendations for improvements to procedures facilitating efficiencies and ensuring adequate internal controls are in place to assist in the prevention of mistakes and of fraud. Additionally, should the City wish to enter the bond market, a "clean" audit opinion is vital to a strong bond rating which positively affects the bond interest rate.

Successor Agencies to the Redevelopment Agency are also required to complete an annual audit. The agreement provides for both audit services and there is a companion item on the agenda for the Successor Agency Board to approve the contract for audit services.

Lance, Soll and Lunghard has extensive experience with the City of Imperial Beach and with many other governmental agencies in California. It is a highly qualified certified public accounting firm.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

The City Council approved the fiscal year 2013/14 and 2014/15 budgets which include the estimated audit costs, and no additional budget is required.

DEPARTMENT RECOMMENDATION:

Staff recommends the City Council adopt Resolution 2014-7380 approving the two year agreement for audit services by Lance, Soll & Lunghard.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:

1. Resolution No. 2013-7380
2. Agreement for audit services by Lance, Soll & Lunghard

RESOLUTION NO. 2013-7380

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AUTHORIZING THE CITY MANAGER TO SIGN AN AGREEMENT WITH LANCE SOLL & LUNGHARD TO PROVIDE AUDIT SERVICES OF THE CITY'S FINANCIAL STATEMENTS

WHEREAS, the City of Imperial Beach is required to complete an annual audit of its financial statements; and

WHEREAS,

WHEREAS, Lance Soll & Lunghard is a qualified certified public accounting firm and is highly experienced in completing audits of governmental financial statements; and

WHEREAS, Lance Soll & Lunghard has been the auditor for the City of Imperial Beach since 2003; and

WHEREAS, per Imperial Beach Municipal Code section 3.04.160(G), the City Council desires to waive bid requirements by Resolution because it is necessary and convenient for the operation of City affairs.

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

1. The above recitals are true and correct.
2. This legislative body approves the contract with Lance Soll & Lunghard, LLP.
3. This legislative body authorizes the City Manager to sign the Lance Soll & Lunghard, LLP contract to complete an audit of the City of Imperial Beach's financial statements.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its regular meeting held on the 4th day of September, 2013, by the following roll call vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD, MMC
CITY CLERK

City of Imperial Beach
AGREEMENT FOR PROFESSIONAL SERVICES

FOR AUDIT SERVICES OF THE CITY OF IMPERIAL BEACH FINANCIAL STATEMENTS

This Agreement, entered into this _____ day of _____, 2013, by and between the CITY OF IMPERIAL BEACH (hereinafter referred to as "CITY") and Lance Soll & Lunghard (hereinafter referred to as "CONSULTANT") (collectively "PARTIES").

RECITALS

WHEREAS, CITY desires to obtain the services of qualified certified public accountants for the purpose of conducting annual audits of its financial books and records; and

WHEREAS, CONSULTANT is a certified public accounting firm and has represented that CONSULTANT possesses the necessary qualifications to provide such services; and

WHEREAS, CITY has authorized the preparation of an Agreement to retain the services of CONSULTANT as hereinafter set forth;

NOW, THEREFORE, IT IS MUTUALLY AGREED THAT CITY DOES HEREBY RETAIN CONSULTANT ON THE FOLLOWING TERMS AND CONDITIONS:

Section 1. EMPLOYMENT OF CONSULTANT.

CITY hereby agrees to engage CONSULTANT and CONSULTANT hereby agrees to perform the services hereinafter set forth, in accordance with all terms and conditions contained herein. CONSULTANT represents that all professional services required hereunder will be performed directly by CONSULTANT, or under direct supervision of CONSULTANT.

Section 2. SCOPE OF SERVICES AND COMPENSATION.

A. CONSULTANT shall provide services as described in Exhibit "A" entitled "Proposal & Contract", attached hereto and made a part hereof.

B. As additional consideration, CONSULTANT and CITY agree to abide by the terms and conditions contained in this Agreement.

C. CONSULTANT will, in a professional manner, furnish all labor and all personnel; all supplies, materials, equipment, printing, vehicles, transportation, office space, and facilities; all testing, analyses, and calculations; and all other means, except as otherwise expressly specified to be furnished by CITY, that are necessary or proper to complete the work and provide the required professional services.

C. CONSULTANT shall be compensated for work completed, not to exceed a total of $29,721 for the fiscal year 2012/13 audits of the City's financial statements and $30,613 for the fiscal year 2013/14 audits of the City's financial statements **for** basic services rendered under this Section 2, as more particularly described in Exhibit A. CONSULTANT shall be compensated for additional services only upon prior written approval of CITY.

E. CONSULTANT shall submit monthly statements for basic and additional services rendered in accordance with this Agreement. Payments to CONSULTANT will be made by CITY within thirty (30) days of receipt of invoice. CITY agrees that the CONSULTANT's billings are correct unless CITY, within ten (10) days from the date of receipt of such billing, notifies CONSULTANT in writing of alleged inaccuracies, discrepancies, or errors in billing. In the event CITY disputes part or all of an invoice, CITY shall pay the undisputed portion of the invoice within the above mentioned thirty days.

Section 3. PROJECT COORDINATION AND SUPERVISION.

The Administrative Services Director is hereby designated as the PROJECT COORDINATOR for CITY and will monitor the progress and execution of this Agreement.

Section 4. LENGTH OF CONTRACT.

The contract between CONSULTANT and CITY will be terminated upon completion of the work as set forth in Section 2 above or in accordance with Section 16 below.

Should CONSULTANT begin work on any phase in advance of receiving written authorization to proceed, any professional services performed by CONSULTANT in advance of the said date of authorization shall be considered as having been done at CONSULTANT'S own risk and as a volunteer unless said professional services are so authorized.

Any delay occasioned by causes beyond the control of CONSULTANT may be reason for the granting of extension of time for the completion of the aforesaid services. When such delay occurs, CONSULTANT shall immediately notify the PROJECT COORDINATOR in writing of the cause and the extent of the delay, whereupon the PROJECT COORDINATOR shall ascertain the facts and the extent of the delay and determine whether an extension of time for the completion of the professional services is justified by the circumstances.

Section 5. CHANGES.

If changes in the work seem merited by CITY or CONSULTANT, and informal consultations with the other party indicate that a change is warranted, it shall be processed by CITY in the following manner: a letter outlining the changes shall be forwarded to CITY by CONSULTANT with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by CITY and executed by both parties before performance of such services or CITY will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

Section 6. OWNERSHIP OF DOCUMENTS.

All documents, data, studies, drawings, maps, models, photographs and reports prepared by CONSULTANT under this Agreement shall be considered the property of CITY. CONSULTANT may retain such copies of said documents and materials as desired, but shall deliver all original materials to CITY.

Section 7. AUDIT OF RECORDS.

7.1. At any time during normal business hours and as often as may be deemed necessary the CONSULTANT shall make available to a representative of CITY for examination all of its records with respect to all matters covered by this Agreement and shall permit CITY to audit, examine and/or

reproduce such records. CONSULTANT shall retain such financial and program service records for at least four (4) years after termination or final payment under this Agreement.

7.2. The CONSULTANT shall include the CITY's right under this section in any and all of their subcontracts, and shall ensure that these sections are binding upon all subcontractors.

Section 8. PUBLICATION OF DOCUMENTS.

Except as necessary for performance of service under this Agreement, no copies, sketches, or graphs of materials, including graphic art work, prepared pursuant to this Agreement shall be released by CONSULTANT to any other person or agency without CITY's prior written approval. All press releases, including graphic display information to be published in newspapers or magazines, shall be approved and distributed solely by CITY, unless otherwise provided by written agreement between the parties. After project completion, CONSULTANT may list the project and the general details in its promotional materials.

Section 9. COVENANT AGAINST CONTINGENT FEES.

CONSULTANT declares that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of the Agreement. For breach of violation of this warranty, CITY shall have the right to annul this Agreement without liability, or, at its sole discretion, to deduct from the Agreement price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

Section 10. NO ASSIGNMENTS.

Neither any part nor all of this Agreement may be assigned or subcontracted, except as otherwise specifically provided herein, or to which Agency, in its sole discretion, consents to in advance thereof in writing. Any assignment or subcontracting in violation of this provision shall be void.

Section 11. INDEPENDENT CONTRACTOR.

At all times during the term of this Agreement, CONSULTANT and any subcontractors employed by CONSULTANT shall be an independent contractor and shall not be an employee of the CITY. CITY shall have the right to control CONSULTANT only insofar as the results of CONSULTANT'S services rendered pursuant to this Agreement; however, CITY shall not have the right to control the means by which CONSULTANT accomplishes its services. Any provision in this Agreement that may appear to give CITY the right to direct CONSULTANT or sub consultant as to the details of doing the work or to exercise a measure of control over the work means that CONSULTANT shall follow the direction of the CITY as to end results of the work only.

Neither CONSULTANT nor CONSULTANT's employees shall in any event be entitled to any benefits to which CITY employees are entitled, including, but not limited to, overtime, any retirement benefits, workers' compensation benefits, any injury leave or other leave benefits, CONSULTANT being solely responsible for all such matters, as well as compliance with social security and income tax withholding and all other regulations and laws governing such matters.

Section 12. LICENSES, PERMITS, ETC.

CONSULTANT represents and declares to CITY that it has all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession. CONSULTANT represents and warrants to CITY that CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, or approval which is legally required for CONSULTANT to practice its profession.

Section 13. INSURANCE.

CONSULTANT shall maintain, during the term of this Agreement, Workers' Compensation and Employer's Liability Insurance as prescribed by applicable law. Upon request, CITY shall be provided with satisfactory evidence that premiums have been paid and shall deliver to CITY certificates of insurance and endorsements as to each policy. Each certificate of insurance shall provide that the policy will not be materially altered or cancelled without first giving 10 days written notice to the CITY by certified mail. Coverage shall include appropriate waivers of subrogation as to the City. CONSULTANT agrees to this requirement irrespective of any other similar obligation imposed on others and CONSULTANT agrees to do so in conformity with the requirements set forth herein including those requirements set forth for certificates of insurance.

CONSULTANT shall assume liability for the wrongful or negligent acts, errors and omissions of its officers, agents and employees and sub Contractors in regard to any functions or activity carried out by them on behalf of CITY pursuant to the terms of this Agreement.

Section 14. CONSULTANT NOT AN AGENT.

Except as CITY may specify in writing, CONSULTANT shall have no authority, expressed or implied, to act on behalf of CITY in any capacity whatsoever as an agent. CONSULTANT shall have no authority, expressed or implied, pursuant to this Agreement to bind CITY to any obligation whatsoever.

Section 15. INDEMNITY.

To the fullest extent permitted by law, CONSULTANT shall indemnify, defend, and hold harmless the CITY, and its officers, officials, agents and employees from any and all claims, demands, costs or liability that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, its employees, agents, and subcontractors in the performance of services under this AGREEMENT. CONSULTANT's duty to indemnify under this section shall not include liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the active or sole negligence or willful misconduct by the CITY or its elected officials, officers, agents, and employees. CONSULTANT's indemnification obligations shall not be limited by the insurance provisions of this AGREEMENT. The PARTIES expressly agree that any payment, attorney's fees, costs or expense CITY incurs or makes to or on behalf of an injured employee under the CITY's self-administered workers' compensation is included as a loss, expense, or cost for the purposes of this section, and that this section will survive the expiration or early termination of this AGREEMENT.

Section 16. TERMINATION.

CITY may terminate this Agreement at any time by giving ten (10) days' written notice to CONSULTANT of such termination and specifying the effective date thereof at least ten (10) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, reports and other materials prepared by CONSULTANT shall, at

the option of CITY, become the property of CITY. If this Agreement is terminated by CITY as provided herein, CONSULTANT will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of CONSULTANT covered by this Agreement, less payments of compensation previously made.

Should CONSULTANT be in default of any covenant or condition hereof, CITY may immediately terminate this AGREEMENT for cause if CONSULTANT fails to cure the default within ten (10) calendar days of receiving written notice of the default.

Section 17. NON-DISCRIMINATION.

CONSULTANT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin, nor shall CONSULTANT discriminate against any qualified individual with a disability. CONSULTANT will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex or national origin and shall make reasonable accommodation to qualified individuals with disabilities. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by CITY setting forth the provisions of this non-discrimination clause.

Section 18. GENERAL CONDITIONS.

CONSULTANT shall provide no services for any private client within the corporate boundaries of CITY during the period that this Agreement is in effect, nor shall CONSULTANT, without, previous written permission from the PROJECT COORDINATOR, review any plan, map or other work which to the best of CONSULTANTS knowledge has been submitted by a private client for which the CONSULTANT has performed work within the previous 12 months or anticipates performing work in the succeeding 12 months. CONSULTANT shall immediately notify the PROJECT COORDINATOR in writing whenever CONSULTANT has reason to believe that aforementioned circumstance exists. CONSULTANT knows of no interests where it holds nor of any relationship it has or may have that would constitute a conflict of CONSULTANT performing the duties set forth in this Agreement solely in the best interest of CITY.

Section 19. OFFICE SPACE AND CLERICAL SUPPORT.

Consultant shall provide its own office space and clerical support at its sole cost and expense.

Section 20. SUBCONTRACTORS.

20.1. The CONSULTANT's hiring or retaining of third parties (i.e. subcontractors) to perform services related to this Agreement is subject to prior approval by the CITY.

20.2. All contracts entered into between the CONSULTANT and its subcontractor shall also provide that each subcontractor shall obtain insurance policies which shall be kept in full force and effect during any and all work related to this Agreement and for the duration of this Agreement. The CONSULTANT shall require the subcontractor to obtain all policies described in Section 13 above in the amounts required by the CITY, which shall not be greater than the amounts required of the CONSULTANT.

20.3. In any dispute between the CONSULTANT and its subcontractor, the CITY shall not be made a party to any judicial or administrative proceeding to resolve the dispute. The CONSULTANT agrees to defend and indemnify the CITY as described in Section 15 of this Agreement should the CITY be made a party to any judicial or administrative proceeding to resolve any such dispute.

Section 21. CONFIDENTIAL RELATIONSHIP.

CITY may from time to time communicate to CONSULTANT certain information to enable Consultant to effectively perform the services. CONSULTANT shall treat all such information as confidential, whether or not so identified, and shall not disclose any part thereof without the prior written consent of CITY. CONSULTANT shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services. The foregoing obligation of this Section 21, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information (ii) is, through no fault of CONSULTANT, hereafter disclosed in publicly available sources of information; (iii) is now in the possession of CONSULTANT without any obligation of confidentiality; or (iv) has been or is hereafter rightfully disclosed to CONSULTANT by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

CONSULTANT shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this contract without the prior written consent of CITY. In its performance hereunder, CONSULTANT shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

Section 22. MEDIATION.

In the event of a dispute between CITY and CONSULTANT concerning the terms of this Agreement or its performance, the parties may, but are not required to, agree to submit such dispute to mediation. If both Parties agree to mediation, CITY and CONSULTANT agree to cooperate in good faith to promptly select a mediator, to schedule a mediation session, and to attempt to settle the claim or dispute through mediation.

Section 23. NOTICES.

All communications to either party by the other party shall be deemed made when received by such party at its respective name and address, as follows:

Administrative Services Director
City of Imperial Beach
825 Imperial Beach Blvd
Imperial Beach CA 91932

Lance Soll & Lunghard
203 North Brea Blvd. Ste 203
Brea, CA 92821

Any such written communications by mail shall be conclusively deemed to have been received by the addressee five days after the deposit thereof in the United States Mail, postage prepaid and properly addressed as noted above.

Section 24. CALIFORNIA LAW; VENUE.

This Agreement and its performance shall be governed, interpreted, construed, and regulated by the laws of the State of California. Any action brought to enforce or interpret any portion of this Agreement shall be brought in the county of San Diego, California. CONSULTANT hereby waives any and all rights it might have pursuant to California Code of Civil Procedure § 394.

Section 25. ENTIRE AGREEMENT.

This Agreement, and its Attachments and Exhibits, set forth the entire understanding of the parties. There are no other understandings, terms or other agreements expressed or implied, oral or written.

Section 26. SEVERABILITY.

If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion shall be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement shall continue in full force and effect.

Section 27. TIME IS OF ESSENCE.

Time is of the essence for each and every provision of this agreement that states a time for performance and for every deadline imposed by the PROJECT COORDINATOR.

Section 28. COMPLIANCE WITH LAW.

CONSULTANT shall comply with applicable laws in effect at the time the services are performed hereunder which, to the best of its knowledge, information and belief, apply to its obligations under this Agreement.

Section 29. STATEMENT OF EXPERIENCE.

By executing this Agreement, CONSULTANT represents that it has demonstrated trustworthiness and possesses the quality, fitness, and capacity to perform the Agreement in a manner satisfactory to CITY. CONSULTANT represents that its financial resources, surety and insurance experience, service experience, completion ability, personnel, current workload, experience in dealing with private owners, and experience in dealing with public agencies all suggest that CONSULTANT is capable of performing the proposed contract and has a demonstrated capacity to deal fairly and effectively with and to satisfy a public agency.

Section 30. CONFLICTS OF INTEREST AND POLITICAL REFORM ACT OBLIGATIONS.

During the term of this Agreement CONSULTANT shall not act as consultant or perform services of any kind for any person or entity whose interests conflict in any way with those of the CITY. CONSULTANT shall at all times comply with the terms of the Political Reform Act and the local conflict of interest ordinance. CONSULTANT shall immediately disqualify itself and shall not use its official position to influence in any way any matter coming before the CITY in which the CONSULTANT has a financial interest as defined in Government Code Section 87103. CONSULTANT represents that it has no knowledge of any financial interests which would require it to disqualify itself from any matter on which it might perform services for the Agency.

CONSULTANT shall comply with all of the reporting requirements of the Political Reform Act and local ordinance. Specifically, CONSULTANT shall file Statements of Economic Interest with the City Clerk of the CITY in a timely manner on forms which CONSULTANT shall obtain from the City Clerk.

Section 31. RESPONSIBILITY FOR EQUIPMENT.

CITY shall not be responsible nor held liable for any damage to persons or property consequent upon the use, misuse, or failure of any equipment used by CONSULTANT or any of CONSULTANT's employees or subcontractors, even if such equipment has been furnished, rented, or loaned to CONSULTANT by CITY. The acceptance or use of any such equipment by CONSULTANT, CONSULTANT's employees, or subcontractors shall be construed to mean that CONSULTANT accepts full responsibility for and agrees to exonerate, indemnify and hold harmless CITY from and against any and all claims for any damage whatsoever resulting from the use, misuse, or failure of such equipment.

Section 32. NO WAIVER.

No failure of either the CITY or the CONSULTANT to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement shall constitute a waiver of any such breach of such covenant, term or condition.

Section 33. DRAFTING AMBIGUITIES.

The PARTIES agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

Section 34. CONFLICTS BETWEEN TERMS.

If an apparent conflict or inconsistency exists between the main body of this Agreement and the Exhibits, the main body of this Agreement shall control. If a conflict exists between an applicable federal, state, or local law, rule, regulation, order, or code and this Agreement, the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this Agreement, the Exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Agreement.

Section 35. EXHIBITS INCORPORATED.

Exhibits "A and B" are incorporated into the Agreement by this reference.

Section 36. SIGNING AUTHORITY.

The representative for each Party signing on behalf of a corporation, partnership, joint venture or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture, or entity and agrees to hold the other Party or PARTIES hereto harmless if it is later determined that such authority does not exist.

*****SIGNATURES ON FOLLOWING PAGE*****

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

CITY OF IMPERIAL BEACH,
A municipal corporation

CONSULTANT/CONSULTANT:

City Manager

Name/Title of Signatory

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

City Attorney

Administrative Services Director

Exhibit A
Scope of Services

Accountants will conduct an examination of the financial statements of the City of Imperial Beach for compliance with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB), for each of the two fiscal years, 2012/13 and 2013/14. The audits will be conducted in accordance with generally accepted auditing standards as established by the American Institute of Certified Public Accountants (AICPA) and will include other auditing procedures that are considered necessary. It is understood by the parties that such audit procedures are not primarily designed to and cannot be relied upon to disclose defalcations or other irregularities. Reliance for the prevention or detection of fraud, defalcations, or other irregularities should be placed principally upon an adequate internal accounting system with appropriate and functioning internal controls. It is the responsibility of each party to establish and maintain such an internal co9ntrol system; however, Accountants will report on internal control weaknesses.

Under the requirements of the federal government's program covering a single audit for all federal grant funds, the compliance and financial audit will be conducted according to the requirements of the Single Audit Act Amendments of 1996 in accordance with generally accepted auditing standards, as well as generally accepted governmental auditing standards if a single audit is required. Accountants' examination will be made in accordance with the standards for financial and compliance audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States, and the provision of Office of Management and Budget (OMB) Circular A-133, Audits of State and Local Governments.

Accountants' audit will include all funds of the City.

Exhibit B
Quote for Audit Services

	2012-13	2013-14
City	$29,721	$30,613

AGENDA ITEM NO. 2.5

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER** KA
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**PUBLIC SAFETY DEPARTMENT** JPC
SUBJECT:	**RESOLUTION NO. 2013-7379 ACCEPTING THE DEPARTMENT OF HOMELAND SECURITY PROGRAM FY 2011 PORT SECURITY GRANT PROGRAM AWARD OF $125,000 AND AUTHORIZING THE INSTALLATION OF A COASTAL SURVEILLANCE CAMERA SYSTEM**

BACKGROUND:

The City of Imperial Beach has been awarded a Port Security Grant, from the Department of Homeland Security and the Port of San Diego. The purpose of the grant is to fund operations which enhance public safety and law enforcement responses to maritime areas in the United States; as well as improve the coordination of public safety and law enforcement agencies which respond and protect ocean and major U.S. waterways.

The Imperial Beach Public Safety Department applied for and was awarded a grant to replace the current camera system that is not meeting the needs of Lifeguards or the law enforcement agencies. The Forward Looking InfaRed (FLIR) camera technology has been identified as an effective means to positively impact maritime security. The Department of Homeland Security and the Captain of the Port has awarded the City of Imperial Beach a grant of $125,000 for the coastal monitoring camera system. The grant period is for FY 2011 and the system must be completed and monies spent by August 31, 2014.

DISCUSSION:

The coastal monitoring camera system will have four locations, strategically placed, that will be used in early identification of beach and water safety, illegal activity in the ocean waters and on the beaches spanning from the international boarder to the north end of Camp Surf. The illegal activities include; swimmers, paddle boarders, kayaks, Jet Ski drop-offs, and pangas that are carrying either migrants and drugs. These activities are occurring any time of day or night. The most common times are when there are poor weather conditions or during darkness which provides the smugglers concealment for their criminal activity.

The surveillance camera systems, manufactured by FLIR, Inc., will be utilized to provide a three mile view of activities along the beach and in the water on a 24-hour basis. Each camera location will consist of two cameras, one color pan-tilt-zoom camera for daytime surveillance and one infrared camera for nighttime activity.

At this time, the surveillance cameras will be monitored in the tower at the Imperial Beach Lifeguard Headquarters during the regular staffing hours for the lifeguards. After hours, the U.S. Border Patrol, San Diego's Sheriff Department and California Department of Fish and Wildlife will continue to have access to the tower to monitor the camera system. It is anticipated that future access to these monitors will be through a secured web based system for the Sheriff's Sergeant, as well as other public safety agencies, to be able to monitor the system from their office(s) or mobile data computers.

This camera system will positively impact Imperial Beach Public Safety. The cameras will provide the Lifeguard Service the ability to monitor nearshore recreational activity in the areas, south of Seacoast Drive and north of Palm Ave, that are blocked from the Lifeguard Headquarters Dispatch tower's view with binoculars. Currently, the only way to monitor these remote areas is by staffing lifeguards in tower locations or in a beach patrol vehicle. The FLIR cameras will allow lifeguards to see anyone in the water or on the beach at night during emergency after-hours call outs, also during the afternoon when the lifeguards are unable to see through the glare coming off the water from the sun.

The cameras will be mounted to existing light poles or facilities at the following four locations:

1) This is the Dempsey Safety Center, Lifeguard Headquarters' tower location. This is a new camera location that will be mounted to the building and the entire camera system will be monitored from this location. The view from this location is north to Camp Surf and south to the Boco Rios' Point

2) This is the Imperial Beach Pier lifeguard tower location. A new camera and radio link will be mounted to the Pier tower building. The view will be south to the Tijuana River mouth and north to Camp Surf.

3) This light pole at the end of Seacoast Drive is the preferred location for the installation of a new camera. A maximum 3' extension pole may be needed to have line of sight back to the Dempsey Center for the radio transmitter. This new camera will have the view of the southern beaches of IB.

4) The Palm Ave street end location is the only existing camera location. The new camera and radio transmitter will be integrated into the camera monitoring system located at the Dempsey Center LG tower. Currently, this camera does not operate. The view from this camera will be south to include under the pier and north to Camp Surf.

ENVIRONMENTAL DETERMINATION:

This is a project as defined by CEQA. However, it can be exempted to CEQA Guidelines Section 15301 (c) Existing Facilities.

FISCAL IMPACT:

The Coastal Surveillance Camera System is 100% funded on a cost reimbursement basis. The City will initially advance money from the General Fund, as the expenditure increase will be offset by PSGP revenue.

DEPARTMENT RECOMMENDATION:

1. Staff recommends the City Council adopt Resolution No 2013-7379.
2. Accept the PSGP grant funds and authorize those funds for the installation and maintenance of the Coastal Surveillance Camera System.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:
1. Resolution No. 2013-7379

ATTACHMENT 1

RESOLUTION NO. 2013-7379

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, ACCEPTING THE DEPARTMENT OF HOMELAND SECURITY PROGRAM FISCAL YEAR 2011 PORT SECURITY GRANT PROGRAM AWARD OF $125,000 AND AUTHORING EXPENDITURE OF SAID FUNDS FOR THE ACQUISITION AND INSTALLATION OF A COASTAL SURVEILLANCE CAMERA SYSTEM.

WHEREAS, the City of Imperial Beach experiences multiple incursions weekly by swimmers, paddle boarders, kayakers, jet ski drop-offs, and panga boats carrying migrants or drugs; and

WHEREAS, the City of Imperial Beach applied for and was awarded a grant from the Department of Homeland Security and the Port of San Diego for the funding of operations which enhance public safety and law enforcement responses to maritime areas in the United States; and

WHEREAS, the current camera system does not adequately meet the needs of the Imperial Beach Lifeguards or the law enforcement agencies operating along the Imperial Beach shoreline and nearby ocean in United States waters; and

WHEREAS, the Forward Looking InfraRed (FLIR) camera technology has been identified as an effective means to provide clear early identification of nighttime illegal activity in the ocean waters and beaches spanning from the boarder, north along Imperial Beach; and

WHEREAS, each of locations will consist of one color pan-tilt-zoom camera for daytime operations as well as the FLIR cameras for nighttime operations enhancing already established and much needed daytime monitoring by lifeguards for beach safety and night time surveillance by various law enforcement agencies along the Imperial Beach shoreline.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Imperial Beach that the City Manager or his designee is authorized to ratify and accept the Department of Homeland Security Program Fiscal Year 2011 Port Security Grant Program award of $125,000 and authorizes the expenditure of said funds for the acquisition and installation of a coastal surveillance camera system as per the grant award and requirements.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 4th day of September 2013, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

_____
JAMES C. JANNEY, MAYOR

ATTEST:

_____
JACQUELINE M. HALD, MMC
CITY CLERK

AGENDA ITEM NO. 2.6

STAFF REPORT
IMPERIAL BEACH
REDEVELOPMENT AGENCY
SUCCESSOR AGENCY

TO:	**CHAIR AND MEMBERS OF THE SUCCESSOR AGENCY**
FROM:	**ANDY HALL, EXECUTIVE DIRECTOR**
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**SUCCESSOR AGENCY STAFF SUZANNE WELLCOME, INTERIM ADMINISTRATIVE SERVICES DIRECTOR**
SUBJECT:	**ADOPTION OF RESOLUTION NO. SA-13-28 OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE AN AGREEMENT WITH LANCE SOLL & LUNGHARD FOR AUDIT SERVICES**

BACKGROUND:
Since 2003, the City of Imperial Beach has contracted with Lance Soll & Lunghard to complete annual audits of both the City's financial statements and of the Redevelopment Agency and subsequent Redevelopment Agency Successor Agency.

DISCUSSION:
All Redevelopment Agency Successor Agencies are required to have an annual audit completed by a qualified certified public accounting firm. Lance Soll & Lunghard is highly experienced in the audits of both City financial statements and of former Redevelopment Agencies.

ENVIRONMENTAL DETERMINATION:
Not a project as defined by CEQA.

FISCAL IMPACT:
There is no fiscal impact. Costs for the audit services are included on the Recognized Obligation Payment Schedule (ROPS) and paid for from the Redevelopment Property Tax Trust Fund (RPTTF).

DEPARTMENT RECOMMENDATION:
Staff recommends that the Imperial Beach Redevelopment Agency Successor Agency adopt Resolution Number SA-13-28 approving Lance Soll & Lunghard as auditors for the Redevelopment Agency Successor Agency for fiscal years 2012-2013 and 2013-2014.

EXECUTIVE DIRECTOR'S RECOMMENDATION:
Approve Department recommendation.

Attachments:

1. Resolution No. SA-13-28
2. Agreement for audit services of Lance Soll & Lunghard

RESOLUTION NO. SA-13-28

RESOLUTION OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY APPROVING AN AGREEMENT FOR AUDIT SERVICES FOR THE REDEVELOPMENT AGENCY SUCCESSOR AGENCY AND AUTHORIZING THE EXECUTIVE DIRECTOR TO SIGN THE AGREEMENT

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Health and Safety Code Part 1.85, electing for the City to serve as the successor agency to the former Imperial Beach Redevelopment Agency upon the dissolution of the Redevelopment Agency under AB x1 26 ("Successor Agency"); and

WHEREAS, the Successor Agency is required to complete an annual audit of its activities; and

WHEREAS, Lance Soll & Lunghard is a qualified certified public accounting firm and is highly experienced in completing audits of governmental financial statements; and

WHEREAS, Lance Soll & Lunghard has been the auditor for the City of Imperial Beach and former Imperial Beach Redevelopment Agency since 2003; and

WHEREAS, per Imperial Beach Municipal Code section 3.04.160(G), the Board desires to waive bid requirements by Resolution because it is necessary and convenient for the operation of Successor Agency affairs.

NOW, THEREFORE, BE IT RESOLVED by the Imperial Beach Redevelopment Agency Successor Agency, as follows:

Section 1. The foregoing recitals are true and correct and are a substantive part of this Resolution.

Section 2. The Successor Agency Board hereby approves the agreement with Lance Soll & Lunghard to provide audit services for the Redevelopment Agency Successor Agency for fiscal years 2012-2013 and 2013-2014. The Successor Agency Board further authorizes the Executive Director to sign the agreement upon taking any necessary steps for approval as required by law.

Section 3. This Resolution shall take effect upon the date of its adoption.

PASSED, APPROVED, AND ADOPTED by the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the 4th day of September 2013, by the following vote:

AYES: BOARDMEMBERS:
NOES: BOARDMEMBERS:
ABSENT: BOARDMEMBERS:

JAMES C. JANNEY
CHAIRPERSON

ATTEST:

JACQUELINE M. HALD, MMC
SECRETARY

Imperial Beach Redevelopment Agency Successor Agency

AGREEMENT FOR PROFESSIONAL SERVICES

FOR AUDIT SERVICES OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

This Agreement, entered into this _____ day of _____, 2013, by and between the IMPERIAL BEACH REDEVLOPMENT AGENCY SUCCESSOR AGENCY (hereinafter referred to as "AGENCY") and Lance Soll & Lunghard (hereinafter referred to as "CONSULTANT") (collectively "PARTIES").

RECITALS

WHEREAS, AGENCY desires to obtain the services of qualified certified public accountants for the purpose of conducting annual audits of the Imperial Beach Redevelopment Agency Successor Agency; and

WHEREAS, CONSULTANT is a certified public accounting firm and has represented that CONSULTANT possesses the necessary qualifications to provide such services; and

WHEREAS, AGENCY has authorized the preparation of an Agreement to retain the services of CONSULTANT as hereinafter set forth;

NOW, THEREFORE, IT IS MUTUALLY AGREED THAT AGENCY DOES HEREBY RETAIN CONSULTANT ON THE FOLLOWING TERMS AND CONDITIONS:

Section 1. EMPLOYMENT OF CONSULTANT.

AGENCY hereby agrees to engage CONSULTANT and CONSULTANT hereby agrees to perform the services hereinafter set forth, in accordance with all terms and conditions contained herein. CONSULTANT represents that all professional services required hereunder will be performed directly by CONSULTANT, or under direct supervision of CONSULTANT.

Section 2. SCOPE OF SERVICES AND COMPENSATION.

A. CONSULTANT shall provide services as described in Exhibit "A" entitled "Proposal & Contract", attached hereto and made a part hereof.
B. As additional consideration, CONSULTANT and AGENCY agree to abide by the terms and conditions contained in this Agreement.

C. CONSULTANT will, in a professional manner, furnish all labor and all personnel; all supplies, materials, equipment, printing, vehicles, transportation, office space, and facilities; all testing, analyses, and calculations; and all other means, except as otherwise expressly specified to be furnished by AGENCY, that are necessary or proper to complete the work and provide the required professional services. CONSULTANT shall be compensated for work completed, not to exceed a total of $5,832 for the fiscal year 2012/13 audits of the AGENCY's financial statements and $6,007 for the fiscal year 2013/14 audits of the AGENCY's financial statements **for** basic services rendered under this Section 2, as more particularly described in Exhibit A.

D. CONSULTANT shall be compensated for additional services only upon prior written approval of AGENCY.

E. CONSULTANT shall submit monthly statements for basic and additional services rendered in accordance with this Agreement. Payments to CONSULTANT will be made by AGENCY within thirty (30) days of receipt of invoice. AGENCY agrees that the CONSULTANT's billings are correct unless AGENCY, within ten (10) days from the date of receipt of such billing, notifies CONSULTANT in writing of alleged inaccuracies, discrepancies, or errors in billing. In the event AGENCY disputes part or all of an invoice, AGENCY shall pay the undisputed portion of the invoice within the above mentioned thirty days.

Section 3. PROJECT COORDINATION AND SUPERVISION.

The Administrative Services Director is hereby designated as the PROJECT COORDINATOR for AGENCY and will monitor the progress and execution of this Agreement.

Section 4. LENGTH OF CONTRACT.

The contract between CONSULTANT and AGENCY will be terminated upon completion of the work as set forth in Section 2 above or in accordance with Section 16 below.

Should CONSULTANT begin work on any phase in advance of receiving written authorization to proceed, any professional services performed by CONSULTANT in advance of the said date of authorization shall be considered as having been done at CONSULTANT'S own risk and as a volunteer unless said professional services are so authorized.

Any delay occasioned by causes beyond the control of CONSULTANT may be reason for the granting of extension of time for the completion of the aforesaid services. When such delay occurs, CONSULTANT shall immediately notify the PROJECT COORDINATOR in writing of the cause and the extent of the delay, whereupon the PROJECT COORDINATOR shall ascertain the facts and the extent of the delay and determine whether an extension of time for the completion of the professional services is justified by the circumstances.

Section 5. CHANGES.

If changes in the work seem merited by AGENCY or CONSULTANT, and informal consultations with the other party indicate that a change is warranted, it shall be processed by AGENCYin the following manner: a letter outlining the changes shall be forwarded to AGENCY by CONSULTANT with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by AGENCY and executed by both parties before performance of such services or AGENCY will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

Section 6. OWNERSHIP OF DOCUMENTS.

All documents, data, studies, drawings, maps, models, photographs and reports prepared by CONSULTANT under this Agreement shall be considered the property of AGENCY. CONSULTANT may retain such copies of said documents and materials as desired, but shall deliver all original materials to AGENCY.

Section 7. AUDIT OF RECORDS.

7.1. At any time during normal business hours and as often as may be deemed necessary

the CONSULTANT shall make available to a representative of AGENCY for examination all of its records with respect to all matters covered by this Agreement and shall permit AGENCY to audit, examine and/or reproduce such records. CONSULTANT shall retain such financial and program service records for at least four (4) years after termination or final payment under this Agreement.

7.2. The CONSULTANT shall include the AGENCY's right under this section in any and all of their subcontracts, and shall ensure that these sections are binding upon all subcontractors.

Section 8. PUBLICATION OF DOCUMENTS.

Except as necessary for performance of service under this Agreement, no copies, sketches, or graphs of materials, including graphic art work, prepared pursuant to this Agreement shall be released by CONSULTANT to any other person or agency without AGENCY's prior written approval. All press releases, including graphic display information to be published in newspapers or magazines, shall be approved and distributed solely by AGENCY, unless otherwise provided by written agreement between the parties. After project completion, CONSULTANT may list the project and the general details in its promotional materials.

Section 9. COVENANT AGAINST CONTINGENT FEES.

CONSULTANT declares that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift or any other consideration, contingent upon or resulting from the award or making of the Agreement. For breach of violation of this warranty, AGENCY shall have the right to annul this Agreement without liability, or, at its sole discretion, to deduct from the Agreement price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

Section 10. NO ASSIGNMENTS.

Neither any part nor all of this Agreement may be assigned or subcontracted, except as otherwise specifically provided herein, or to which AGENCY, in its sole discretion, consents to in advance thereof in writing. Any assignment or subcontracting in violation of this provision shall be void.

Section 11. INDEPENDENT CONTRACTOR.

At all times during the term of this Agreement, CONSULTANT and any subcontractors employed by CONSULTANT shall be an independent contractor and shall not be an employee of the AGENCY. AGENCY shall have the right to control CONSULTANT only insofar as the results of CONSULTANT'S services rendered pursuant to this Agreement; however, AGENCY shall not have the right to control the means by which CONSULTANT accomplishes its services. Any provision in this Agreement that may appear to give AGENCY the right to direct CONSULTANT or sub consultant as to the details of doing the work or to exercise a measure of control over the work means that CONSULTANT shall follow the direction of the CITY as to end results of the work only.

Neither CONSULTANT nor CONSULTANT's employees shall in any event be entitled to any benefits to which AGENCY employees are entitled, including, but not limited to, overtime, any retirement benefits, workers' compensation benefits, any injury leave or other leave benefits, CONSULTANT being solely responsible for all such matters, as well as compliance with social security and income tax withholding and all other regulations and laws governing such matters.

Section 12. LICENSES, PERMITS, ETC.

CONSULTANT represents and declares to AGENCY that it has all licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice its profession. CONSULTANT represents and warrants to AGENCY that CONSULTANT shall, at its sole cost and expense, keep in effect at all times during the term of this Agreement, any license, permit, or approval which is legally required for CONSULTANT to practice its profession.

Section 13. INSURANCE.

CONSULTANT shall maintain, during the term of this Agreement, Workers' Compensation and Employer's Liability Insurance as prescribed by applicable law. Upon request, AGENCY shall be provided with satisfactory evidence that premiums have been paid and shall deliver to AGENCY certificates of insurance and endorsements as to each policy. Each certificate of insurance shall provide that the policy will not be materially altered or cancelled without first giving 10 days written notice to the AGENCY by certified mail. Coverage shall include appropriate waivers of subrogation as to the AGENCY. CONSULTANT agrees to this requirement irrespective of any other similar obligation imposed on others and CONSULTANT agrees to do so in conformity with the requirements set forth herein including those requirements set forth for certificates of insurance.

CONSULTANT shall assume liability for the wrongful or negligent acts, errors and omissions of its officers, agents and employees and sub Contractors in regard to any functions or activity carried out by them on behalf of AGENCY pursuant to the terms of this Agreement.

Section 14. CONSULTANT NOT AN AGENT.

Except as AGENCY may specify in writing, CONSULTANT shall have no authority, expressed or implied, to act on behalf of AGENCY in any capacity whatsoever as an agent. CONSULTANT shall have no authority, expressed or implied, pursuant to this Agreement to bind AGENCY to any obligation whatsoever.

Section 15. INDEMNITY.

To the fullest extent permitted by law, CONSULTANT shall indemnify, defend, and hold harmless the AGENCY and the City of Imperial Beach, and its officers, officials, agents and employees from any and all claims, demands, costs or liability that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of CONSULTANT, its employees, agents, and subcontractors in the performance of services under this AGREEMENT. CONSULTANT's duty to indemnify under this section shall not include liability for damages for death or bodily injury to persons, injury to property, or other loss, damage or expense arising from the active or sole negligence or willful misconduct by the AGENCY or City of Imperial Beach or its elected officials, officers, agents, and employees. CONSULTANT's indemnification obligations shall not be limited by the insurance provisions of this AGREEMENT. The PARTIES expressly agree that any payment, attorney's fees, costs or expense AGENCY or City of Imperial Beach incurs or makes to or on behalf of an injured employee under the City of Imperial Beach's self-administered workers' compensation is included as a loss, expense, or cost for the purposes of this section, and that this section will survive the expiration or early termination of this AGREEMENT.

Section 16. TERMINATION.

AGENCY may terminate this Agreement at any time by giving ten (10) days' written notice to CONSULTANT of such termination and specifying the effective date thereof at least ten (10) days before the effective date of such termination. In that event, all finished or unfinished documents, data, studies, surveys, drawings, maps, reports and other materials prepared by CONSULTANT shall, at the option of AGENCY, become the property of AGENCY. If this Agreement is terminated by AGENCY as provided herein, CONSULTANT will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of CONSULTANT covered by this Agreement, less payments of compensation previously made.

Should CONSULTANT be in default of any covenant or condition hereof, AGENCY may immediately terminate this AGREEMENT for cause if CONSULTANT fails to cure the default within ten (10) calendar days of receiving written notice of the default.

Section 17. NON-DISCRIMINATION.

CONSULTANT shall not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin, nor shall CONSULTANT discriminate against any qualified individual with a disability. CONSULTANT will take affirmative action to insure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex or national origin and shall make reasonable accommodation to qualified individuals with disabilities. Such action shall include, but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. CONSULTANT agrees to post in conspicuous places available to employees and applicants for employment any notices provided by AGENCY setting forth the provisions of this non-discrimination clause.

Section 18. GENERAL CONDITIONS.

CONSULTANT shall provide no services for any private client within the corporate boundaries of the City of Imperial Beach during the period that this Agreement is in effect, nor shall CONSULTANT, without, previous written permission from the PROJECT COORDINATOR, review any plan, map or other work which to the best of CONSULTANTS knowledge has been submitted by a private client for which the CONSULTANT has performed work within the previous 12 months or anticipates performing work in the succeeding 12 months. CONSULTANT shall immediately notify the PROJECT COORDINATOR in writing whenever CONSULTANT has reason to believe that aforementioned circumstance exists. CONSULTANT knows of no interests where it holds nor of any relationship it has or may have that would constitute a conflict of CONSULTANT performing the duties set forth in this Agreement solely in the best interest of AGENCY.

Section 19. OFFICE SPACE AND CLERICAL SUPPORT.

Consultant shall provide its own office space and clerical support at its sole cost and expense.

Section 20. SUBCONTRACTORS.

20.1. The CONSULTANT's hiring or retaining of third parties (i.e. subcontractors) to perform services related to this Agreement is subject to prior approval by the AGENCY.

20.2. All contracts entered into between the CONSULTANT and its subcontractor shall also provide that each subcontractor shall obtain insurance policies which shall be kept in full force and effect during any and all work related to this Agreement and for the duration of this Agreement. The CONSULTANT shall require the subcontractor to obtain all policies described in Section 13 above in

the amounts required by the AGENCY, which shall not be greater than the amounts required of the CONSULTANT.

20.3. In any dispute between the CONSULTANT and its subcontractor, the AGENCYshall not be made a party to any judicial or administrative proceeding to resolve the dispute. The CONSULTANT agrees to defend and indemnify the AGENCY and the City of Imperial Beach as described in Section 15 of this Agreement should the AGENCY or the City of Imperial Beach be made a party to any judicial or administrative proceeding to resolve any such dispute.

Section 21. CONFIDENTIAL RELATIONSHIP.

AGENCY may from time to time communicate to CONSULTANT certain information to enable Consultant to effectively perform the services. CONSULTANT shall treat all such information as confidential, whether or not so identified, and shall not disclose any part thereof without the prior written consent of AGENCY. CONSULTANT shall limit the use and circulation of such information, even within its own organization, to the extent necessary to perform the services. The foregoing obligation of this Section 21, however, shall not apply to any part of the information that (i) has been disclosed in publicly available sources of information (ii) is, through no fault of CONSULTANT, hereafter disclosed in publicly available sources of information; (iii) is now in the possession of CONSULTANT without any obligation of confidentiality; or (iv) has been or is hereafter rightfully disclosed to CONSULTANT by a third party, but only to the extent that the use or disclosure thereof has been or is rightfully authorized by that third party.

CONSULTANT shall not disclose any reports, recommendations, conclusions or other results of the services or the existence of the subject matter of this contract without the prior written consent of AGENCY. In its performance hereunder, CONSULTANT shall comply with all legal obligations it may now or hereafter have respecting the information or other property of any other person, firm or corporation.

Section 22. MEDIATION.

In the event of a dispute between AGENCY and CONSULTANT concerning the terms of this Agreement or its performance, the parties may, but are not required to, agree to submit such dispute to mediation. If both Parties agree to mediation, AGENCY and CONSULTANT agree to cooperate in good faith to promptly select a mediator, to schedule a mediation session, and to attempt to settle the claim or dispute through mediation.

Section 23. NOTICES.

All communications to either party by the other party shall be deemed made when received by such party at its respective name and address, as follows:

Administrative Services Director Imperial Beach Redevelopment Agency Successor Agency 825 Imperial Beach Blvd Imperial Beach CA 91932	Lance Soll & Lunghard 203 North Brea Blvd. Ste 203 Brea, CA 92821

Any such written communications by mail shall be conclusively deemed to have been received by the addressee five days after the deposit thereof in the United States Mail, postage prepaid and properly addressed as noted above.

Section 24. CALIFORNIA LAW; VENUE.

This Agreement and its performance shall be governed, interpreted, construed, and regulated by the laws of the State of California. Any action brought to enforce or interpret any portion of this Agreement shall be brought in the county of San Diego, California. CONSULTANT hereby waives any and all rights it might have pursuant to California Code of Civil Procedure § 394.

Section 25. ENTIRE AGREEMENT.

This Agreement, and its Attachments and Exhibits, set forth the entire understanding of the parties. There are no other understandings, terms or other agreements expressed or implied, oral or written.

Section 26. SEVERABILITY.

If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion shall be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement shall continue in full force and effect.

Section 27. TIME IS OF ESSENCE.

Time is of the essence for each and every provision of this agreement that states a time for performance and for every deadline imposed by the PROJECT COORDINATOR.

Section 28. COMPLIANCE WITH LAW.

CONSULTANT shall comply with applicable laws in effect at the time the services are performed hereunder which, to the best of its knowledge, information and belief, apply to its obligations under this Agreement.

Section 29. STATEMENT OF EXPERIENCE.

By executing this Agreement, CONSULTANT represents that it has demonstrated trustworthiness and possesses the quality, fitness, and capacity to perform the Agreement in a manner satisfactory to AGENCY. CONSULTANT represents that its financial resources, surety and insurance experience, service experience, completion ability, personnel, current workload, experience in dealing with private owners, and experience in dealing with public agencies all suggest that CONSULTANT is capable of performing the proposed contract and has a demonstrated capacity to deal fairly and effectively with and to satisfy a public agency.

Section 30. CONFLICTS OF INTEREST AND POLITICAL REFORM ACT OBLIGATIONS.

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

CONSULTANT shall comply with all of the reporting requirements of the Political Reform Act and local ordinance. Specifically, CONSULTANT shall file Statements of Economic Interest with the

City Clerk of the AGENCY in a timely manner on forms which CONSULTANT shall obtain from the City Clerk.

Section 31. RESPONSIBILITY FOR EQUIPMENT.

AGENCY shall not be responsible nor held liable for any damage to persons or property consequent upon the use, misuse, or failure of any equipment used by CONSULTANT or any of CONSULTANT's employees or subcontractors, even if such equipment has been furnished, rented, or loaned to CONSULTANT by AGENCY. The acceptance or use of any such equipment by CONSULTANT, CONSULTANT's employees, or subcontractors shall be construed to mean that CONSULTANT accepts full responsibility for and agrees to exonerate, indemnify and hold harmless CITY from and against any and all claims for any damage whatsoever resulting from the use, misuse, or failure of such equipment.

Section 32. NO WAIVER.

No failure of either the AGENCY or the CONSULTANT to insist upon the strict performance by the other of any covenant, term or condition of this Agreement, nor any failure to exercise any right or remedy consequent upon a breach of any covenant, term, or condition of this Agreement shall constitute a waiver of any such breach of such covenant, term or condition.

Section 33. DRAFTING AMBIGUITIES.

The PARTIES agree that they are aware that they have the right to be advised by counsel with respect to the negotiations, terms and conditions of this Agreement, and the decision of whether or not to seek advice of counsel with respect to this Agreement is a decision which is the sole responsibility of each Party. This Agreement shall not be construed in favor of or against either Party by reason of the extent to which each Party participated in the drafting of the Agreement.

Section 34. CONFLICTS BETWEEN TERMS.

If an apparent conflict or inconsistency exists between the main body of this Agreement and the Exhibits, the main body of this Agreement shall control. If a conflict exists between an applicable federal, state, or local law, rule, regulation, order, or code and this Agreement, the law, rule, regulation, order, or code shall control. Varying degrees of stringency among the main body of this Agreement, the Exhibits, and laws, rules, regulations, orders, or codes are not deemed conflicts, and the most stringent requirement shall control. Each Party shall notify the other immediately upon the identification of any apparent conflict or inconsistency concerning this Agreement.

Section 35. EXHIBITS INCORPORATED.

Exhibits "A and B" are incorporated into the Agreement by this reference.

Section 36. SIGNING AUTHORITY.

The representative for each Party signing on behalf of a corporation, partnership, joint venture or governmental entity hereby declares that authority has been obtained to sign on behalf of the corporation, partnership, joint venture, or entity and agrees to hold the other Party or PARTIES hereto harmless if it is later determined that such authority does not exist.

*****SIGNATURES ON FOLLOWING PAGE*****

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESOR AGENCY

CONSULTANT/CONSULTANT:

Executive Director	Name/Title of Signatory
APPROVED AS TO FORM:	APPROVED AS TO CONTENT:
General Counsel	Administrative Services Director

Exhibit A
Scope of Services

Accountants will conduct an examination of the Imperial Beach Redevelopment Agency Successor Agency ("Successor Agency") for compliance with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB), for each of the two fiscal years, 2012/13 and 2013/14. The audits will be conducted in accordance with generally accepted auditing standards as established by the American Institute of Certified Public Accountants (AICPA) and will include other auditing procedures that are considered necessary. It is understood by the parties that such audit procedures are not primarily designed to and cannot be relied upon to disclose defalcations or other irregularities. Reliance for the prevention or detection of fraud, defalcations, or other irregularities should be placed principally upon an adequate internal accounting system with appropriate and functioning internal controls. It is the responsibility of each party to establish and maintain such an internal control system; however, Accountants will report on internal control weaknesses.

Accountants will trace expenditures to the approved Recognized Obligation Payment Schedule (ROPS), analyze all outstanding debt balances, revidew all transfers to and from other funds. Review the recording of Redevelopment Property Tax Trust Fund (RPTTF) into the Redevelopment Obligation Retirement Fund (RORF). Report the Successor Agency as a Private Purpose Trust Fund in the City's financial statements.

Accountants' audit will include all funds of the Successor Agency.

Exhibit B
Quote for Audit Services

	2012-13	2013-14
Successor Agency	$5,832	$6,007

AGENDA ITEM NO. 5.1

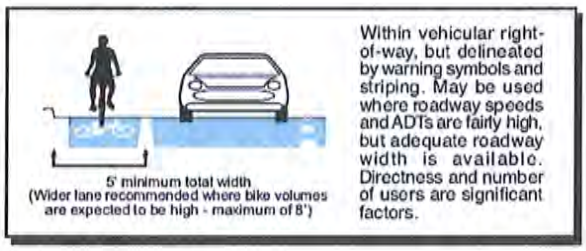
STAFF REPORT
CITY OF IMPERIAL BEACH

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: ANDY HALL, CITY MANAGER

MEETING DATE: SEPTEMBER 4, 2013
ORIGINATING DEPT.: PUBLIC WORKS/ COMMUNITY DEVELOPMENT DEPARTMENTS
HANK LEVIEN, PUBLIC WORKS DIRECTOR
GREG WADE, ASSISTANT CITY MANAGER/ COMMUNITY DEVELOPMENT DIRECTOR
JIM NAKAGAWA, AICP, CITY PLANNER

SUBJECT: PUBLIC HEARING: AMENDMENT TO THE CIRCULATION ELEMENT OF THE GENERAL PLAN/ LOCAL COASTAL PLAN (LCPA/GPA 130032) TO ACCOMMODATE BIKE LANES ON 13TH STREET. MF 1120

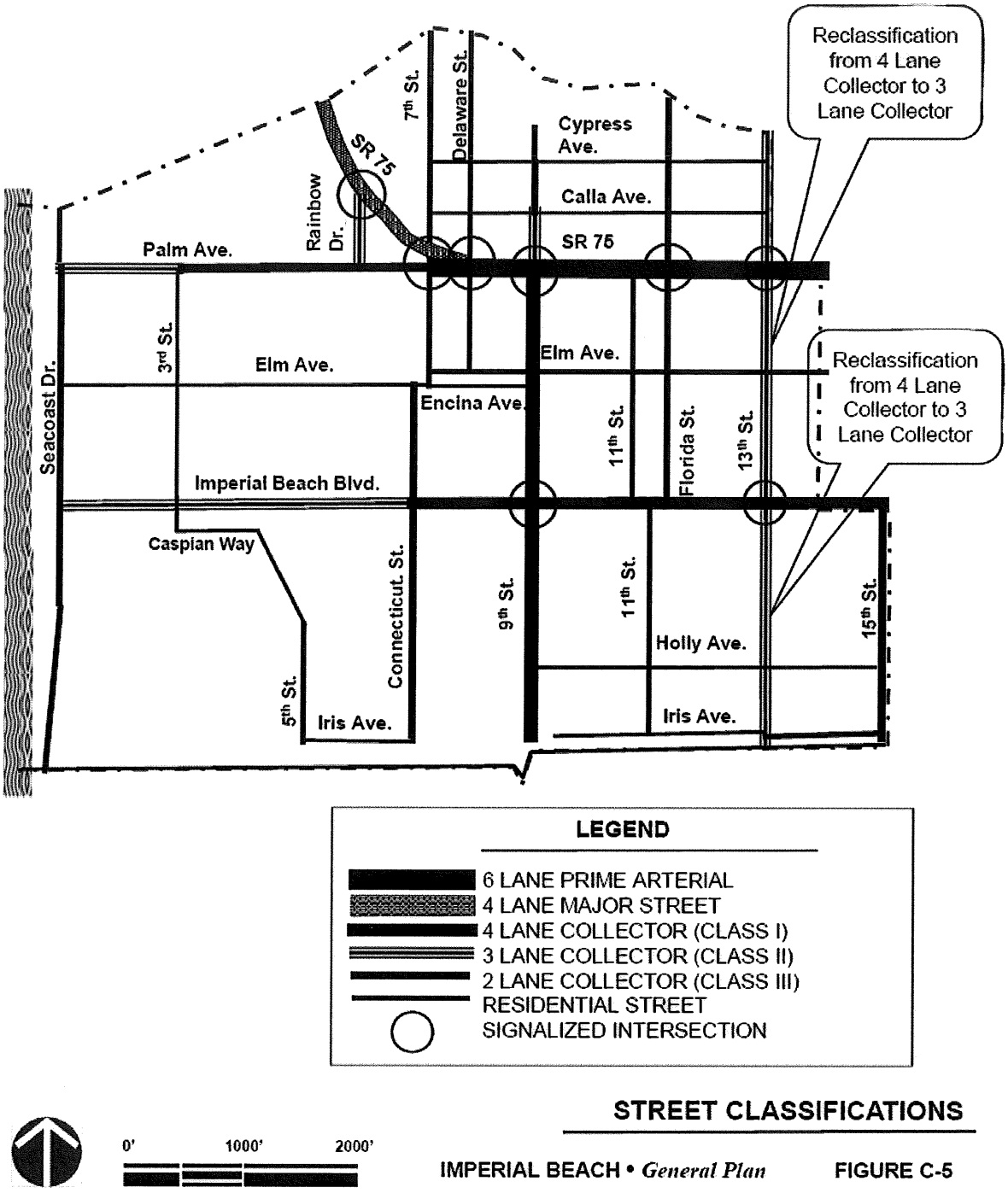
PROJECT DESCRIPTION/ BACKGROUND:



On April 1, 2009, the City Council adopted a City-initiated amendment to the City's Circulation Element of the General Plan/ Local Coastal Program (GPA/ LCPA 080053) enabling the adoption of a Bicycle Transportation Plan (BTP) with policies for bicycle facilities and route designations, and an Administrative Coastal Development Permit and Design Review (CDP 080054/ DRC 080055) for a traffic calming improvement plan from 7th Street to 3rd Street within the Palm Avenue right-of-way. The BTP designated 13th Street as a Class 2 facility with the removal of on-street parking to accommodate the striping of bicycle lanes. However, the removal of on-street parking is anticipated to be a significant neighborhood issue. An alternative striping plan is now proposed. It would change 13th Street from a 4-lane collector to a 3-lane collector (referred to as a road diet project) in order to have the bike lanes installed and preserve the on-street parking. This requires an amendment to the circulation element of the general plan.

PROJECT EVALUATION/ DISCUSSION:

The reduction in travel lanes on 13th Street to accommodate bicycle lanes raised an issue similar to that which was encountered with the reduction in travel lanes on Palm Avenue from 3rd Street to 7th Street to accommodate the bicycle lanes for the Eco-route project (MF 934). An extensive traffic impact study was prepared by KOA Corporation to analyze the effect on traffic along Palm Avenue for the Eco-route project. Similarly, KOA analyzed the traffic impact of reducing 13th Street from a 4-lane collector to a 3-lane collector facility and found that there would not be a change in traffic impacts.



STREET CLASSIFICATIONS

IMPERIAL BEACH • *General Plan* **FIGURE C-5**

General Plan/ Local Coastal Plan: A GP/ LCP amendment, pursuant to California Code of Regulations §13515 (14 CCR 13515) and California Government Code §65352, requires a 45-day/ 6 week public and agency review period. Notice of this review period was provided on July 11, 2013 with the review to end on August 26, 2013. No comments have been received. Pursuant to Government Code (GC) Section 65300.5, a consistency analysis shows that the proposed GPA/LCPA 130032 would be internally consistent with other policies of the general plan/ local coastal program (Sierra Club v. Kern County Board of Supervisors (1981) 126 Cal.

App. 3d 698 [179 Cal. Rptr. 261]). Additionally, any zoning amendments would need to be externally consistent pursuant to GC § 65860 and capital improvement projects would need to be consistent with the General Plan per GC § 65401.

7.1.18 Thirteenth Street
Segment: Between Bayshore Bikeway and Iris Avenue
Programmed Bicycle Facility: Class 2 Bike Lane between the Bayshore Bikeway to 13th Street
Recommended Bicycle Facility: Class 2 Class 2 Bike Lane between the Bayshore Bikeway and Iris Avenue
ADT: 5,000 – 12,500
Speed Limit: 35 MPH
Length: 1.3 miles
Vehicle Lanes: 2-4
Parking: On-street parallel and 90-degree parking

Road diet example:

Current Main Street, in Santa Monica

Proposed changes for Main Street in Venice

ENVIRONMENTAL DETERMINATION: Environmental impact reports were certified by the City for both the BTP/ Eco-bike LCP amendment (SCH#2007101061) and the commercial rezoning amendment (SCH#2011041048), in which there were extensive discussions that addressed traffic impacts. The City's traffic engineering consultant KOA Corporation determined from its traffic analysis that the change from a 4 lane collector to a 3 lane collector along the subject segment of 13th Street would not change the carrying capacity or level of service (LOS) of the facility.

In the grant application, the current traffic volume along 13th Street just north of Imperial Beach Boulevard is cited at about 10,900 ADT (average daily weekday traffic) and about 10,600 ADT south of IB Blvd. The LOS is operating at C. For the year 2030, traffic volumes on 13th Street are projected to increase to 11,800 ADT between SR 75/ Palm Avenue to IB Blvd and to 12,000 ADT south of IB Blvd. These numbers are less than the 15,000 ADT that would characterize a LOS E for either a 4-lane collector or a 3-lane collector for 13th Street. Please see the attached letter from Arnold Torma of KOA Corporation that explains the reason for this traffic capacity determination.

Table 4-2
Year 2011 Existing and Year 2030 General Plan Roadway Segment Conditions

Roadway Segment	Lanes/ Class	LOS E Capacity	Year 2011 Existing			Volume Δ	Year 2030 General Plan			Comparison
			ADT	V/C	LOS		ADT	V/C	LOS	Δ V/C
13th Street										
27. SR-75 to Imperial Beach Blvd	4C Class I	15,000	9,171	0.611	C	862	10,033	0.669	D	0.057

Table 6-1
Summary of Roadway Segment Conditions

Roadway Segment	Year 2011 Existing		Year 2030 General Plan		Year 2030 Rezone	
	V/C	LOS	V/C	LOS	V/C	LOS
13th Street						
27. SR-75 to Imperial Beach Blvd	0.611	C	0.669	D	0.702	D

SANTEC/City of San Diego
Roadway Capacity Standards

Street Classification	Lanes	Design Service Volume (ADT)				
		LOS A	LOS B	LOS C	LOS D	LOS E
Major Arterial/ IB: Major Street	4	15,000	21,000	30,000	35,000	40,000
Secondary Arterial / Collector / IB: Class I Roadway	4	10,000	14,000	20,000	25,000	30,000
Collector / IB: Class I Roadway (no center lane) Collector / IB: Class II Roadway (continuous left turn lane)	4 2	5,000	7,000	10,000	13,000	15,000
Collector (no fronting property)	2	4,000	5,500	7,500	9,000	10,000
Collector (Commercial-industrial fronting) / IB: Class III Roadway	2	2,500	3,500	5,000	6,500	8,000
Collector (Multi-Family)	2	2,500	3,500	5,000	6,500	8,000

Since this traffic analysis shows there would not be an increase in impacts from the proposed redesignation for the bike lanes, the Community Development Department has, therefore, determined that the proposed project qualifies for an exemption pursuant to CEQA Guidelines Section 15304(h) Minor Alterations to Land: creation of bicycle lanes on existing rights-of-way. This bike lane striping project advances the use of nonmotorized vehicles to reduce greenhouse gas (GHG) emissions per AB 32. A Notice of Exemption (NOE) will be prepared.

COASTAL JURISDICTION: The Circulation Element is a component of the General Plan/ Local Coastal Program (GP/ LCP) and a portion of the project is located in the coastal zone, as indicated on the Local Coastal Program Post Certification and Appeal Jurisdiction Map. The amendment to the Circulation Element would need to be certified by the California Coastal Commission pursuant to Section 30514 of the California Public Resources Code. The striping of 13th Street for a bicycle lane would be exempt from a coastal development permit.

FISCAL ANALYSIS:

The proposed project is to be 90% funded with Bicycle Transportation Account (BTA) funds that are administered by the California Department of Transportation (CALTRANS). BTA funds must be used to improve the safety and convenience for bicycle commuters, in conformance with Section 891.2 of the California Streets and Highway Code. Total project cost is $75,000 that includes a local contribution of 10% ($7500 Gas Tax Reserve 201-5000-532-2006). (Work order WF0005744 job #1)

DEPARTMENT RECOMMENDATION:

1. Open the public hearing and entertain testimony.
2. Close the public hearing.
3. Adopt Resolution No. 2013-7383, approving an amendment to the City's Circulation Element of the General Plan/Local Coastal Program (GPA/ LCPA 130032) that redesignates 13th Street from a 4-lane collector to a 3-lane collector and which makes the necessary findings in compliance with local and state requirements.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:
1. Resolution No. 2013-7383
2. KOA Traffic Impact Evaluation

c: file MF 1120
Arnold Torma, KOA Corporation, 5095 Murphy Canyon Rd., Suite 330, San Diego, CA 92123 atorma@koacorp.com

Diana Lilly, Coastal Planner, California Coastal Commission, 7575 Metropolitan Drive, Suite 103, San Diego, CA 92108-1735 Lilly, Diana.Lilly@coastal.ca.gov
Vicki Madrid, Public Works Project Manager vmadrid@imperialbeachca.gov
San Diego County Bicycle Coalition, P.O. Box 34544, San Diego, CA 92163, 740 13th Street, Suite 502, San Diego, CA 92101 execdir@sdcbc.org
SANDAG, Chris Kluth, Active Transportation WG, 401 B Street, Ste. 800, San Diego, CA 92101 Chris.Kluth@sandag.org
CalTrans Dist. 11, Development Review Branch, Planning Dept., Jacob Armstrong, Chief, 4050 Taylor Street MS-240, San Diego, CA 92110 jacob.armstrong@dot.ca.gov

ATTACHMENT 1

RESOLUTION NO. 2013-7383

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, AMENDING THE CIRCULATION ELEMENT OF THE GENERAL PLAN/ LOCAL COASTAL PROGRAM (GPA/ LCPA 130032) BY REDESIGNATING 13TH STREET FROM A 4-LANE COLLECTOR TO A 3-LANE COLLECTOR. MF 1120.

WHEREAS, on September 4, 2013, the City Council of the City of Imperial Beach held a duly advertised public hearing to consider comments and action on a proposed amendment to the Circulation Element of the General Plan/ Local Coastal Program (GPA/ LCPA 130032) that redesignates 13th Street from a 4-lane collector to a 3-lane collector in order to accommodate a Class 2 bike lane in each direction; and

WHEREAS, the City Council of the City of Imperial Beach hereby finds that the proposed General Plan Amendment/ Local Coastal Plan Amendment (GPA/LCPA 130032), pursuant to Government Code Section 65300.5, is internally consistent with the other elements and policies of the General Plan (Sierra Club v. Kern County Board of Supervisors (1981) 126 Cal. App. 3d 698 [179 Cal. Rptr. 261]); and

WHEREAS, the City Council of the City of Imperial Beach hereby finds that the proposed bicycle lane striping/ capital improvement project is consistent with the General Plan/ Local Coastal Plan as amended pursuant to Government Code Section 65401; and

WHEREAS, the City Council of the City of Imperial Beach finds that, on the basis of the traffic analysis performed by the City's traffic engineer, KOA Corporation, the change in designation of 13th Street from a 4-lane collector to a 3-lane collector to accommodate bike lanes would not result in greater traffic impacts and this project would, therefore, be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15304(h): Minor Alterations To Land; The creation of bicycle lanes on existing rights-of-way; and

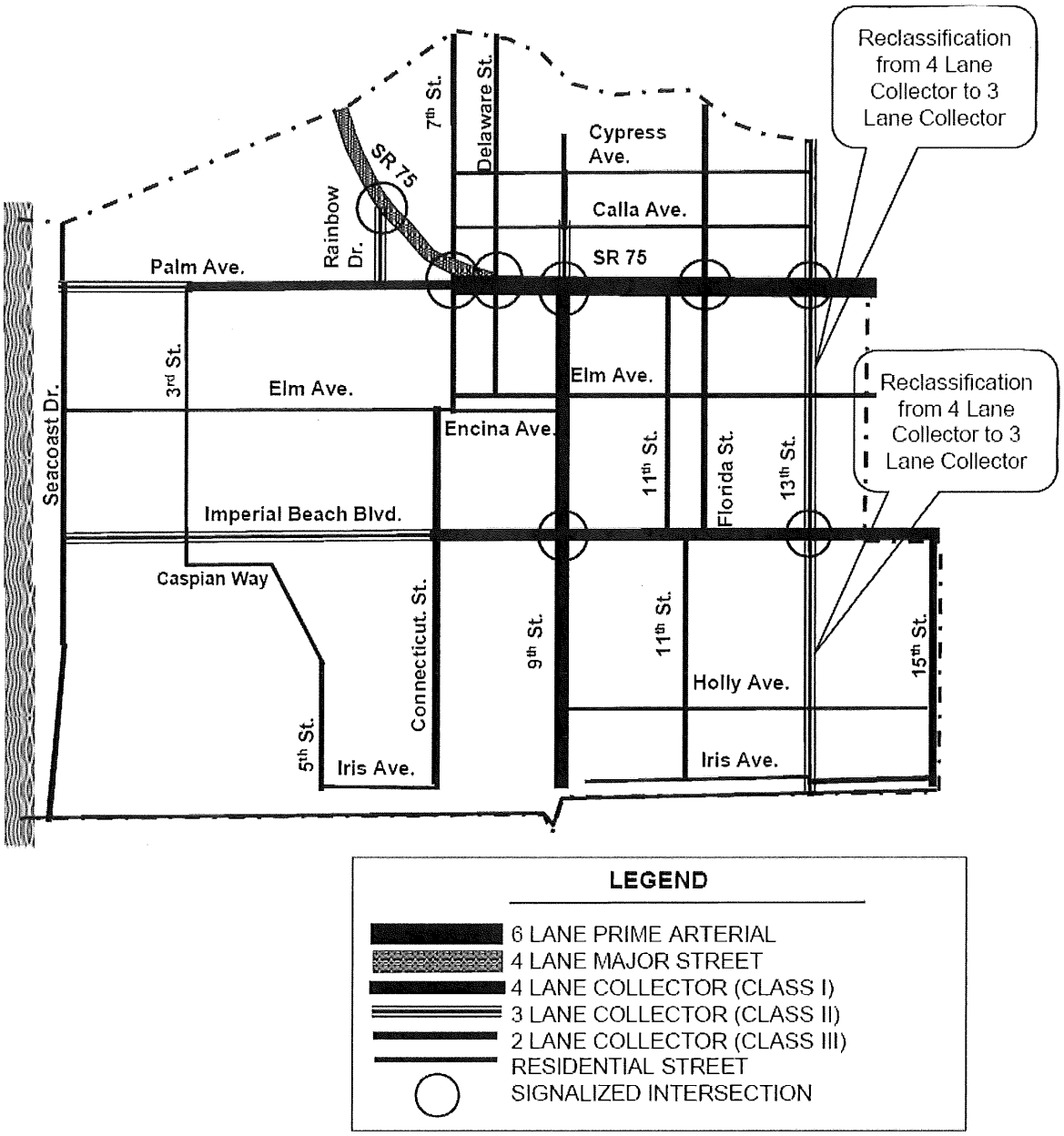
WHEREAS, in compliance with the provisions of AB 32, The California Global Warming Solutions Act of 2006, this road diet project would provide bicycle lanes that offers an additional nonmotorized mode of transport and, thereby, reduces the production of greenhouse gases (GHG); and

WHEREAS, the City Council finds that this proposed GP/ LCP amendment, pursuant to California Code of Regulations §13515 (14 CCR 13515) and California Government Code §65352, was routed for a 45-day/ 6 week public and agency review period with this review period running from July 11, 2013 to August 26, 2013 and no comments were received; and

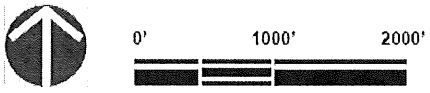
WHEREAS, the City Council finds that the purpose of the project is to promote bicycle transportation, a safe, more eco-friendly, alternative mode of transportation, in a high-density area of the City where improved bicycle and pedestrian safety is desired.

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

SECTION 1. That Figure C-5 of the Circulation Element of the General Plan/ Local Coastal Plan is amended as follows:



STREET CLASSIFICATIONS



IMPERIAL BEACH • *General Plan* FIGURE C-5

SECTION 2: This amendment shall become effective only when certified by the California Coastal Commission pursuant to Section 30514 of the California Public Resources Code.

Appeal Process under the California Code of Civil Procedure (CCP): The time within which judicial review of a City Council decision must be sought is governed by Section 1094.6 of the CCP. A right to appeal a City Council decision is governed by CCP Section 1094.5 and Chapter 1.18 of the Imperial Beach Municipal Code.

PROTEST PROVISION: The 90-day period in which any party may file a protest, pursuant to Government Code Section 66020, of the fees, dedications or exactions imposed on this development project begins on the date of the final decision.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the 4th day of September 2013, by the following vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

JAMES C. JANNEY, MAYOR

ATTEST:

JACQUELINE M. HALD, MMC
CITY CLERK

APPROVED AS TO FORM:

JENNIFER M. LYON,
CITY ATTORNEY

KOA CORPORATION
PLANNING & ENGINEERING

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San Diego, CA 92123
t: 619.683.2933 f: 619.683.7982
www.koacorporation.com

May 28, 2013
B32017

ATTACHMENT 2

Mr. Hank Levien, Public Works Director
City of Imperial Beach
825 Imperial Beach Blvd.
Imperial Beach, CA 91932

SUBJECT: 13TH STREET ROAD DIET CAPACITY ANALYSIS

Dear Hank:
This letter has been prepared to address the possible effects upon capacity and congestion on 13th Street generally between Cypress Avenue on the north and Iris Avenue on the south if certain changes in the lane configuration were to be made. Specifically, the City is considering reducing the number of through lanes in each direction from two to one lane. In addition, there would be a continuous two way left turn lane in the center and new Class II bicycle lanes would be introduced between the parked cars and the travel lane on either side. These changes would be implemented with paint delineation rather than any pavement construction or curb relocation.

Presently, 13th Street has more than one type of cross section. South of SR75/Palm Avenue to Imperial Beach Boulevard it is a fully improved street that is striped as a four lane, undivided facility with parallel parking allowed on both sides of the street. It is classified by the City as a 4-lane major street over this mile-long portion. There is no center turn lane or median, and there are fronting residential, school, and some commercial uses along its length. The speed is posted at 35 mph in both directions. The intersections at SR75/Palm Avenue to the north and Imperial Beach Boulevard to the south are both signalized. In the vicinity of Ebony Ave to Elder Ave there is a school on the west side of the street, and a raised crosswalk was built by the City in the last few years to facilitate school crossings east-west at the Ebony Ave intersection. As described in the grant application the average daily traffic along 13th Street in this area is presently approximately 10,900 ADT or vehicles per typical weekday. Further to the south of Imperial Beach Boulevard the current ADT is approximately 10,600 vehicles per day. The upper typical volume for this type of street while still maintaining a good LOS C is 10,000 ADT which represents very good operating conditions.

The portion north of SR75/Palm Avenue is somewhat different. In this reach of a bit less than a quarter mile there are two southbound and one northbound lane. Improvements are complete on the western side of the street, but there is a portion along the eastern side adjacent to a lagoon that has no curb, gutter or sidewalk. Parking is allowed, and the speed limit has recently been set at 30 mph. Currently the street is handling approximately 3,100 ADT closer to SR75/Palm Avenue.

In the future the volumes throughout the City are due to increase over time. On 13th Street in the central portion between SR75/Palm Avenue the year 2030 projected volume will grow to approximately 11,800. The effect of future growth was studied and documented in the "City of Imperial Beach Rezone Traffic Impact Study" of August 2011 and accompanying EIR. Future volumes for the southern portion of

13th Street south of Imperial Beach Boulevard are forecasted to be 12,000 ADT while the northern portion north of SR75/Palm Avenue is forecast to have up to 7,400 ADT.

The same document presented the capacity at LOS E of a 3 lane collector as 15,000 ADT which is the same as for a 4 lane collector. The reason is that whereas the 4 collector has no left turn lane and anybody turning left effectively blocks one of the two through lanes in that direction whereas a 3 lane collector has the left turn lane for that very purpose leaving the through lane unaffected. Therefore, we can conclude that the capacity on 13th Street is unaffected by making the change from a 4 collector to a 3 lane collector for the portions south of SR75/Palm Avenue, and the resulting operations and congestion would be similar to that documented in the Rezone EIR. North of SR75/Palm Avenue there would effectively be no change in the available lanes for traffic.

We recommend that the approaches adjacent to the signals at the north end and the south end retain the present striping. This is to avoid the need to make a possible signal change and to allow for the additional capacity provided by this channelization at the signals at Palm Ave/SR75 and at Imperial Beach Blvd. That would mean that portions of 13th Street between Calla Avenue and Donax Avenue on the north as well as a portion between Ebony Avenue and Fern Avenue on either side of Imperial Beach Boulevard would generally retain the same 4-lane cross section with, perhaps, an area of transition between the proposed one lane and existing two lanes in each direction.

In summary, the proposed changes from the predominant 4 lane cross section without a median lane to a 2 lane cross section with a two-way left turn lane would result in the same level of service for motorists on the roadway, and the roadway would not degrade in operations nor induce an impact.

Sincerely,
KOA CORPORATION

Original Signature on File

Arnold Torma, RTE
Senior Engineer

Attachments:

Excerpts from Rezone EIR Traffic Study

AGENDA ITEM NO. 6.1

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER**
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**PUBLIC WORKS**
SUBJECT:	**DISCUSSION ON WATER REUSE AS A STRATEGY TO SECURE SECONDARY EQUIVALENCY AT POINT LOMA WASTEWATER TREATMENT PLANT**

BACKGROUND:
In January 2001 the Metropolitan Wastewater Joint Powers Authority (Metro JPA) was established as a legal entity that could more effectively address regional wastewater issues with the City of San Diego and its Public Utilities Department. The City of San Diego maintains a 65% stake in the operations and maintenance required to transport and treat wastewater in the region while the participating agencies share a 35% stake in the system. Imperial Beach is one of the participating agencies in the Metro JPA and holds an approximate 1.3% stake in the operations (and costs) for regional wastewater treatment. Council member Spriggs represents the City on the Metro JPA Commission and City staff participates in the Metro Technical Advisory Committee (TAC). Together these groups provide advisory support of the operations, maintenance, and capital improvement programs of the City of San Diego wastewater treatment facilities.

On August 7, 2013 Council received a presentation from Scott Tulloch on behalf of the Metro JPA to initiate discussion on important regional issues related to the continued operation of the Point Loma Wastewater Treatment Plant (PLWTP), which is currently permitted to treat and discharge up to 240 million gallons a day (MGD) of advanced primary effluent out of the Point Loma ocean outfall. The PLWTP currently serves as the primary wastewater treatment facility for the City of San Diego and 12 additional member agencies throughout the County. The City of San Diego operates and maintains the wastewater treatment facilities with the Metro JPA participating member agencies sharing in the cost at a proportional level based on their contribution to the system.

DISCUSSION:
The purpose for initiating this discussion is to gain support from all the participating agencies in the Metro JPA for a solution to the long term wastewater treatment needs in our region. The PLWTP currently operates under a 5-year permit waver from the Clean Water Act to allow for the treatment and discharge of effluent from an advanced primary wastewater treatment facility. Without this waver from the Clean Water Act the PLWTP would need to upgrade to a secondary treatment facility at an estimated cost of $3.5 billion dollar capital and financing expense and $44 million annual operation cost. The current modified permit for the PLWTP expires on July 31, 2015 and the effort to successfully secure another 5-year permit waver from the Clean Water Act will need broad support from the agencies in the Metro JPA, environmental community, and regulatory agencies.

In preparation for the efforts to secure the next 5-year permit waiver for the PLWTP, the Metro JPA Commission has asked that each participating agency provide a supporting resolution for the concept of a long-range Regional Water Reuse Plan that would offload flow of wastewater for beneficial reuse as a potable water supply. The Metro JPA believes that if the region collectively moves forward with a long-range Water Reuse Plan then the PLWTP should be able to operate as a smaller advanced primary treatment facility that can both meet the wastewater treatment needs of the region and continue to protect the ocean environment. Upgrading the PLWTP to a secondary treatment facility is a significant and costly effort that may be unnecessary if the PLWTP can demonstrate it can meet a secondary equivalency standard by operating the existing facility using less wastewater flow.

The Metro JPA has prepared a white paper that discusses the strategy for PLWTP to achieve secondary equivalency (Attachment 1) and a draft resolution of support for discussion (Attachment 2).

Permitting the Point Loma Wastewater Treatment Plant

The City of San Diego must apply for a new permit or modified permit every five years for the PLWTP. This condition for a modified 5-year permit is the result of the 1994 federal Ocean Pollution Reduction Act (OPRA), which allows a special exemption for the City of San Diego from the Clean Water Act. Since 1994 the City of San Diego has applied for and received three consecutive modified permits for the PLWTP; however, in order to gain support from the local environmental community and regulators for the modified permit, the City has agreed to complete a number of studies and projects as conditions for each permit.

The first modified permit approved in 1994 required the construction of 45 MGD of reclaimed water capacity. This resulted in the construction of the North City Water Reclamation Plant, the South Bay Water Reclamation Plant in the Tijuana River Valley, and the South Bay Ocean Outfall. The second permit required the City to refine the cost estimates to convert the PLWTP to secondary and significantly enhanced the ocean monitoring program for the Point Loma ocean outfall. The results from these studies lead to the question of the cost effectiveness of spending billions of dollars to upgrade the PLWTP to secondary for the marginal benefit it will have on the coastal ecosystem. The third and current modified permit approved in 2010 required the City of San Diego to conduct studies and projects to optimize water reuse from the PLWTP. This resulted in the Recycled Water Study that outlined a concept to offload up to 100 MGD of flow from the PLWTP by combining additional secondary treatment in the South Bay with the implementation of recycled potable reuse projects for San Vicente and Otay Reservoirs. The City of San Diego also implemented the 1 MGD Water Purification Demonstration Project for San Vicente Reservoir to demonstrate the feasibility of indirect potable reuse.

The City of San Diego is now about to start the process of applying for their fourth modified permit which is due no later than January 2015. Previous studies have shown that it is not cost effective to upgrade the PLWTP to secondary. In addition, if the PLWTP can offload approximately 100 MGD of wastewater for other use or treatment then the Point Loma facility would effectively be meeting the secondary water quality treatment standards for the current 240 MGD permitted wastewater plant. The ultimate goal from the Metro JPA would be to get the support by the environmental and regulatory community for a Regional Water Reuse Plan so that a new and local water supply is created by offloading flow at PLWTP. The Metro JPA would then advocate for a legislative change of OPRA for the permanent acceptance of the PLWTP as a smaller advanced primary facility that meets the secondary equivalency standards for a 240 MGD plant.

Water Wastewater Nexus

The San Diego region is semi-arid and needs the most cost effective and diverse system of water supply it can achieve. Potable water reuse of wastewater, either Indirect or Direct, appears to be a competitive choice in producing a new water supply and a feasible option as demonstrated by the San Diego Recycled Water Study. The region also needs a permanent solution for the long-term permitting of the PLWTP that is cost effective and protects the ocean environment.

The capital and operating costs of providing additional water for the region will have a significant impact on water ratepayers. In addition, if the City of San Diego is ever required to convert the PLWTP to Secondary Treatment, the capital and operating costs would likewise be significant to the wastewater ratepayers. In almost every case, water and wastewater ratepayers are the same people, although they may be serviced by different agencies. By considering combined water supply and wastewater treatment needs, there is an opportunity to reduce the impact to ratepayers by billions of dollars in capital and financing costs, and tens of millions of dollars in annual operating and energy costs. An additional benefit would be a reduction in environmental impacts because much less energy production would be needed.

The Recycled Water Study outlines a concept whereby about 100 MGD of actual and planned wastewater flow is diverted upstream from the PLWTP to either potable reuse or to the South Bay wastewater treatment plants for secondary treatment before ocean discharge. This concept creates 83 MGD of potable water. The solids discharged and the environmental impact of a 143 MGD Advanced Primary Plant at Point Loma would be similar to or less than that of a 240 MGD Secondary Plant thereby constituting Secondary Equivalency.

Proposed Option from the Metro JPA

Rather than costly planning for one wastewater or water project at a time, the region's needs for wastewater treatment and additional water supply could be planned programmatically together over a longer period of time. Conceptually, almost 100 MGD of potable reuse and diversion of wastewater to South Bay could be implemented over a specific timeframe. In return, action would be taken to accept a smaller PLWTP as a Secondary Equivalent facility. This novel approach to address the region's wastewater and water issues will require the support of all the participating agency members, environmental community, and regulators.

Options for Imperial Beach to Consider

The following are a list of discussion points for council to consider:

- Is there support in the community for the reuse of recycled water as a potable water supply for the region?
    - Based on the City of San Diego public opinion survey the percentages of those favoring advanced treated recycled water as an addition to the drinking water supply have increased from 36% in 2004 to 73% in 2012.
- Is there support to maintain the PLWTP as an advanced primary treatment facility and not upgrade the treatment plant to secondary?
    - Studies have shown that maintaining the PLWTP at advanced primary and offloading approximately 100 MGD would result in the same net water quality impact on the ocean as maintaining the current 240 MDG facility and upgrading to secondary.
- Is there support for the development of a Long-Range Regional Water Reuse Plan?
    - This plan would develop options to offload flow from PLWTP for potential water reuse projects for San Vicente and Otay Reservoirs or allow for secondary treatment and disposal from the South Bay Ocean Outfall.

- What is the potential impact on the South Bay Ocean Outfall (SBOO)?
    - The likely impact on the SBOO is the increase of treated secondary effluent from a not yet built South Bay Wastewater Treatment Plant that is identified in the 2012 San Diego Metropolitan Wastewater Plan.
- Will increasing the flow from the SBOO have an impact on beach water quality?
    - The IBWC and City of San Diego both share offshore ocean monitoring requirements to ensure that the operation of the SBOO does not have any unanticipated impacts to water quality or environment. The IBWC and City of San Diego are currently permitted to discharge up to 40 MGD from the ocean outfall and their monitoring requirements are proportional to that impact. Additional monitoring may be necessary if the City plans to discharge additional flow from the outfall.
- What are the regulatory uncertainties for recycled water as a new potable water supply?
    - The California Department of Public Health is still developing the regulatory framework for indirect and direct potable reuse projects. Both the City of San Diego and Metro JPA are participating in this statewide effort. The permitting of the PLWTP as a secondary equivalent facility will need an amendment to the federal Ocean Pollution Reduction Act (OPRA) and require approval from the Environmental Protection Agency (EPA), the San Diego Regional Water Quality Control Board (RWQCB), and the California Coastal Commission (CCC).
- Is there support from the environmental community?
    - The environmental community played a major role in developing the options presented in the Recycled Water Study. So far, the local environmental community has supported offloading the flow from Point Loma for use as potable water and understands the rational of maintaining the PLWTP as a secondary equivalent facility. The City of San Diego and Metro JPA have met regularly with the environmental community to jointly develop a strategy for maximizing the use of recycled water.

ENVIRONMENTAL DETERMINATION:
NA

FISCAL IMPACT:
No fiscal impacts at this time; however, the City holds an approximate 1.3% cost share for the Metro wastewater system.

DEPARTMENT RECOMMENDATION:
1. Receive presentation from Scott Tulloch;
2. Discuss council's position on recycled water;
3. Discuss council's position for supporting a secondary equivalency standard for the PLWTP;
4. Support or recommend changes to the proposed Metro JPA resolution of support;
5. Direct staff to add an additional whereas to the resolution that expresses the City's opposition to any increasing flow of secondary treated effluent out of the South Bay Ocean Outfall as a result of this plan; and
6. Direct staff to return at the next council meeting with a supporting resolution for the Metro JPA.

CITY MANAGER'S RECOMMENDATION:
Approve Department recommendation.

Attachments:

1. Metro JPA white paper on Water Reuse as a Strategy to Secure Secondary Equivalency at Point Loma Waste Water Treatment Plant
2. Metro JPA proposed resolution of support

METRO WASTEWATER JPA

WATER REUSE AS A STRATEGY TO SECURE SECONDARY EQUIVALENCY AT POINT LOMA WASTEWATER TREATMENT PLANT

EXECUTIVE SUMMARY

The Point Loma Wastewater Treatment Plant (PLWTP) is operated by the City of San Diego and currently serves the City of San Diego and 12 member agencies throughout the County.

PLWTP is permitted to treat up to 240 million gallons of wastewater a day and has operated at levels greater than 180 mgd while meeting or exceeding all general and specifically negotiated regulatory requirements necessary to maintain a permit waiver thereby allowing it to remain as a smaller advanced primary treatment plant.

Members of the Metropolitan Wastewater Joint Powers Authority (JPA) believe that permanent acceptance of a smaller PLWTP as an advanced primary treatment plant can be achieved through development and implementation of a comprehensive, systematic Regional Water Reuse Plan. This Plan must increase public awareness, further catalyze customer action through individual water conservation and water reuse; consider opportunities for storm water capture, and the use of gray water and rainwater; expand recycled water opportunities; and implement a variety of agency-specific and collaborative large-scale potable water reuse projects including Indirect Potable Reuse (IPR) resulting in a significant off-loading of the treatment demand on PLWTP.

A successful effort would secure state and federal legislation accepting secondary equivalency at a smaller PLWTP making future permit waiver processes unnecessary and avoiding, on behalf of our ratepayers, not only the estimated $3.5 billion dollar capital/financing expense of upgrading PLWTP to secondary treatment (not to mention millions of dollars in annual operating costs), but perhaps also alleviating potable water demands to such a degree as to allow a smaller Sacramento delta option and fewer desalination projects (avoiding additional billions of dollars in capital, operating, and energy costs, as well as carbon generation).

THE CASE FOR SECONDARY EQUIVALENCY AT POINT LOMA

City of San Diego Water and Wastewater Utilities

The current practice of the City of San Diego ("the City") is to procure raw water, treat it to drinking water standards and distribute it throughout the City. The City also collects and treats wastewater for its residents and businesses and for a number of other agencies and discharges treated wastewater to the ocean. These participating agencies make up about 35% of the flow in the system and are represented by the Metro Wastewater Joint Powers Authority ("JPA") which is comprised of the County of San Diego and the surrounding cities of Chula Vista, Lemon Grove, El Cajon, Coronado, Del Mar, Imperial Beach, La Mesa, National City, and Poway, and the Otay and Padre Dam Water Districts. The City wastewater system also produces reclaimed water for use in

irrigation and industrial purposes, and distributes through its own separate piping system (purple pipe).

The City's wastewater system consists of the following Municipal and Metropolitan wastewater infrastructure: a Municipal wastewater system of pipelines and pump stations which collects and sends wastewater to the Metropolitan (Metro) wastewater system for treatment and discharge to the ocean. The Metro system consists of

- several large pipelines and pump stations,
- three treatment plants,
- a biosolids (sludge) processing plant (the Metro Biosolids Center) and
- two ocean outfalls.

The Point Loma Wastewater Treatment Plant (PLWTP) is permitted as a 240 million gallons per day (mgd) advanced primary (chemically enhanced) plant which discharges treated wastewater through the Point Loma Ocean Outfall (PLOO) 4.5 miles out in the ocean in 320 feet of water.

The North City Water Reclamation Plant (NCWRP) is a 30 mgd tertiary treatment plant which produces reclaimed water. Since the NCWRP does not have its own outfall, wastewater not needed for reclaimed water customers is treated to a secondary level and pumped to the PLWTP.

The South Bay Water Reclamation Plant (SBWRP) is a 15 mgd tertiary treatment plant which produces reclaimed water. Wastewater not needed for reclaimed water customers is treated to a secondary level and discharged through the South Bay Ocean Outfall (SBOO).

Wastewater Treatment

Wastewater treatment is basically the process of removing solids from the wastewater. All treatment plant processes typically begin with screens to remove debris such as pieces of wood, followed by removal of grit (mainly sand).

A Primary treatment plant then removes solids which are heavy enough to settle out of the wastewater by gravity.

Advanced Primary treatment plants such as the PLWTP then use chemicals to cause lighter solids to clump together and settle out by gravity.

A Secondary treatment plant has a primary level of solids removal followed by a biological treatment which removes lighter biological matter in the wastewater.

A Tertiary treatment plant like the NCWRP and the SBWRP has both Primary and Secondary treatment followed by filtration such as through anthracite coals beds. The required levels of treatment are typically measured by Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD). The BOD is a measure of how much dissolved oxygen the treated wastewater might remove from the receiving water, such as the ocean.

Wastewater Treatment Regulation

The federal Clean Water Act passed in 1972 required that all wastewater treatment plants be permitted every five years. The permitting process in California involves the Environmental Protection Agency (EPA), the local Regional Water Quality Control Board

(RWQCB), the State Water Resources Control Board and the California Coastal Commission (CCC).

The Clean Water Act also required wastewater treatment plants to treat wastewater at least at a secondary level. The actual required treatment is based on what is needed to protect the receiving waters, such as lakes, rivers and the ocean. A number of dischargers are required to go to higher levels of treatment than secondary.

Several years after the Clean Water Act was enacted, it was amended to allow dischargers to receive a modified permit (waiver of secondary) if dischargers could demonstrate they could safely discharge wastewater to the receiving water at a treatment level lower than secondary such as Advanced Primary. In practice, permits were based on what was actually needed to protect the receiving waters--secondary in many cases, above secondary in other cases and below secondary in some cases.

Initially, the City of San Diego applied for a modified permit for the PLWTP but later withdrew the application and began planning to convert the PLWTP to secondary. Subsequently the window of time in the Clean Water Act for applying for a modified permit closed, and the EPA and several environmental groups sued the City for not being at secondary at the PLWTP. In 1994, the federal Ocean Pollution Reduction Act (OPRA) was passed. OPRA was sponsored by then-Congressman Filner and provided an opportunity for the City to apply for a modified permit for the PLWTP. In return, the City agreed to construct 45 mgd of reclaimed water capacity. This resulted in the construction of the NCWRP, the SBWRP and the SBOO. The City applied for and was granted a modified permit for the PLWTP in 1994.

Point Loma Wastewater Treatment Plant Permits

The City must apply for a new permit or modified permit every five years for the PLWTP. In order to gain support from the local environmental community for the modified permit sought every five years, the City has agreed to do a number of studies. Each study was reviewed by environmental groups and their experts.

The City conducted a refined estimate of costs to convert the PLWTP to secondary. The PLWTP is hemmed in by the Navy, the Cabrillo National Monument, the ocean and a cliff. This leads to higher costs for the addition of secondary treatment. The initial study indicated a capital cost of $1 billion which has recently been escalated to $1.4 billion in today's dollars, not including financing costs. In addition, secondary treatment requires a great deal of electricity. Operating costs were initially estimated at $40 million annually.

The City also conducted a comprehensive review of its Ocean Monitoring Program. In order to apply for a permit, dischargers must demonstrate the effect of their discharge on the receiving water. The City continuously collects data from the ocean near the discharge point of the outfall, measuring impacts on sediments, water quality, and aquatic and plant life. The City hired experts from well-known scientific organizations such as Scripps and Woods Hole to review the Ocean Monitoring Program and provide recommendations to make it more comprehensive. All the recommendations were implemented.

The City also agreed to conduct studies and projects to optimize wastewater reuse, although it was already producing reclaimed water at the NCWRP and the SBWRP. The

Recycled Water Study looked at the feasibility of expanding recycled water use and producing potable water from wastewater. The Recycled Water Study concluded that since most of the recycled water uses in the area were seasonal irrigation requiring separate pipelines from the existing water system, increasing wastewater reuse would be more productive through pursuing potable reuse.

Potable Reuse can be either Indirect or Direct Potable Reuse.

- Indirect Potable Reuse (IPR) includes advanced treatment of wastewater followed by discharge to, for example, a drinking water reservoir and then to a water treatment plant.
- Direct Potable Reuse (DPR) sends advanced treated wastewater directly to a water treatment plant.

The Recycled Water Study outlined a concept whereby almost 100 mgd of wastewater otherwise planned to be treated at the PLWTP could be diverted upstream of the PLWTP to either Advanced Water Treatment Facilities (IPR) or to South Bay wastewater treatment plants. This would allow the permitted capacity of the PLWTP to be reduced from 240 mgd to 143 mgd.

The City then looked at the feasibility of treating wastewater to a potable level. A one mgd demonstration project was conducted at the NCWRP and a study was made of San Vicente Reservoir. The study and demonstration project showed that wastewater could be treated at the NCWRP to a level sufficient for safe discharge to San Vicente Reservoir for subsequent treatment at a water treatment plant. The process would be Indirect Potable Reuse (IPR). Water produced at the demonstration site was almost the same quality as distilled water.

The current modified permit for the PLWTP expires on July 31, 2015. The application for a new permit must be submitted no later than January 2015. It takes approximately one year to collect and assemble the data required for the permit application. That process is expected to start in January 2014.

THE CASE FOR POTABLE REUSE AS A STRATEGY

Potable Reuse/Secondary Equivalency Program Concept

The San Diego region is semi-arid and needs the most cost effective and diverse system of water supply it can achieve. Potable water reuse of wastewater, either Indirect or Direct, appears to be a competitive choice in producing a new water supply. The region also needs a wastewater treatment system that protects the ocean environment.

The capital and operating costs of providing additional water for the region will have a significant impact on water ratepayers. In addition, if the City was ever required to convert the PLWTP to secondary, the capital and operating costs would likewise be significant to the wastewater ratepayers. In almost every case, water and wastewater ratepayers are the same people. By considering combined water supply and wastewater treatment needs, there is an opportunity to reduce the impact to ratepayers by billions of dollars in capital and financing costs, and tens of millions of dollars in annual operating and energy costs. An additional benefit would be a reduction in environmental impacts because much less energy production would be needed.

The Recycled Water Study outlines a concept whereby almost 100 mgd of actual and planned wastewater flow is diverted upstream from the PLWTP to either potable reuse or to South Bay wastewater treatment plants. This concept includes 83 mgd of Advanced Water Treatment (IPR) and could reduce the permitted capacity of the PLWTP from 240 mgd to 143 mgd. The environmental impact of a 143 mgd Advanced Primary Plant at Point Loma would be similar to or less than the impact of a 240 mgd Secondary Plant (Secondary Equivalency).

Since the historic flows through the PLWTP have exceeded 180 mgd and the comprehensive Ocean Monitoring Program has shown no detrimental impact to the ocean environment, there would be no value in converting the remaining flow at the PLWTP (say 143 mgd) to secondary. Even converting 143 mgd of capacity at the PLWTP would result in hundreds of millions in capital costs, tens of millions in annual operating costs and the environmental impacts of producing the energy to operate the secondary plant.

Rather than planning for one wastewater or water project at a time, the region's needs for wastewater treatment and additional water supply should be planned programmatically together over a longer period of time. Conceptually, almost 100 mgd of potable reuse and diversion of wastewater to South Bay could be implemented over a specific timeframe and combined with lowering the permitted capacity of the PLWTP to143 mgd, for example. In return, action would be taken to allow the PLWTP at the lower capacity to remain at Advanced Primary treatment. The PLWTP would still be required to get a new permit every five years and demonstrate through the City's comprehensive monitoring program that it was not harming the ocean environment.

CONCLUSION

As representatives of our region's ratepayers, we are at a critical juncture. The choices we make as a result of actions we take or, perhaps, opportunities missed due to our inaction, will have environmental and fiscal ramifications for many generations to come.

The Metropolitan Wastewater JPA supports the development of a Regional Water Reuse Plan so that both new, local, diversified water supply including potable reuse is created and maximum offload at Point Loma is achieved to support state and federal legislation accepting a smaller PLWTP as a secondary equivalent.

Success ultimately minimizes wastewater treatment costs and lessens the need for new water supply sources due to expanded water reuse thereby most effectively applying ratepayer dollars.

Metro JPA Goal: Create a regional water reuse plan so that both a new, local, diversified water supply is created AND maximum offload at Point Loma is achieved to support legislation for permanent acceptance of Point Loma as a smaller advanced primary plant. Minimize ultimate Point Loma treatment costs and most effectively spend ratepayer dollars through successful coordination between water and wastewater agencies.

Attachment 2

RESOLUTION NO. 13-___

A JOINT RESOLUTION OF THE METRO WASTEWATER JPA/ METRO COMMISSION, SUPPORTING DEVELOPMENT OF A LONG-RANGE REGIONAL WATER REUSE PLAN AND SECONDARY EQUIVALENCY FOR POINT LOMA WASTEWATER TREATMENT PLANT

WHEREAS, the Point Loma Wastewater Treatment Plant (PLWTP) is a regional facility in the Metro Wastewater System, operated by the City of San Diego, permitted to treat 240 million gallons of wastewater per day to an Advanced Primary Level, serving a 12 member Joint Powers Authority that comprises approximately 35% of the total flow in the Metro Wastewater System/ PLWTP; and

WHEREAS, the Clean Water Act of 1972 requires that wastewater be treated to achieve certain protections before ocean discharge and the permitting of wastewater treatment plants, and wastewater treatment plant permits must be renewed every five years; and

WHEREAS, the Ocean Pollution Reduction Act (OPRA) of 1994 allowed the City of San Diego to apply for modified permits allowing PLWTP to continue operating at an Advanced Primary Treatment Level while meeting or exceeding all general and specifically negotiated regulatory obligations including ocean protection requirements; and

WHEREAS, the current modified permit for the PLWTP expires on July 31, 2015, and City of San Diego staff must finalize a strategy and begin the extensive work required to secure the next permit in or around January 2014; and

WHEREAS, in order to secure "non-opposition" for modified permits from environmental stakeholders, the City of San Diego agreed to and successfully prepared verifiable estimates of the cost to convert the current 240 million gallon per day (mgd) PLWTP to Secondary Treatment Levels, conducted a comprehensive external scientific review of ocean monitoring implementing all recommendations for an enhanced ocean monitoring program, and built 45 mgd of water reclamation capacity in the form of the North City Water Reclamation Plant and the South Bay Water Reclamation Plant; and

WHEREAS, the City of San Diego has 20 years of ocean monitoring data demonstrating that the Advanced Primary PLWTP consistently protects the ocean environment; and

WHEREAS, the City of San Diego has successfully completed a 1 mgd Advanced Water Purification Demonstration Project producing water that is far superior in quality to raw water currently delivered to local reservoirs, and produces potable water of a quality similar to distilled water; and

WHEREAS, the City of San Diego's survey indicates that percentages of those favoring Advanced Treated recycled water as an addition to the drinking water supply have increased from 36% in 2004 to 73% in 2012; and

WHEREAS, the City of San Diego has also achieved significant legislative progress associated with the Advanced Water Purification Demonstration Project to advance both indirect and direct potable water reuse projects; and

WHEREAS, the San Diego region forecasts the need for billions of dollars in ratepayer revenue to fund imported water supply projects to address transportation constraints and supply challenges, including a locally owned Colorado River pipeline and plans for at least three ocean desalination plants, all of which will require significant capital, operating and energy expenditures; and

WHEREAS, it is possible to develop a long-range regional water reuse plan (Long-Range Regional Water Reuse Plan) to divert at least 100 mgd of flow from PLWTP largely to water reuse projects resulting in new, local water supplies, including potable water, and a smaller secondary equivalent PLWTP with reduced Total Suspended Solids mass emission rates equivalent to those of a 240 mgd secondary treatment PLWTP; and

WHEREAS, this proposed Long-Range Regional Water Reuse Plan will avoid billions of dollars in unnecessary capital, financing, energy and operating costs to upgrade a facility that already meets or exceeds all general and specifically negotiated regulatory requirements for ocean protection; and

WHEREAS, successful implementation of this proposed Long-Range Regional Water Reuse Plan also creates the potential to avoid or downsize currently planned water transportation and supply projects; and

WHEREAS, this proposed Long-Range Regional Water Reuse Plan to maximize local water reuse to create a new, local, sustainable water supply while offloading PLWTP to secure acceptance of a smaller secondary equivalent treatment plant is a fiscally prudent, environmentally sound critical regional priority.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Metro Wastewater JPA/ Metro Commission as follows:

Section 1: That Metro Wastewater JPA/ Metro Commission supports developing a Long-Range Regional Water Reuse Plan that includes the most cost effective water reuse options, including potable reuse, within the Metro Wastewater System's service boundary.

Section 2: That Metro Wastewater JPA/ Metro Commission supports developing a Long-Range Regional Water Reuse Plan with the goal of realizing a smaller secondary equivalent PLWTP to avoid spending billions of dollars in ratepayer monies for an unnecessary upgrade to Secondary Treatment, instead potentially funding the creation of new water supplies, including potable water reuse.

Section 3: That Metro Wastewater JPA/ Metro Commission supports developing a Long-Range Regional Water Reuse Plan to maximize opportunities to create new, local sustainable water supplies thereby creating opportunities to avoid or downsize billions of dollars in future water supply projects.

Section 4: That, in addition, the Metro Wastewater JPA/ Metro Commission supports pursuing judicial and/or legislative remedies for long-term acceptance of a smaller secondary equivalent PLWTP that continues to protect the ocean environment while avoiding billions of dollars in capital, financing, energy and operating costs for an unnecessary conversion of the PLWTP to Secondary Treatment.

PASSED AND ADOPTED at a regular meeting of the Board of the Metro Wastewater JPA/ Metro Commission on the 1st day of August, 2013:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____
Cheryl Cox, Chair

ATTEST:

_____
Lori Anne Peoples, Secretary

AGENDA ITEM NO. 6.2

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER** AH
ORIGINATION DEPT.:	**CITY MANAGER** **GREGORY WADE, ASSISTANT CITY MANAGER** GW
MEETING DATE:	**SEPTEMBER 4, 2013**
SUBJECT:	**CONSIDERATION OF AND AUTHORIZATION TO ISSUE A REQUEST FOR QUALIFICATIONS AND PROPOSALS FOR SPECIALIZED SERVICES TO OPERATE AND MANAGE THE IMPERIAL BEACH SPORTS PARK**

BACKGROUND:

At the meeting on June 5, 2013, City Council asked Councilmembers Bilbray and Patton to meet with people from the Sports Park Collaborative (the "Collaborative") to formulate a process by which Council might decide what organization should manage Sports Park. Council also decided to meet on June 26, 2013 to discuss the decision-making process recommended as a result of the meeting with representatives of the Collaborative.

On June 18th Councilmembers Patton and Bilbray met with five people from the Sports Park Collaborative and members of City staff. At the meeting, options were discussed for future operation of Sports Park. It was the consensus of the group to recommend that Council solicit proposals from only the YMCA and the BGC to manage Sports Park based upon specifications developed by a Sports Park Task Force.

In addition to issuing a Request for Proposals (RFP) to the BGC and YMCA, people at the June 18th meeting discussed the creation of a Recreation Commission and the roles it could play. Councilmember Bilbray suggested a review of the City's records to see what role a previous recreation and parks commission played. It was generally agreed, however, that the immediate task was to concentrate on selecting the management of the Sports Park before addressing the creation of a Recreation Commission, keeping in mind that the Recreation Commission question might be addressed before completing the selection of Sports Park management.

At the June 26, 2013 Council meeting, staff presented the following outline for the RFP process:

1. June 26th City Council meeting – Council directed staff to prepare a RFP and requested that Councilmembers Bilbray and Patton to work with a Sports Park Task Force (SPTF) of approximately five members. Council also decided the RFP specifications would be brought back to Council for discussion and possible modification prior to issuance.

2. July / August – The Sports Park Ad Hoc Committee and SPTF will develop specifications for the RFP and return to Council with recommended specifications or issues to address

in the RFP.

3. September – The RFP is issued to the YMCA and BGC with a specified response date.

4. October / November – The Ad Hoc Committee and SPTF reviews the proposals and may request individual meetings and/or additional information from the YMCA and BGC to discuss and clarify their proposals and/or to receive a presentation from each.

5. November – The Ad Hoc Committee and SPTF makes a recommendation to City Council for the selection of an operator/manager of Sports Park. The recommendation will clearly state, but not be limited to, the rationale for the recommendation and why one proposal is superior to the other.

6. November / December – The City Attorney and staff draft and negotiate a contract with the selected Sports Park operator and the contract is reviewed by the Ad Hoc Committee and SPTF for consistency with main deal points previously recommended to Council. The contract is then presented to City Council for approval.

Also at the June 26th meeting, the City Council took action to create a Sports Park Ad Hoc Committee consisting of Council Members Bilbray and Patton to review the Draft the RFP prepared by staff and to seek input from the members of the Sports Park Task Force with whom they had previously met.

DISCUSSION:

Staff prepared a Draft Request for Qualifications/Proposals (RFQ/P) and held a meeting with the Ad Hoc Committee and Sports Park Task Force on Friday, August 16, 2013, to discuss the Draft RFQ/P. During the meeting, the Sports Park Task Force made comments and suggested edits to the Draft RFQ/P. Staff made the suggested edits in a red-lined/strike-out format and redistributed them to the Ad Hoc Committee and Sports Park Task Force on Monday, August 19, 2013, for additional comments. Because of the short turn-around time, staff requested continuation of this item from the August 21st City Council meeting to September 4, 2013.

On August 22, 2013, staff sent an email to members of the Ad Hoc Committee and Sports Park Task Force requesting that any additional comments on the Draft RFQ/P by Monday, August 26, 2013. Since no additional comments were made regarding the specifications, requested services and operational parameters as described in the Draft RFQ/P, a red-lined/strike-out copy of the Draft RFQ/P is attached to this staff report for City Council consideration.

As outline in the Draft RFQ/P, if approved the City Council for issuance, the schedule for this RFQ/P would be as follows:

Distribution/Advertisement	September 5, 2013
Pre-Submission conference	September 24, 2013 @ 10:00 A.M. Community Room-City Hall, Imperial Beach, CA 91932
Submission of Proposals	October 3, 2013 by 5:00 PM
Interview/Individual Meetings	Week of October 14, 2013
City Council Approval/Selection	November 6, 2013
Lease Negotiations	November 6 to December 6, 2013 City
Council Lease Approval	December 18, 2013
Lease Initiation	January 1, 2014

It is expected that, if the City Council approves the RFQ/P for issuance, that the above schedule could still be followed.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

It is expected that a contract with one of the above-discussed organizations for the operation of Sports Park would result in potential savings to the City. Such savings, however, would depend on the proposals received, the operator selected and the terms of any resulting agreement.

DEPARTMENT RECOMMENDATION:

Staff recommends that the City Council:

1. Receive this report and provide comments, input and direction on the Draft RFQ/P; and

2. Unless major changes are requested, direct staff to incorporate the changes recommended by City Council and issue the RFQ/P.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:

1. Draft Sports Park RFQ/P

REQUEST FOR QUALIFICATIONS/PROPOSALS FOR SPECIALIZED RECREATION OPERATOR AND MANAGEMENT SERVICES FOR THE CITY OF IMPERIAL BEACH SPORTS PARK

DRAFT

August 26, 2013

City Of Imperial Beach
Civic Center
825 Imperial Beach Blvd.
Imperial Beach CA 91932

TABLE OF CONTENTS

I. INTRODUCTION 1

II. SERVICES REQUESTED 1

III. SCOPE OF SERVICES 2

IV. MANAGEMENT OF SPORTS PARK 4

V. PUBLIC DISCLOSURE 7

VI. SUBMISSION FORMAT AND CONTENT 7

VII. SUBMISSION SCHEDULE 9

VIII. SUBMISSION SELECTION PROCESS 9

IX. SUBMISSION EVALUATION CRITERIA 10

X. TERMS AND CONDITIONS 10

XI. INSURANCE/INDEMNIFICATION 11

XII. DUE DILIGENCE 12

XIII. CITY CONTACT 12

DRAFT

I. INTRODUCTION

To meet the objective of providing and enhancing the quality of life for all residents of Imperial Beach, the City has, over the years, invested in both its neighborhood parks and its larger recreational park called the Sports Park Recreation Center or Sports Park. Since 2000, the City has invested over $1.7 million in improvements to the Sports Park.

This fully developed 7.8-acre park and recreation center is located at 425 Imperial Beach Boulevard. Facilities include a gymnasium and indoor recreation facilities, picnic areas, six ball fields ("Ball Fields"), four of which are fully lighted, a children's tot-lot/playground, an outdoor half-court basketball court, a large (passive) grass play area and restrooms. The two southern-most ball fields are for T-ball. The most recent addition to the Sports Park is a 10,000 square foot, completely fenced outdoor Skate Park located just south of Sports Park gymnasium. An aerial image and site map of Sports Park is attached as Exhibit A.

Currently, the City of Imperial Beach provides limited recreational programs at the Recreation Center. Currently, the City operates a teen program and café and is equipped with music rooms for music recording and for providing music lessons and other musical instruction. The Sports Park is also home to Imperial Beach Little League, which uses Fields C, D, E and F, and Imperial Beach Girls Softball, which uses Fields A and B. The primary season of both these leagues run from approximately February through ~~June~~ August each year. Each of these leagues also operates a "fall ball" league operating between September and December each year. Other users of Sports Park include an adult softball league, currently holding tournaments on Sundays only, and a senior softball league which uses the softball fields on Tuesday mornings. Both of these leagues use Fields A and B for their games.

II. SERVICES REQUESTED

The purpose of this Request for Qualifications/Proposals ("RFQ/P") is to solicit proposals to find an organization which can provide specialized recreation services to operate and manage the City's Sports Park recreation facility. The overall intent of the City through this RFQ/P is to select a qualified operator that can provide specialized recreation services to significantly expand and enhance recreational opportunities provided at Sports Park for residents of the entire City. Another primary objective is to ensure that priority access and use of the Sports Park ball fields continues to be provided to the Imperial Beach Little League and Girls Softball programs. Finally, the selected operator must be prepared and equipped to assume the on-going routine and long term maintenance and operational costs at Sports Park. As discussed in further detail in this RFQ/P, ~~T~~however, the City of Imperial Beach~~, however,~~ would provide an annual maintenance and operations contribution of no more than $50,000 per year to the selected operator plus $10,000 per year for membership scholarships~~ and capital improvements noted below~~. These allocations would be effective for the next two years and would be reassessed by the City after the first two years.

The selected operator of the Sports Park will be expected to meet the following priorities:

- Significantly expand and enhance the recreational opportunities and programs provided at Sports Park for residents of the entire City.

- Ensure that priority access and use of the ball fields and exclusive use of the Field C scorers' booth and specified storage facilities continue~~s~~ to be provided to the Imperial Beach Little League and Imperial Beach Girls Softball programs.

- Minimize to the maximum extent possible the on-going routine m_aintenance and operational costs of Sports Park borne by the City.

III. SCOPE OF SERVICES

The specialized services sought under this RFQ/P are to provide comprehensive oversight, management and operations of the City's Sports Park and to significantly expand and enhance recreational opportunities and programs available to the residents of the City and the surrounding community.

A. **Key Priorities.** The submitted proposals will seek to address the following key priorities for the services to be provided:

   a. The selected operator will operate and manage the Sports Park.

   b. The selected operator will assume all operational and maintenance costs associated with the Recreation Center and surrounding facilities/amenities including the operation and management of the Recreation Center, Skate Park, Ball Fields, Outdoor Basketball Court, Picnic Tables, Playground/Tot Lot, and Parking Areas.

   c. **Compensation to the City.** Compensation to the City will be made by the operator in the following manner:

      1) By assuming operational costs of Sports Park except as otherwise noted in this RFQ/P
      2) By providing and offering a greatly expanded and wide range of specialized recreation services and programs to the public not previously made available by the City.
      3) By providing basic maintenance of all Sports Park facilities
      4) By providing extraordinary, long-term maintenance in coordination with the City as further addressed below.
      5) By providing these specialized services at an annual cost of one dollar ($1.00) per year to the City.

   d. **Imperial Beach Little League, Imperial Beach Girls Softball & Ball Fields.** Priority use and access to the Ball Fields will be provided to

Imperial Beach Little League and Imperial Beach Girls Softball.

1) The City will contribute ~~pay~~ no more than $50,000 for maintenance and operations costs ~~the electricity and water costs~~ associated with the use of the Ball Fields by Imperial Beach Little League and Imperial Beach Girls Softball ~~of up to $50,000 per year~~. (This commitment by the City is good through June 30, 2015, and will be reevaluated by the City when preparing its budgets for July 1, 2015 through June 30, 2017~~.~~)

2) The selected operator will not charge Imperial Beach Little League or Imperial Beach Girls Softball for the use of the Ball Fields for their scheduled ~~games~~ activities.

3) The selected operator will negotiate in good faith with other leagues currently using the Ball Fields to allow for the use of the Ball Fields when available and charge fees deemed appropriate for all other Leagues ~~including All Star teams~~ and travelling teams.

4) The selected operator ~~will~~ may schedule other leagues, programs, games and activities on the Ball Fields when not in use by the Imperial Beach Little League and/or Imperial Beach Girls Softball.

5) The selected operator shall not permit uses which have irreparable negative effects on the Ball Fields or other Sports Park facilities.

6) The selected operator will be responsible for repairing any and all damage to the Ball Fields and other fields. Such repairs will be completed in a timely manner so the field(s) will be in good condition before any Little League or Softball games.

7) Imperial Beach Little League and Imperial Beach Girls Softball will have exclusive use of the concession stands with each league responsible for paying the electrical bills to their respective concession stand areas and for all maintenance of the food concession facilities.

e. **Park Areas Open to the Public.** Certain areas of the Sports Park including the Children's Playground/Tot-Lot will be open and made available to the public during regular hours of operation unless specifically reserved for a special event.

f. **Liability & Maintenance.** The selected operator will assume liability for all the services and activities provided at Sports Park and will seek to minimize all liability by providing oversight, maintenance and insurance.

g. **Annual Performance Evaluation.** The selected operator will work with

City staff to establish criteria to measure the operator's performance and user satisfaction and will provide the City with an annual evaluation report based on the established criteria.

h. **Current Sports Park Employees.** The selected operator will guarantee current Sports Park staff that apply for employment at Sports Park an interview for employment. These employees will have priority for any positions under the agreement where the employee meets all of the organization's qualifications and requirements for the position to be filled.

i. **Citizen Input.** The selected operator will create a local citizens group that will provide input to Sports Park management.

j. **Lawful Compliance.** Operation of Sports Park shall be in compliance with any applicable federal, state and local laws including but not limited to Imperial Beach Municipal Code Chapter 12.56.

B. **Intent to Lease.** The City intends to negotiate a long-term lease with the selected operator to allow the operator to assume the responsibilities outlined in this RFP/Q. The initial term of such lease will likely be five (5) years with options to extend.

C. **Specialized Services Provided.** Responses to this RFQ/P should clearly state the proposed specialized recreational services and activities to be provided at Sports Park. ~~**and should consider providing the following:**~~

~~a. Organized Teen Programing (Teen Center)~~
~~b. Tutoring~~
~~c. Skate clinics~~
~~d. Music Lessons~~
~~e. Youth and adult basketball~~
~~f. Flag Football~~
~~g. Volleyball~~
~~h. Rugby~~
~~i. "Hot Shots" Pee-Wee programs~~
~~j. Fitness classes including, but not limited to, Zumba, Boot Camp, and Interval Training~~
~~k. Youth and teen day camps during school breaks~~
~~l. Tumbling/Beginning Gymnastics~~
~~m. Parent/Child interaction classes~~
~~n. Adventure Guides program~~
~~o. Coordinated programs with Camp Surf and the Tijuana Nature Reserve~~
~~p. Initiate outreach to other organizations such as the school systems to coordinate activities and programs with those organizations~~
~~q. Organized seniors programming (in coordination with the City's Senior Center)~~
~~r. Other programs/services~~

IV. MANAGEMENT OF SPORTS PARK

Respondents may propose fees to be charged for membership, programs and services provided at Sports Park necessary for the successful operation and management of the facility at a level that is necessary solely to compensate for the provision of recreation services, including maintenance and operational duties.

A. **Fees.** Proposals submitted to this RFQ/P must address the following objectives regarding fees:

a. Fees may be charged both for Sports Park membership and for program participation and discounted program fees may be provided to members.

b. The selected operator will allow people to participate in all activities and programs by paying established program fees, however, membership will not be required for participation in activities and programs.

c. Resident and non-resident pricing will be offered for all programs, services and activities and the selected operator will provide discounted membership fees for Imperial Beach residents.

d. The selected operator will provide financial aid or "scholarships" to provide discounted memberships and discounted programs, service and activity fees to those who are unable to pay the established fees. The selected operator will develop and implement a streamlined and "user friendly" screening process to determine financial aid eligibility.

e. If membership and program fees are proposed, ~~T~~the City will contribute ~~provide~~ up to $10,000 per year to ~~be used for~~ fund "scholarships" for ~~residents of~~ Imperial Beach residents who qualify for financial assistance. Scholarship eligibility requirements will be determined during negotiations with the selected operator. (This commitment will be good through June 30, 2015 and will be reevaluated by the City when preparing its budgets for July 1, 2015 through June 30, 2017)

f. **Skate Park**. The selected operator may choose to directly manage and provide oversight of the Skate Park.

1) The selected operator will maintain the Skate Park as a public, non-profit facility in compliance with the Tony Hawk grant agreement and may charge fees that are not inconsistent with the requirements of the grant agreement.

2) If fees for the Skate Park are proposed, the selected operator will establish resident/non-resident fees for all users of the Skate Park. Skate Park use will be provided as a member benefit to all Sports

Park members at no additional cost.

3) Respondents may propose fees for the Skate Park as part of its management proposal of this facility. As part of their operation and management of the Skate Park, the selected operator will provide free use of the Skate Park to Imperial Beach residents under the age of 18 during specified days and hours of operation.

4) The selected operator may elect to supervise and manage the Skate Park facility to ensure that appropriate safety policies and procedures are adhered to by users of the Skate Park including but not limited to those found in Imperial Beach Municipal Code Chapter 12.56.

B. **Maintenance.** Respondents to this RFQ/P should anticipate and address in their proposals the responsibility for assuming all on-going maintenance of Sports Park as follows:

a. **Routine & Extraordinary Maintenance.** The selected operator will provide routine and extraordinary long-term maintenance of all Sports Park facilities, fields and buildings after consultation with the City except that the City will provide extraordinary, long-term maintenance during the first twenty-four (24) months of this agreement.

b. **Major Maintenance.** The selected operator will not be responsible for major maintenance of the parking lots serving Sports Park, however, minor up-keep will be required. Major maintenance of parking lots will be the responsibility of the City.

c. **Utilities.** The selected operator will provide and pay for all irrigation, water, electricity and other utilities (including alarms). As specified in Section III.A.d.1 of this RFQ/P~~)~~, the City will pay an amount of up to $50,000 per year for maintenance and operations costs associated with ~~water and electricity related to~~ the use of the ball fields by Imperial Beach Little League and Imperial Beach Girls Softball ~~League~~. This commitment by the City is good through June 30, 2015, and will be reevaluated by the City when preparing its budgets for July 1, 2015 through June 30, 2017.

d. **Prevailing Wage.** Due to the Sports Park facilities being located on public property and paid for with public funds, improvements performed by the operator may be subject to prevailing wage requirements in the Labor Code and competitive bidding requirements in the Public Contract Code.

~~d.~~e. **Trash Collection.** Trash collection for Sports Park is currently and shall continue to be provided by EDCO Waste and Recycling Service per City agreement.

C. **City Improvements.** As part of the City's on-going maintenance and improvement of Sports Park, the City will provide at its cost the following improvements and maintenance costs:

a. **Recreation Center Floor.** The Recreation Center gym floor will be resurfaced with multi-use recreation flooring at an estimated cost of $53,820.

b. **Recreation Center Roof.** The Recreation Center will be re-roofed with "medallion locked roof panel system" at an estimated cost of $71,394

c. **Tot-Lot Surface.** Resurfacing of Tot-Lot at an estimated cost at $40,000 will be done within the first two years of an agreement with the selected operator.

V. PUBLIC DISCLOSURE

As a general rule, all documents received by the City are considered public records and will be made available for public inspection and copying upon request. If you consider any documents submitted with your response to be proprietary or otherwise confidential, please submit a written request for a determination of whether the documents can be withheld from public disclosure no later than ten (10) days prior to the due date of your response. If you do not obtain a determination of confidentiality prior to the submission deadline, any document(s) submitted will be subject to public disclosure.

VI. SUBMISSION FORMAT AND CONTENT

All respondents are required to follow the format specified below. The contents of the proposal must be clear, concise, and complete. Each section of the submission shall be tabbed according to the numbering system shown below to aid in expedient information retrieval (NOTE: Respondents ~~shall~~ should base their submission on the "Scope of Work" detailed above).

A. Submission Cover - Include the RFQ/P's title and submission due date, the name, address, email address, fax number, and the telephone number of the Respondent. Also the contact name and e-mail address of the Respondent's Contact Person should be included.

B. Table of Contents - Include a complete and clear listing of headings and pages to allow easy reference to key information.

a. Cover Letter – The cover letter should be brief (three pages maximum), and any modifications to the format of the proposal provided should be explained in the cover letter. Describe the proposed specialized recreation services and the manner in which they are to be provided.

Identify other team members (i.e., joint partners), if any, and provide appropriate authority for their inclusion/participation on the Respondent team (i.e., Board of Directors authority, letters of authorization, etc.). Include the title and signature of the Respondent's contact person for this RFQ/P.

b. Qualifications and Experience – Describe the Respondent's experience in providing the specialized services for which this RFQ/P is issued. Applicable qualifications and experience should include, but not be limited to the following:

1) Experience specifically related to the Scope of Services contained herein.

2) Experience with providing successful specialized recreation services, programs and activities on a scale similar to those proposed at Sports Park.
3) Experience in staffing, financing, and operating recreational programs and services within San Diego County.
4) Experience in successfully operating and maintaining recreation facilities similar to Sports Park.
5) Experience and a demonstrated track record for developing community partnerships, providing community outreach, organizing fund raising events and engaging City government and other civic organizations in promoting specialized recreational services, programs and activities.

c. Project Personnel – The selected operator will be required to have available personnel who have been successful in providing recreational services, programs and activities. Provide the name and contact information for the contact person with primary responsibility for this RFQ/P, along with other project personnel, and their individual areas of responsibility. The persons listed will be considered as committed to the project. A résumé and/or professional history for each primary person included in the Respondent's team shall be submitted with the Proposal.

d. Sports Park Proposal – Describe the specialized recreational services, programs and activities proposed as follows:

1) Specifically address all requested services contained in the Scope of Services of this RFQ/P and the manner in which those services will be provided.

2) Describe the proposed management, operation, and maintenance of Sports Park including a recommended fee structure for all Sports Park facilities as requested in this RFQ/P.

3) Describe the manner in which the Respondent will develop community partnerships, engage the community and other civic organizations for on-going operations at Sports Park.

e. Sports Park Annual Operating Budget – Provide a proposed Sports Park annual budget including any requested improvements other than those already anticipated by the City. The budget should provide a listing of projected expenses, revenues and revenue sources and should include the following:

1) Total income ~~including specifics~~ identifying all sources of income including~~. Please include~~ any ~~annual~~ amount of funds expected from the City (~~,~~ not to exceed the $50,000 per year for maintenance and operations ~~and maintenance and~~ $10,000 per year for membership scholarships as discussed above).

2) Total costs and expenses delineated by major categories such as personnel, contractual services, routine maintenance, and an amount set-aside each year for extraordinary maintenance.~~.~~

Please note that city staff may request more details and refinements of estimated costs and revenues after reviewing proposals, and Respondents should be ready to provide the requested information.

VII. SUBMISSION SCHEDULE

The solicitation, receipt and evaluation of qualifications and proposals submitted in response to this RFQ/P, the recommendation and approval of the selected operator, lease negotiations, and initiation of the lease will conform to the following schedule:

Distribution/Advertisement	September 5, 2013
Pre-Submission conference	September 24, 2013 @ 10:00 A.M. Community Room-City Hall, Imperial Beach, CA 91932
Submission of Proposals	October 3, 2013 by 5:00 PM
Interview/Individual Meetings	Week of October 14, 2013
City Council Approval/Selection	November 6, 2013
Lease Negotiations	November 6 to December 6, 2013 City Council
Lease Approval	December 18, 2013
Lease Initiation	January 1, 2014

NOTE: THESE DATES ARE SUBJECT TO CHANGE.

One (1) original (one unbound and suitable for reproduction) and six (6) copies of the submission shall be delivered no later than 5:00 PM on the Submission of Proposal date listed above to:

Gregory Wade
Assistant City Manager/Community Development Director
City of Imperial Beach
825 Imperial Beach Blvd.
Imperial Beach, CA 91932
(619) 628-1354

Copies received by FAX will not be deemed received.

VIII. SUBMISSION SELECTION PROCESS

The City staff and the City Council's Ad Hoc Sports Park Committee (the "Committee") will work with a Sports Park Task Force to review submissions that meet the outlined requirements stated herein. The Committee and Sports Park Staff Force will consider the qualifications and proposals of the respondents utilizing the selection criteria listed below. In the event that the Committee and the Sports Park Task Force requires or requests interviews with the respondents, it is mandatory that all respondents and the designated Primary Contact attend.

IX. SUBMISSION EVALUATION CRITERIA

A. Submissions received by the City will be evaluated according to the criteria listed below:

   a. Conformance to the specified RFQ/P format;

   b. Organization, presentation, and content of the submission;

   c. Specialized and relevant experience with the types of specialized recreational services required; the demonstrated record of performance with similar recreational facilities and requested services and programs; and the strength of the staff and key personnel who will be dedicated to providing and managing the required services;

   d. Proposed manner in which the required services will be provided and made available to the public; and

   e. The proposed operating budget and the extent to which it will impact the City's budget; and

   f. Ability to meet the insurance requirements as stated in the Terms and Conditions of the RFQ/P.

X. TERMS AND CONDITIONS

Issuance of this RFQ/P does not commit the City to select an operator for Sports Park, to pay any costs incurred in the preparation of a response to this request, or to enter

into a lease agreement to provide the requested services. All respondents should note that the execution of any lease agreement pursuant to this RFQ/P is dependent upon the approval of the City Council.

The City retains the right to reject all submissions. Selection is also dependent upon the negotiation of a mutually acceptable agreement with the successful respondent. Each submission shall be valid for not less than one hundred twenty (120) days from the date of receipt.

XI. INSURANCE/INDEMNIFICATION

In addition to agreeing to fully indemnify, defend and hold harmless the City, the organization selected to perform the services described in this RFQ/P will be required to provide evidence of insurance in the preferred coverage amounts as identified below:

A. **Liability:** Public liability and property damage insurance in the amount of not less than $10,000,000 combined single limit liability with an occurrence claims form, if available. This policy shall cover all injury or damage, including death, suffered by any party or parties from acts or failures to act by operator or by authorized representatives of operator on or in connection with operator's use and operation of the Sports Park.

B. **Automobile Liability:** Automobile liability insurance in the amount of not less than $10,000,000 per accident for bodily injury and property damage combined single limit, which would also apply to the operator's transport of participants of its programs. At all times during the term of any negotiated agreement, the operator must maintain automobile liability insurance for bodily injury and property damage including coverage for owned, non-owned and hired vehicles in a form and with insurance companies acceptable to the City.

C. **Workers' Compensation:** Operator shall maintain California Workers' Compensation Insurance with statutory limits. Operator shall provide the City with a certificate of Workers' Compensation Insurance coverage.

D. **Employer's Liability Insurance:** Operator shall provide Employers' Liability insurance in the amount of at least $1,000,000 per accident for bodily injury and disease. Operator shall provide the City with a certificate of Employers' Liability Insurance.

E. **Sexual Molestation Liability (SML) Insurance:** Operator shall provide Sexual Molestation Liability (SML) Insurance in the amount of $2,000,000 per occurrence or event with an annual aggregate limit of $4,000,000.

F. **Conditions:** All insurance policies shall list City, its Council Members, officers, employees, and agents as additional insureds, protect City as its interest may appear against reasonable legal costs in defending claims and shall not terminate without sixty (60) days prior written notice to City. All insurance companies must be satisfactory to City and licensed to do business in California.

G. **Acceptable Insurance Companies:** Insurance carriers shall be qualified to do business in California and maintain an agent for service of process within the State. Such insurance carriers shall have not less than an "A"-policy holder's rating and a financial rating of not less than "Class VII" according to the latest Best Key Rating Guide unless otherwise approved by the City.

H. **Deductibles and Self-Insured Retentions:** Any deductible or self-insured retention in excess of $25,000 must be declared to and approved by the City prior to the execution of any agreement, but may be adjusted in City's discretion over the term of any agreement for inflation.

XII. DUE DILIGENCE

The information provided in this RFP/Q is to assist respondents with providing information to the City to adequately respond to and address the services requested. Any respondent selected will be expected to conduct its own due diligence in these and all matters prior to commencement of its management and operation of Sports Park. The City makes no representations or warranties with respect to these matters.

XIII. CITY CONTACT

The City looks forward to receiving a submission from you. If you have any questions regarding this RFQ/P, please contact:

Mr. Greg Wade, Assistant City Manager/
Community Development Director
City of Imperial Beach
825 Imperial Beach Blvd.
Imperial Beach, CA 91932
(619) 628-1354
gwade@imperialbeachca.gov

Note: Incomplete submissions, late submissions, or incorrect or false information shall be cause for immediate disqualification.

Item No. 6.3

No Item

AGENDA ITEM NO. 6.4

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER**
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**CITY MANAGER** **GREGORY WADE, ASSISTANT CITY MANAGER**
SUBJECT:	**ADOPT RESOLUTION NO. 2013- 7384 APPROVING AND ADOPTING A LETTER OF INTENT TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE IMPERIAL BEACH FIREFIGHTERS' ASSOCIATION LOCAL 4692**

BACKGROUND:

The Imperial Beach Firefighters' Association Local 4692 ("Firefighters' Association") is the exclusive bargaining agent and representative of the City's sworn Fire employees ("bargaining unit"). The Memorandum of Understanding ("MOU") between the City and Firefighters' Association for Fiscal Years 2011-2013 expired on June 30, 2013.

City employees have not received a cost of living increase (COLA) since the Fiscal Years 2007-2009 MOU. In Fiscal Years 2011-2013, the City proactively initiated its own "pension reform" in an effort to have employees contribute more to their own retirement and to reduce City costs and unfunded pension liabilities. As part of the MOU in place for Fiscal Years 2011-2013, Firefighter employees picked up the entire 9% employee portion of the California Public Employees Retirement System ("CalPERS") retirement contribution. The City also adopted reduced CalPERS pension formulas for new firefighter employees hired on or after July 1, 2011, resulting in potential future savings to the City.

On May 15, 2013, the City Council approved the Fiscal Year 2013-2015 Operating Budget (the "Budget.") The adopted Budget shows projected general fund surpluses in each of the two fiscal years along with a general fund reserve of just over $10.2 million, with $5.2 million of that amount committed to special reserves created by the City Council for economic uncertainty, public works and capital improvement projects, pension liability and public safety communications. During these labor negotiations, it has been the direction of the City Council and the objective of City Management not to use the City's operating reserves for on-going administrative costs and/or employee increases. This objective has been a primary reason why past practice has been to provide one-time stipends to employees rather than cost of living adjustments. To be sure, this proactive has played a significant role in establishing the economic health of the City's general fund today. Nevertheless, both City Management and the City Council have long acknowledged that, though its employees are compensated as some of the lowest rates in San Diego County, there is also a need to attract and retain high quality and valued City employees. Additionally, despite their relatively low pay, our City employees were also some of the first in the Count to take on a greater share of their pension costs even before pension reform took hold in earnest throughout the state.

DISCUSSION:

The City's Negotiation Team and representatives of the bargaining unit held "meet and confer" meetings in an effort to reach agreement on a new Memorandum of Understanding. Recognizing the facts discussed above, the Firefighters' Association's bargaining unit began negotiations for the Fiscal year 2013-2015 MOU by requesting COLAs for their employees for the first time in six years. In attempting to respond to the needs of the City, the directives of the City Council and the requests of the Firefighters' Association bargaining unit, the City's Negotiation Team has sought to fairly compensate City employees while respecting the City Council's fiscally sound directive not to utilize the City's general fund reserves. The proposal offered in the Letter of Intent achieves these objectives.

Additionally, the Firefighters' Association proactively offered to partner with the City in further "pension reform" where current firefighter employees will contribute an additional 3% towards their retirement, for a total employee contribution of 12%. The firefighters will be the first in the region to make these additional contributions towards their retirement. The State of California implemented comprehensive pension reform changes effective January 1, 2013, through the enactment of the California Public Employees' Pension Reform Act of 2013 ("PEPRA") and the related Public Employees' Retirement Law (PERL). Part of PEPRA would allow the City after January 1, 2018, and following good faith bargaining, to require current firefighter employees to pay an employee contribution up to 12%. The City's firefighters have agreed to contribute a total of 12% almost 5 years before they can be required to pay this additional contribution. The firefighters agreed to pay the 12% employee contribution effective July 1, 2013, or the earliest possible implementation pursuant to the required CalPERS process for implementation. In exchange for the agreeing to the additional 3% pension contribution at the beginning of the new MOU, the firefighters will receive a 3% cost of living adjustment towards the end of the two year MOU on January 1, 2015.

In addition to the pension changes discussed above, during the meet and confer process, the City and the bargaining unit reached tentative agreement on several proposals, summarized as follows:

1) The parties agree to a new MOU for the period of July 1, 2013 through June 30, 2015; and

2) Contingent on confirmation from CalPERS regarding the timing and steps for implementation, effective July 1, 2013, or the earliest possible implementation date thereafter, employees will pay an additional 3% towards their CalPERS retirement, for a total employee contribution of 12%; and

3) Effective July 1, 2013, all employees will receive a 3% cost of living adjustment. Effective January 1, 2014, all employees will receive a 1.5% cost of living adjustment. Effective July 1, 2014, all employees will receive a 1.5% cost of living adjustment. Effective January 1, 2015, all employees will receive a 3% cost of living adjustment; and

4) Effective January 1, 2014, the City shall increase by $25 a month from $855 to $880 per month the maximum the City pays toward the cost of health insurance coverage or the purchase of other qualified benefits. Effective January 1, 2015, the City shall increase by $50 a month from $880 to $930 per month the maximum the City pays toward the cost of health insurance coverage or the purchase of other qualified benefits; and

5) The MOU will be updated to comply with the pension requirements pursuant to the PEPRA and related PERL; and

6) Employees may be required to attend training sessions necessary to job indoctrination, performance, supervision, workplace safety, and any other training deemed necessary by the City, which will be on City time; and

7) The City's Employee Computer Purchase Program will be available to all employees after successfully completing the probationary period, subject to budgetary constraints and City Council approval; and

8) Classifications of Captain/Paramedic and Engineer/Paramedic will be created for Captains and Engineers that maintain a Paramedic License. The paramedic specialty pay will be included in the base pay of the positions of Captain/Paramedic, Engineer/Paramedic, and Firefighter/Paramedic, and the paramedic specialty pays will be eliminated. Firefighter/Paramedics are required to retain a Paramedic License as a condition of employment with the City; and

9) The parties have agreed to clean up language throughout the MOU as stated in the Tentative Agreements included in Exhibit A of the Letter of Intent; and

10) Employees who have reached the retirement age of 50, but have not yet completed 30 years of service with the City will be offered a one-time opportunity for an early retirement incentive. The early retirement incentive will not be available after December 31, 2013. Employees wishing to elect this early retirement incentive can retire at any time between July 1, 2013 through December 31, 2013, but must make notification of their intent to the Fire Chief no later than October 15, 2013. Any employee accepting this early retirement incentive must sign a standard separation agreement and will not be eligible for unemployment insurance. The early retirement compensation will be $1,000 per year of service up to a maximum of 20 years. The City will offer $500 per month up to a maximum of $6,000 for 1 year of medical insurance benefits. An employee accepting this early retirement incentive who elects not to be covered under the City's health insurance plan will receive a lump sum taxable cash benefit of $4,800; and

11) All members of the fire suppression unit on shift shall participate in a mandatory mess. Exceptions to this shall only be allowed for religious, dietary or medical reasons. Except for unusual circumstances and emergencies, one member of the crew shall be allowed to cook and prepare meals during normal work hours. Such arrangement shall be administered by the Firefighters' Association in accordance with applicable laws. Employees will be responsible for all tax consequences, where applicable. The mandatory mess section of the MOU shall not be subject to the grievance procedure.

The attached Letter of Intent and Exhibit A was tentatively agreed to between the parties. The membership of the bargaining unit ratified the Letter of Intent and Exhibit A on August 17, 2013. The Letter of Intent and Exhibit A embody the key items of the proposed MOU and also incorporate the items listed as 1-11 above.

Once approved by the City Council, the terms of the Letter of Intent will take effect the start of the first pay period after City Council approval unless specifically indicated otherwise in the Letter of Intent and/or Exhibit A. After approval, both parties will continue to meet and confer to finalize the final language of the MOU. The final MOU will be brought back to City Council for approval.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT:

The fiscal impact associated with this action is as follows:

Category	**Fiscal Year 2014**	**Fiscal Year 2015***
Salaries & Fringe	$ 34,682	$ 70,887
Pension Pick-Up	$-11,390	$ -35,034
Health Care	$ 1,500	$ 6,750
Total Impact	**$ 24,792**	**$ 42,603**

*Fiscal Year 2015 includes carrying forward the Fiscal Year 2014 costs.

The total general fund cost impact over the two-year budget term is $67,395. The approved Fiscal Year 2013-2015 Budget has sufficient funds to cover these costs.

CITY MANAGER'S RECOMMENDATION:

Adopt Resolution No. 2013-7384 approving and adopting a Letter of Intent to enter into a Memorandum of Understanding with the Imperial Beach Firefighters' Association Local 4692.

Attachments:
1. Resolution No. 2013-7384
2. Letter of Intent with Exhibit A

ATTACHMENT 1

RESOLUTION NO. 2013-7384

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH, CALIFORNIA, APPROVING AND ADOPTING A LETTER OF INTENT TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH THE IMPERIAL BEACH FIREFIGHTERS' ASSOCIATION LOCAL 4692

WHEREAS, Employer-Employee Relations for the City of Imperial Beach (hereinafter, "City") are governed by California Government Code section 3500 through 3511, known as the Meyers-Milias-Brown Act; and

WHEREAS, the Imperial Beach Firefighters' Association Local 4692 ("Firefighters' Association") is the exclusive bargaining agent and representative of the City's sworn Fire employees ("bargaining unit"); and

WHEREAS, the Memorandum of Understanding ("MOU") between the City and the Firefighters' Association for Fiscal Years 2011-2013 expired on June 30, 2013; and

WHEREAS, the parties held "meet and confer" sessions in an effort to reach an agreement on a new MOU; and

WHEREAS, during the meet and confer process, the City and the Firefighters' Association reached tentative agreements on several provisions and signed a Letter of Intent, on file with the City Clerk's Office.

WHEREAS, the Letter of Intent outlining the tentative agreements has been ratified and approved by the membership of the bargaining unit.

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

1. The above recitals are true and correct.
2. The City Council hereby approves the Letter of Intent and tentative agreements as agreed-upon terms and conditions of employment of members of the bargaining unit.

Be it further resolved that the City Council directs the City Manager, or his designee, to take any and all necessary and appropriate actions to implement these agreed-upon terms and conditions of employment.

PASSED, APPROVED AND ADOPTED by the City Council of the City of Imperial Beach at its regular meeting held on the 4h day of September, 2013, by the following roll call vote:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

_____
JAMES C. JANNEY, MAYOR

ATTEST:

_____
JACQUELINE M. HALD, MMC
CITY CLERK

Letter of Intent to Enter into a Memorandum of Understanding

WHEREAS, the Imperial Beach Firefighters' Association Local 4692 is the exclusive bargaining agent and representative of the City's sworn Fire employees; and

WHEREAS, the Memorandum of Understanding ("MOU") between the City and the Firefighters' Association for Fiscal Years 2011-2013 expired on June 30, 2013; and

WHEREAS, the parties held "meet and confer" sessions in an effort to reach an agreement on a new MOU; and

WHEREAS, during the meet and confer process, the City and the Firefighters' Association reached a tentative agreement on a two year MOU for Fiscal Years 2013-2014 and 2014-2015;

NOW THEREFORE, the City and the Firefighters' Association mutually agree as follows:

1.) To the provisions of this Letter of Intent and the Tentative Agreements included in **Exhibit A** attached hereto with the major provisions as summarized below; and
2.) Exhibit A consists of the following Tentative Agreements between the parties: Proposals A-M, 1, 3, 6 and 7; and
3.) The parties agree to a new MOU for the period of July 1, 2013 through June 30, 2015; and
4.) Contingent on confirmation from CalPERS regarding the timing and steps for implementation, effective July 1, 2013, or the earliest possible implementation date thereafter, employees will pay an additional 3% towards their CalPERS retirement, for a total employee contribution of 12%; and
5.) Effective July 1, 2013, all employees will receive a 3% cost of living adjustment. Effective January 1, 2014, all employees will receive a 1.5% cost of living adjustment. Effective July 1, 2014, all employees will receive a 1.5% cost of living adjustment. Effective January 1, 2015, all employees will receive a 3% cost of living adjustment; and
6.) Effective January 1, 2014, the City shall increase by $25 a month from $855 to $880 per month the maximum the City pays toward the cost of health insurance coverage or the purchase of other qualified benefits. Effective January 1, 2015, the City shall increase by $50 a month from $880 to $930 per month the maximum the City pays toward the cost of health insurance coverage or the purchase of other qualified benefits; and
7.) The MOU will be updated to comply with the pension requirements pursuant to the Public Employees Pension Reform Act (PEPRA) and related Public Employees' Retirement Law (PERL); and
8.) Employees may be required to attend training sessions necessary to job indoctrination, performance, supervision, workplace safety, and any other training deemed necessary by the City, which will be on City time; and
9.) The City's Employee Computer Purchase Program will be available to all City employees after successfully completing the probationary period, subject to budgetary constraints and City Council approval; and

10.) Classifications of Captain/Paramedic and Engineer/Paramedic will be created for Captains and Engineers that maintain a Paramedic License. The paramedic specialty pay will be included in the base pay of the positions of Captain/Paramedic, Engineer/Paramedic, and Firefighter/Paramedic, and the paramedic specialty pays will be eliminated. Firefighter/Paramedics are required to retain a Paramedic License as a condition of employment with the City; and

11.) The parties have agreed to clean up language throughout the MOU as stated in the Tentative Agreements included in Exhibit A; and

12.) Employees who have reached the retirement age of 50, but have not yet completed 30 years of service with the City will be offered a one-time opportunity for an early retirement incentive. The early retirement incentive will not be available after December 31, 2013. Employees wishing to elect this early retirement incentive can retire at any time between July 1, 2013 through December 31, 2013, but must make notification of their intent to the Fire Chief no later than October 15, 2013. Any employee accepting this early retirement incentive must sign a standard separation agreement and will not be eligible for unemployment insurance. The early retirement compensation will be $1,000 per year of service up to a maximum of 20 years. The City will offer $500 per month up to a maximum of $6,000 for 1 year of medical insurance benefits. An employee accepting this early retirement incentive who elects not to be covered under the City's health insurance plan will receive a lump sum taxable cash benefit of $4,800; and

13.) All members of the fire suppression unit on shift shall participate in a mandatory mess. Exceptions to this shall only be allowed for religious, dietary or medical reasons. Except for unusual circumstances and emergencies, one member of the crew shall be allowed to cook and prepare meals during normal work hours. Such arrangement shall be administered by the Firefighters' Association in accordance with applicable laws. Employees will be responsible for all tax consequences, where applicable. This section shall not be subject to the grievance procedure; and

14.) The Firefighters' Association membership will vote to ratify this Letter of Intent and Exhibit A. Upon notification that the membership ratified this Letter of Intent and Exhibit A, the City will submit the Letter of Intent to the City Council for approval; and

15.) The parties will continue to meet and confer to finalize the language of the MOU within a reasonable time period after execution of this Letter of Intent; and

16.) The provisions in this Letter of Intent shall go into effect the start of the first pay period after City Council approval unless specifically indicated otherwise in this Letter of Intent and/or Exhibit A.

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SIGNATURES ON THE FOLLOWING PAGE

Executed in Imperial Beach, California by:

Firefighters' Association:

Original Signature on File

Jason Bell, Lead Negotiator

8/9/13
DATE

City of Imperial Beach:

Original Signature on File

Gregory Wade, Interim City Manager

8-26-13
DATE

Original Signature on File

Jessica Falk Michelli
Lead Negotiator & Deputy City Attorney

8-26-13
DATE

PROPOSAL #: A

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

FIRE COUNTER PROPOSAL: 5-29-13

Article 3.0 Responsibilities of the Imperial Beach Firefighters' Association

Recognizing the crucial role of the CITY in the preservation of the public health, safety and welfare of a free society, the ASSOCIATION agrees that it will take all reasonable steps to cause the employees covered by this agreement, individually and collectively, to perform all of their assigned duties, rendering loyal and efficient service to the very best of their abilities.

The ASSOCIATION, therefore, agrees that there shall be no interruption of these services for any cause whatsoever by the employees it represent; nor shall there by any concerted failure by them to report for duty; nor shall they absent themselves from their work or abstain, in whole or in part, from the full, faithful, and proper performance of all the duties of their employment.

The ASSOCIATION further agrees that it shall not encourage any strikes, sit-downs, stay-ins, slow downs, stoppages of work, malingering, or any acts that interfere in any manner or to any degree with the continuity of all City services during the term of this agreement.

A reasonable amount of space shall be provided to the ~~UNION~~ ASSOCIATION on CITY bulletin boards at the Fire Department for legitimate ~~UNION~~ ASSOCIATION communications with members including posting announcements, news items, meeting notices, agendas, training notices, and social activities. The ~~UNION~~ ASSOCIATION shall be responsible to maintain space provided in an orderly condition and shall promptly remove outdated materials. ~~Bulletin board material will be subject to CITY approval.~~

Article 7.0 General Provisions

~~3. Bulletin Boards: It is agreed that the CITY shall provide bulletin boards in agreed places for the use of unions in posting appropriate union notices and announcements of union meetings, elections, and social activities.~~

Original Signature on File

Firefighters Date 6/4/13

TENTATIVE AGREEMENT

Original Signature on File

City of Imperial Beach Date 6-4-13

PROPOSAL #: B

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

Article 5.0 Grievance Procedure

It is agreed that the ASSOCIATION shall have the right to assist any employee covered by this M.OU. who requests representation of his/her grievance and/or work safety measures for consideration of CITY representatives. The City shall release authorized personnel during normal work hours to resolve such grievances, and the pay for such personnel will continue during this period, but overtime pay will not be authorized.

~~It is agreed that t~~The Grievance ~~p~~Procedure ~~shall be as outlined~~ is in the City of Imperial Beach Personnel Rules ~~in the attached Exhibit "A" and made part of this M.O.U.~~ Article X – Grievance Procedure, and incorporated herein.

Original Signature on File

Date 6/11/13

Firefighters

TENTATIVE AGREEMENT

Original Signature on File

Date 6/11/13

City of Imperial Beach

~~Exhibit "A"~~

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ARTICLE X – GRIEVANCE PROCEDURE

Section 1 - Purpose of Grievance Procedure

The purpose and objective of this grievance procedure is to provide a just and equitable method for the resolving of grievances as quickly as possible without discrimination, coercion, restraint, or reprisal against any employee or management representative who may be involved in a grievance or its resolution.

Section 2 – Definitions

For the purpose of this grievance procedure, the following definitions apply:

(a) Employee Representative: An individual who appears on behalf of the employee.

(b) Grievance: A written complaint of an employee or a group of employees claiming violation of the application or interpretation of the specific express terms of the Personnel Rules or other written rules or regulations for which no other specific method of review is provided in City rules.

(a) Grievant: An employee or group of employees in the competitive service adversely affected by an act or omission of the City.

Section 3 – Grievance Procedure Exclusions

A grievance is not reviewable under this procedure if it requires modification of a policy established by law or is a matter which is reviewable under some other administrative procedure or Personnel Rule. The following are not grievable:

(a) Applications for changes in title, job classification, or salary.

(b) Appeals from formal disciplinary proceedings.

(c) Appeals arising out of merit system examinations or appointment.

(d) Appeals from work performance evaluations.

(e) Complaints arising from the City's health insurance plan.

Section 4 - Specifics of the Grievance

1. Procedure for Presentation:

In presenting a grievance, the employee shall set forth the following information:

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6/11/13

Firefighters

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City

Proposed Personnel Rule Changes

(a) The specific section of the rules allegedly violated.

(b) The specific act or omission which gave rise to the alleged violation.

(~~a~~c) The date or dates on which the violation occurred.

(~~b~~d) The documents, witnesses, or other evidence that supports your position.

(~~c~~e) The remedy requested.

2. Prescribed Form:
The written grievance shall be submitted on a form provided by the City.

3. Employee Representative:

The employee may choose a representative at any step in the procedure. No person hearing a grievance need recognize more than two representatives for any employee at any one time, unless desired.

4. Handled During Working Hours:

Whenever possible, grievances will be handled during the regularly scheduled working hours of the parties involved. A grievance shall be presented and processed on City time. This requirement may be waived by mutual agreement. In scheduling the time, place, and duration of any grievance meeting, the employee, the employee's representative, and management shall give due consideration of all the participants' responsibilities in the essential operations of the department.

5. Extension or Waiver of Time:

Any higher level of review or any time limits established in this procedure may be waived or extended by mutual agreement confirmed in writing.

6. Consolidation of Grievances:

If the grievance involves a group of employees or if a number of employees file separate grievances on the same matter, the grievances may be handled as a single grievance.

Section 5 - Grievance Procedure Steps

The following procedure shall be followed by an employee submitting a grievance:

(a) Grievance to Supervisor: Whenever an employee believes a grievance exists, the employee must discuss the matter informally with the supervisor within twenty (20) working days of the incident on which the grievance is based, occurred, or within twenty (20) working days of the date the employee knows or is shown to have known of the incident. If, after this discussion, the grieving party does not believe the problem has been satisfactorily resolved, within ten (10) working days of the initial meeting, a written grievance may be filed.

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(b) Grievance to Department Head: If the employee and the supervisor cannot reach an agreement as to the grievance or the employee has not received a written decision within five (5) working days, the employee may, within five (5) working days, —present the grievance in writing to the department head. The department head shall review the grievance and give a written decision to the employee within five (5) working days after receiving the grievance.

(c) Grievance to City Manager: If the employee and the department head cannot reach an agreement as to the grievance or the employee has not received a decision within ten (10) working days, the employee may, within ten (10) working days, present his grievance in writing to the City Manager. The City Manager shall review the grievance and give a written decision to the employee within ten (10) working days after receiving the grievance.

(d) Appeal to Personnel Board: If the employee and the City Manager cannot reach an agreement as to the grievance or the employee has not received a decision within ten (10) working days, the employee may, within ten (10) working days, appeal to the Personnel Board. The rules for the hearing are set forth in Article IX, Section 7, except that the grievant shall have the burden of proof and the order of presentation shall be the reverse, that is the grievant shall present a case first, followed by the City.

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PROPOSAL #: C

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

Article ~~7.0~~ 8.0 Discharge or Other Disciplinary Action

It is agreed that the CITY shall advise the employee involved of his/her right to representation and a statement in writing for the reason or reasons for taking any disciplinary action against him/her.

It is agreed that all appeals relating to disciplinary action shall be submitted in writing to the CITY in accordance with Article IX – Disciplinary Procedure, of the City of Imperial Beach Personnel Rules, incorporated herein. ~~a copy of which is attached as Exhibit "B" and made part of this M.O.U.~~

TENTATIVE AGREEMENT

Original Signature on File

Date 6/11/13

Firefighters

Original Signature on File

Date 6-11-13

City of Imperial Beach

PROPOSAL #: D

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

The City proposes changing all references to "Human Resources Manager" to "Human Resources Department" throughout the MOU.

TENTATIVE AGREEMENT

Original Signature on File

Date 5/20/13

Firefighters

Original Signature on File

Date 5-20-13

City of Imperial Beach

PROPOSAL #: E

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

Article 7.0 General Provisions

7. Training Sessions: ~~In addition, all other departmental personnel~~ Employees may ~~shall~~ be required to attend ~~an established number of~~ training sessions necessary to job indoctrination, performance, supervision, ~~and~~ workplace safety, and any other training deemed necessary by the CITY, which will be on City time.

TENTATIVE AGREEMENT

Original Signature on File

Firefighters Date 5/20/13

Original Signature on File

City of Imperial Beach Date 5-20-13

PROPOSAL #: F

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

Article 9.0 Hours of Work

8. Working Down- Overtime for work in a lower classification will be paid at the top step rate for the position being filled. This will not apply to force-backs. Example- a Captain filling an Engineer's position will be paid 1.5 pay for hours worked at the Engineer's top step rate. Captains cannot fill Firefighter/Paramedic vacancies unless they are a currently licensed paramedic. Engineers/Paramedics working as Firefighter/Paramedics will be paid at the Firefighter/Paramedic top step rate.

TENTATIVE AGREEMENT

Original Signature on File

Date 5/20/13

Firefighters

Original Signature on File

Date 5-20-13

City of Imperial Beach

PROPOSAL #: G

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

Article 12.0 Educational Benefits

1. The CITY, as employer shall maintain a program providing for the partial refund of tuition and fees for all courses taken by employees when such courses are included in the courses required to obtain or maintain a job related certificate, Associates in Fire Science or Baccalaureate Degree in Public Administration or any other course previously approved by the department head. The CITY agrees to budget for $1,000 per employee per year for fees and/or tuition for such firefighting classes, seminars, etc. The program will allow individuals to exceed $1000 for tuition reimbursement if they are working towards a Baccalaureate or Masters Degree in Public or Business Administration, Associates in Fire Science, Fire Officer Certificate, or other job related degree or certificate, provided that the department head pre-approves a Career Plan submitted by the employee. An approved Career Plan is required in order for an employee to exceed $1000 in reimbursements. All classes would require prior approval of the department head and Human Resources Department for the employee to receive any reimbursement. The employee shall be reimbursed for fees and/or tuition only upon conclusion of each individual with a grade of "B" or better, or successful completion of courses that do not assign grades.

2. CITY agrees to the continuation of an Employee ~~Personal~~ Computer Purchase Program available to all CITY employees after successfully completing probationary period during the term of this agreement subject to budgetary constraints and City Council approval.

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TENTATIVE AGREEMENT

Original Signature on File

Date 5/20/13 — Firefighters

Date 5-20-13 — City of Imperial Beach

PROPOSAL #: H

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

Article 35.0 Paramedic License ~~Specialty Pay~~

~~A Firefighter/Paramedic will receive a paramedic specialty pay of 11.30% of base pay, and is required to retain a Paramedic License as a condition of employment with the City. Captains that maintain a Paramedic License will receive 5% of base pay. Engineers that maintain a Paramedic License will receive 7.5% of base pay.~~ A classification of Captain/Paramedic will be created for Captains that maintain a Paramedic License with a base pay 5% higher than the Captain classification. A classification of Engineer/Paramedic will be created for Engineers that maintain a Paramedic License with a base pay 7.5% higher than the Engineer classification. The Firefighter/Paramedic classification base pay will be increased by 11.3% and the specialty pay will be eliminated. Firefighter/Paramedics are required to retain a Paramedic License as a condition of employment with the City. Captains and Engineers are not required to maintain a Paramedic license as a condition of employment, but must be current with all the required continued education and quarterly training to work down as a Firefighter/Paramedic.

TENTATIVE AGREEMENT

Original Signature on File

Date 6/11/13

Firefighters

Original Signature on File

Date 6-11-13

City of Imperial Beach

PROPOSAL #: I

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

~~**Article 33.0 — Miscellaneous Provisions**~~

~~1. City agrees to request an actuarial from CalPERS, six months prior to the contract expiration, on enhanced survivor benefit option(s).~~

NOTE-The Articles in the MOU will be renumbered to reflect the deletion of Article 33 above.

TENTATIVE AGREEMENT

Original Signature on File

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Firefighters

Original Signature on File

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City of Imperial Beach

PROPOSAL #: J

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 5-20-13

The City proposes changing all references to "City" to "CITY" throughout the MOU.

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Date 5/20/13

Firefighters

TENTATIVE AGREEMENT

Original Signature on File

Date 5-20-13

City of Imperial Beach

PROPOSAL #: K

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-25-13

Article 20.0 Retirement Benefits

Retirement benefits are subject to the Public Employees Pension Reform Act (PEPRA) and related Public Employees' Retirement Law (PERL). If there is a conflict between this MOU and requirements pursuant to PEPRA and/or PERL, PEPRA and PERL shall prevail.

~~1. For employees hired prior to July 1, 2011:~~

~~Effective July 1, 2011, employees shall pay the entire employee portion of the CalPERS retirement contribution.~~

~~2.~~ 1. Report of Employer Paid Member Contribution (EPMC): CITY agrees by resolution only to report the employer's value of EPMC in accordance with established rules and regulations set for by the CalPERS and under Government Code Section 20636 (c). Annual reporting of the EPMC by resolution only is subject to annual review and economic analysis by CITY of City's financial condition. Effective July 1, 2011, the EPMC will no longer be reported to CalPERS and will not be included in an employee's final compensation for employees hired prior to July 1, 2011.

~~3.~~ 2. CalPERS Retirement Formulas and Employee Contributions:

a. Employees hired prior to July 1, 2011-The City will continue the 3% @ 50 service retirement benefit for fire public safety members. Effective July 1, 2011, employees shall pay the entire employee portion of the CalPERS retirement contribution.

b. Employees hired on or after July 1, 2011- The CalPERS formula for employees hired on or after July 1, 2011 through ~~June 30, 2013~~ December 31, 2012, shall be 2% at 50 with the use of the average of the employee's highest-three-year-salary. Employees shall pay the entire employee portion of the CalPERS retirement contribution. Employees hired on or after July 1, 2011, will not be allowed to convert unused sick leave to CalPERS service credit. Because the City will not be paying the employee portion of the CalPERS contribution, the EPMC will not be reported to CalPERS, and will not be included in an employee's final compensation.

c. Employees hired on or after January 1, 2013- Pursuant to the Public Employees Pension Reform Act (PEPRA) and related Public Employees' Retirement Law (PERL) new employees (as defined by PEPRA) hired on or after January 1, 2013, will receive the 2.7% @ 57 retirement formula with the use of the average of the employee's highest three-year salary. All new

TENTATIVE AGREEMENT

Original Signature on File

Date 6/25/13

Firefighters

Original Signature on File

Date 6-25-13

City of Imperial Beach

PROPOSAL #: K

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-25-13

employees/members, hired on or after January 1, 2013, will pay 50% of the normal cost contribution.

~~4.~~ 3. PERS 1957 Survivor Benefit: Pursuant to California Public Employees Retirement Law Section 21546 (1957 Survivor Allowance) (i) On and after April 1, 1972 this section shall apply to all contracting agencies and to the employees of those agencies with respect to deaths occurring after April 1, 1972, whether or not the agencies have previously elected to be subject to this section.

~~5.~~ 4. Deferred Compensation

The CITY will make available a 457 Deferred Compensation Program to all full-time employees.

~~6.~~ 5. Part-time employees:

All part time employees will be ~~moved to~~ enrolled in PARS and will not ~~longer~~ pay into social security.

TENTATIVE AGREEMENT

Original Signature on File

Date 6/25/13

Firefighters

Original Signature on File

Date 6-25-13

City of Imperial Beach

PROPOSAL #: L

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

Article 13.0 ~~Insurance~~ Employee **Benefits**

If the Federal Affordable Care Act (ACA), implementing regulations, or similar California legislation impact the benefit plans covered by this MOU, the parties agree to reopen negotiations to meet and confer over any related mandatory subjects of bargaining.

The CITY is required by law to administer the ACA and will implement administrative guidelines such as the stabilization and look back periods for all employees in a manner that provides ease of CITY administration.

1. ~~Heath Insurance Flexible Benefit Plan~~ Cafeteria Plan and Allotment

The CITY will provide to each full-time represented employee a Cafeteria Plan allotment to purchase benefits qualified under Section 125 of the Internal Revenue Code. Effective January 1, 2014, the maximum Cafeteria Plan Allotment the CITY pays toward the cost of health insurance coverage or the purchase of other qualified benefits is $880 per month ($10,560 per plan year.) Effective January 1, 2015, the maximum Cafeteria Plan allotment the CITY pays toward the cost of health insurance coverage or the purchase of other qualified benefits is $930 per month ($11,160 per plan year). The EMPLOYEE, though payroll deductions, will pay any premium cost in excess of the Cafeteria Plan Allotment. The Cafeteria plan is effective the first of the month following hire and upon health benefits effective date. The Cafeteria plan terminates the last day of the month upon separation.

~~Effective July 1, 2011, the CITY shall increase by $50, from $775 to $825 per month ($9900 per plan year) the maximum the City pays toward the cost of health insurance coverage or the purchase of other qualified benefits. Effective July 1, 2012, the City shall increase by $30, from $825 to $855 per month, the maximum the City pays toward the cost of health insurance coverage or the purchase of other qualified benefits. Employees may not cash out as a taxable cash benefit the above stated increases~~

TENTATIVE AGREEMENT

Original Signature on File

Firefighters Date 6/25/13

Original Signature on File

City of Imperial Beach Date 6-25-13

PROPOSAL #: L

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

~~All CITY offers medical health insurance carriers are provided through the California Public Employees Retirement System (CalPERS).~~

Represented full-time employees will be eligible to participate in any CITY sponsored group dental plan. Any difference between the employee's available Cafeteria Plan allotment and the premium for the selected plan will be paid by the employee through payroll deductions. An EMPLOYEE who elects to be covered under the ~~City~~ CITY'S medical health insurance plan, must select single employee coverage under the ~~City's~~ CITY'S dental care provider. This selection is also required to be eligible to take advantage of the ~~City's~~ CITY'S Flexible Spending Accounts (FSAs) for Health Care and Dependent Care. This selection will ensure that no Third Party Administrator (TPA) administrative costs are associated with EMPLOYEE's participation as described under Section 3, Subpart C of this Article.

Represented full-time employees will be eligible to participate in any CITY sponsored group vision plan. Any difference between the employee's available Cafeteria Plan allotment and the premium for the selected plan will be paid by the employee through payroll deductions. Vision election is optional for EMPLOYEE and their dependents.

~~From July 1, 2011 through December 31, 2011, an employee hired prior to July 1, 2011, who elects not to be covered under the City's health insurance plan may cash out as a taxable cash benefit a maximum of $775 per month. Effective January 1, 2012, an~~ EMPLOYEES hired prior to July 1, 2011, who elect~~s~~ not to be covered under the ~~City's~~ CITY's medical health insurance plan, may cash out as a taxable cash benefit a maximum of $400 per month. Those EMPLOYEES who elect not to be covered under the ~~City's~~ CITY's medical health insurance plan must demonstrate proof of alternative medical and dental coverage insurance. (i.e. spouse or independent insurance coverage).

TENTATIVE AGREEMENT

Original Signature on File

Date 6/25/13

Firefighters

Original Signature on File

Date 6-25-13

City of Imperial Beach

PROPOSAL #: L

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

Employees hired on or after July 1, 2011 who elect not to be covered under the ~~City's~~ CITY's medical health insurance plan, may cash out as a taxable cash benefit a maximum of $150 per month. Those EMPLOYEES who elect not to be covered under the ~~City's~~ CITY's medical health insurance plan must demonstrate proof of alternative medical and dental insurance (i.e. spouse or independent insurance coverage).

The City shall pay ~~the~~ any applicable mandatory minimum employer contribution ~~to~~ for retiree health as required by law. ~~lawfully required by CalPERS~~.

2. Health, Dental and Vision Payroll Deductions Treated as Pre-Tax:

–All payroll deductions for health, and dental care and vision are treated by the CITY on a pre-tax basis in order for the CITY to meet IRS regulations or if the IRS regulations change for any reason, this benefit may be discontinued. In the event that the total cost of benefits exceeds the allowance, the difference shall be deducted from the EMPLOYEE's salary as a salary reduction. If the allowance exceeds the total cost of benefits selected, the difference shall be paid to the EMPLOYEE as taxable income.

3. Flexible Spending Accounts for Health Care and Dependent Care:

Two Flexible Spending Accounts (FSA's), under Section 125, 105, 129 and 213 of the Internal Revenue Services Code, are offered to all represented employees. An EMPLOYEE may elect to budget by salary reduction, for certain health and welfare benefits and dependent care reimbursements on a pre-tax basis. If the CITY does not meet IRS regulations or if the IRS regulations change for any reason, this benefit may be discontinued.

PROPOSAL #: L

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

a. Health and Welfare FSA

Before the start of the FSA plan year (January 1 to December 31), represented employees may reduce their salary up to maximum of $~~1,040~~ 2,500 per plan year to pay for eligible health and welfare expenses. Salary reductions will accrue bi-weekly during the plan year and reimbursements will be made on a schedule to be determined by the CITY~~ity~~. This is a reimbursement program. Participating employees must submit documentation of payment on the appropriate forms to receive reimbursement. Salary reductions not spent by the end of the plan year, by law, are forfeited to the CITY~~ity~~.

b. Dependent Care FSA

Before the start of the FSA plan year (January 1 to December 31), represented employees may reduce their salary up to a maximum of $5,000 per plan year to pay for eligible dependent care. In no event can dependent care pre-tax dollars, whether reimbursed through FSA, the ~~City~~ CITY Flexible Benefit Plan or a combination of both, exceed $5,000 per calendar year. Salary reduction will accrue bi-weekly during the plan year and reimbursements will be made on a schedule to be determined by the ~~City~~CITY. Dependent care must qualify under all pertinent IRS regulations. This is a reimbursement program. Participating employees must submit documentation of payment and other information related to dependent care arrangement to receive reimbursement. Salary reductions not spent by the end of the plan year, by law, are forfeited to the ~~City~~CITY.

TENTATIVE AGREEMENT

Original Signature on File

Date 6/25/13

Firefighters

Original Signature on File

Date 6-25-13

City of Imperial Beach

PROPOSAL #: L

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

c. FSA Administration

The ~~City~~ CITY reserves the right to contract with the Third Party Administrator (TPA) for administration of both FSA's. The ~~City~~ CITY will pay the start-up costs associated with the third party administration, if any required. The CITY ~~Participating employees will~~ pays monthly~~, per employee, or per transaction~~ administration fees.~~, if any required.~~

4. ~~State Disability Insurance and Individual~~ **Short Term Disability (STD), Long Term Disability (LTD) and Group** Term Life Insurance:

Each employee will be provided ~~by City State Disability Insurance and Individual~~ **Group** Term Life Insurance **as agreed to through negotiations.**~~, such insurance will not be part of the Flexible Benefits Plan and must be paid by the EMPLOYEE as a normal payroll~~ **Employees may purchase Voluntary Life Insurance at an Employee's own cost as an** after-tax deduction.

Each employee will participate in the City's STD and LTD Plans. Employees are required to file for STD or LTD after fourteen (14) consecutive calendar days of absence due to illness, contagious disease, injury or an authorized absence for medical care and/or appointments. STD and LTD premiums are paid by the EMPLOYEE as an after-tax deduction.

***The above language changes in bold and underline and/or strikethrough are pursuant to the "baby bonding" sideletter previously agreed to by the Firefighters Association and the City.*

~~Each employee will be provided by City State Disability Insurance and Individual Term Life Insurance, such insurance will not be part of the Flexible Benefits Plan and must be paid by the EMPLOYEE as a normal payroll after tax deduction.~~

TENTATIVE AGREEMENT

Original Signature on File

Date 6/25/13

Firefighters

Original Signature on File

Date 6-25-13

City of Imperial Beach

PROPOSAL #: L

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

5. Enrollment and Election:

Election under the ~~City's~~ CITY's ~~Flexible Health Benefit~~Cafeteria Plan shall take effect on the first of the month following 30 days after approval of the request and/or eligibility for health insurance. Payment shall be divided equally between the first two paydays in each month. If the CITY significantly alters the payment schedule, this payment schedule will be subject to meet and confer.

Once this election is made, the EMPLOYEE will not be allowed to change except as follows:

a. At the next open enrollment

~~b.~~ Subsequent to proof or loss of coverage under the spouse's plan, re-enrollment may occur on the first of the month following 30 days after notice of this event is given to the ~~City~~ CITY~~Personnel~~ Human Resources Department via ~~an~~ approved and completed enrollment forms. ~~and a Health Statement Request, if required.~~

c. As allowed under any federal or state regulations.

d. The CITY shall not be liable for any medical costs resulting to the employee as part of this election.

6. Health Insurance Committee:

The Health ~~An~~ Insurance Committee was ~~shall be~~ established for the purpose of investigating and reviewing health related matters and all insurance options, including health, life, disability, etc. The Health Insurance Committee will continue to meet as necessary. Matters subject to the duty to bargain may be discussed, however, the Insurance Committee shall not have the authority to add to, amend, or modify this Agreement. The ~~City~~ CITY and the Firefighters agree to reopen negotiations during the

PROPOSAL #: L

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-4-13

term of this MOU to consider changes to matters investigated and reviewed by the Insurance Committee.

If any legally mandated changes to health insurance should occur during the term of this MOU, both parties agree to re-open negotiations to meet and confer over any related mandatory subjects of bargaining.

TENTATIVE AGREEMENT

Original Signature on File

Date 6/25/13

Firefighters

Original Signature on File

Date 6-25-13

City of Imperial Beach

PROPOSAL #: M

FIREFIGHTERS' PROPOSAL:

MANAGEMENT PROPOSAL: X

DATE PROPOSED: 6-11-13

Article 11.0 Holiday and Vacation Benefits

5. VACATION TIME-SELLING: Firefighter personnel have the option to sell back accumulated vacation or holiday time at a maximum of ~~two (2) weeks~~ 112 hours per fiscal year at the previous contract rate. A minimum of ~~two (2) weeks~~ 112 hours must remain available as of assessment date. The request for sell back payment date is to be coordinated with the maximum balance assessment date.

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Firefighters Date 6/11/13

TENTATIVE AGREEMENT

Original Signature on File

City of Imperial Beach Date 6-11-13

Proposal #: _____1_____

Fire Proposal: ___X_____

Management Proposal: _____

Date Proposed ___4-16-13_____

Management Counter Proposals 5-6-13, 6-4-13, 6-4-13-#2, 6-11-13, 6-25-13, 7-18-13, 8-13-13

Fire Counter Proposal #4 7-18-13

Article 19.0: Salaries

1. Salary- Effective July 1, 2013, employees will receive a ~~six (6) five (5)~~ ~~one (1) two (2) three (3)~~ percent ~~salary increase~~ cost of living adjustment.

   Effective January 1, 2014, employees will receive a one and a half (1.5) percent cost of living adjustment.

   Effective July 1, 2014, employees will receive a ~~five (5) one (1) two (2) two and a half (2.5) three (3)~~ one and a half (1.5) percent ~~salary increase~~ cost of living adjustment.

   Effective January 1, 2015, employees will receive a three (3) percent cost of living adjustment.

   Contingent on confirmation from CalPERS regarding the timing and steps for implementation, effective July 1, 2013 or the earliest possible implementation date thereafter, employees will pay an additional three (3) percent towards their CalPERS retirement, for a total employee contribution of twelve (12) percent.

   ~~Effective July 1, 2014, employees will receive a $500 stipend. These stipends will not be considered compensation in regards to PERS.~~

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TENTATIVE AGREEMENT

Original Signature on File

Date 8/13/13 Date 8-13-13

Firefighters City of Imperial Beach

~~Effective July 1, 2014, employees will receive a six (6) percent salary increase.~~

~~There shall be no salary increase or cost of living adjustments for the duration of the term of this MOU.~~

~~2. Stipend –~~

~~Effective July 1, 2011, employees will receive a 4 % stipend for those employed prior to July 1, 2011. These stipends will not be considered compensation in regards to PERS.~~

~~Effective July 1, 2012, employees will receive a 4% stipend for those employed prior to July 1, 2011. These stipends will not be considered compensation in regards to PERS.~~

~~Employees hired on or after July 1, 2011 will not receive any stipends during the term of this MOU.~~

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Date 8/13/13

Firefighters

Original Signature on File

Date 8-13-13

City of Imperial Beach

Proposal #: _____3_____

Fire Proposal: ___X_____

Management Proposal: _____

Date Proposed ___4-16-13_____

Article 18: Term

The term of this M.O.U. shall be for a two (2) year period commencing July 1, 2013 and ending June 30, 2015. This M.O.U. shall remain in effect and shall not expire prior to June 30, 2015.

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Date 8/13/13

Firefighters

TENTATIVE AGREEMENT

Original Signature on File

Date 8-13-13

City of Imperial Beach

Proposal #: 6
Fire Proposal: X
Management Proposal:
Date Proposed 4-16-13
Management Counterproposal 5-6-13
5-6-13- #2
5-20-13 #3
8-16-13 #4

Article 20.0: Retirement Benefits

~~1.~~ 6. Early service retirement option

~~Effective July 1, 2013 through July 31, 2013, e~~ Effective July 1, 2013 through December 31, 2013, Employees who have reached retirement age (50), but have not yet completed 30 years of service with the CITY, will be offered ~~the~~ a one-time opportunity for an early retirement incentive. The early retirement incentive will not be available after ~~July 31, 2013~~ December 31, 2013. Employees wishing to elect this early retirement incentive can retire at any time between July 1, 2013, through December 31, 2013, but must make notification of their intent to the Fire Chief no later than ~~July 31, 2013~~ **October 15, 2013**. Any employee accepting this early retirement incentive must sign a standard separation agreement, and will not be eligible for unemployment insurance. ~~buy out of their remaining time with the CITY~~.

Early retirement compensation will be $1000 per year of service up to a maximum of 20 years. The CITY will offer $500 per month up to a maximum of $6000 for 1 year of medical insurance benefits ~~at the employee's current medical plan. The employee will not be able to change to a higher premium plan under this program.~~ An employee accepting this early retirement incentive who elects not to be covered under the City's health insurance plan will not receive a lump sum taxable cash benefit of $4800. ~~the $500 per month (up to a maximum of $6000) additional payment.~~

TENTATIVE AGREEMENT

Original Signature on File

Date 8/16/13
Firefighters

Original Signature on File

Date 8-26-13
City of Imperial Beach

Proposal #: _____7_____

Fire Proposal: ___X_____

Management Proposal: _____

Date Proposed ___4-16-13_____

Management Counter Proposal _____5-6-13____

(NEW ARTICLE)

Article 37: Mandatory Mess

All members of the fire suppression unit on shift shall participate in a mandatory mess. Exceptions to this article shall only be allowed for religious, dietary or medical reasons. Except for unusual circumstances and emergencies, one member of the crew shall be allowed to cook and prepare meals during normal work hours. Such arrangement will be administered by the Association in accordance with applicable laws. Employees will be responsible for all tax consequences, where applicable. This section shall not be subject to the grievance procedure.

TENTATIVE AGREEMENT

Original Signature on File

Date 5/6/13

Firefighters

Original Signature on File

Date 5-6-13

City of Imperial Beach

AGENDA ITEM NO. 6.5

STAFF REPORT
CITY OF IMPERIAL BEACH

TO:	**HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER** AH
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**PUBLIC WORKS** HA L
SUBJECT:	**RESOLUTION NO. 2013-7386 APPROVING AMENDMENT NO. 9 TO THE 2012 REGIONAL TRANSPORTATION IMPROVEMENT PROGRAM REVISING FUNDING PROJECTIONS AND AUTHORIZING CARRY OVER TO FY 2014 FUNDING TO WIT: TRANSNET LOCAL STREET IMPROVEMENT PROGRAM OF PROJECTS FOR FISCAL YEARS 2013 THROUGH 2017**

BACKGROUND:
At the April 4, 2012, City Council meeting Council approved the 2012 Regional Transportation Improvement Program (RTIP) Five-Year TransNet Local Streets and Road Program Projects for fiscal years 2013-2017. On February 20, 2013, Staff was directed by City Council at the January 23, 2013 City Council meeting to proceed with the design and construction of selected streets noted as needing overlay in the "Update to Assessment of Pavement Conditions" report. Adoption of Resolution No. 2013-7305 authorized the City and SANDAG to include Granger Street (Grove Avenue to Imperial Beach Blvd.) to the TRANSNET Extension Local Street and Road Program of Projects list.

DISCUSSION:
The City is requesting approval of Amendment No. 9 for the 2012 RTIP Program to: 1) revise the funding projections; and 2) to obtain authorization to carry over funding from prior year funding to the current fiscal year and request payment drawdowns therefrom.

SANDAG periodically sends out "Draft TransNet [funding] Forecast" for the City to use to program funds for future projects. The actual amount of funds available varies depending on the sale of gas. The forecast amounts are SANDAG's best estimates of the funds that will be available for cities to program. The SANDAG Revenue vs. Programmed report shows the City is over programmed for FY 2013 through 2017 at between $3,000-$6,000 dollars per year. The City is required to adjust the programmed funds to be within SANDAG current revenue projections (see Attachment No. 2 "Transnet Revenue VS. Programmed Report"). Over the course of the 5-years projection there is an $18,000 reduction in funding.

The carry over funds are monies that were not transferred to the City during the programmed year and held by SANDAG. The expenditure of these funds was initially approved by City Council at the April 4, 2012, Council meeting for FY 2013. However, SANDAG deferred payments to the City because the City exceeded 30 percent of its annual apportionment of cash on hand due in part due to the amount needed for the Eco-Bikeway project which, included $600,000 of TRANSNET funding. On June 17, 2013, Administrative Services Director Kathleen

VonAchen certified the City's TRANSNET cash on hand was below the 30% threshold as required in SANDAG's Board Police No. 31, Rule #17, IV:

> ***SANDAG Board Policy No. 031, Rule #17, IV. Local Agency Balance Limitations states: Based on the audit, an agency that maintains a balance of more than 30 percent of its annual apportionment (after debt service payments) must use the remaining balance to fund projects. SANDAG will defer payments until the recipient agency's Director of Finance, or equivalent, summits to SANDAG a certification that the unused balance has fallen below the 30 percent threshold, and will remain below the threshold until such time that a new threshold is determined.***

This Staff Report requests City Council to authorize staff to 1) revise Project Trak to SANDAG's estimated projection of funds available according to the TRANSNET Revenues vs. Programmed report and 2) program $395,000 of carry over funding from FY 2013 to the current fiscal year and request immediate payments from SANDAG (See Attachment No. 3 SANDAG ProjectTrak Amendment).

ENVIRONMENTAL DETERMINATION:
Approval of this budget plan is not a project as defined by CEQA.

FISCAL IMPACT:
Programing $395,000 of TRANSNET funds to FY 2014 will make these funds available for the RTIP FY 11-12 (Street Improvement) S12-104 project currently in design.

DEPARTMENT RECOMMENDATION:
1. Receive this report.
2. Adopt Resolution 2013-7386 - A Resolution of the City Council of the City of Imperial Beach, California authorizing staff to draw down carryover funds and to reprogram the $18,000 of revenue projection reduction.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:
1. Resolution No. 2013-7386
2. Transnet Revenue VS. Programmed Report
3. SANDAG ProjectTrak Amendment Print Out

Attachment 1

RESOLUTION NO. 2013-7386 OF THE CITY OF IMPERIAL BEACH ADOPTING ADMENDMENT NO. 9 TO THE *TRANSNET* LOCAL STREET IMPROVEMENT PROGRAM OF PROJECTS FOR FISCAL YEARS 2013 THROUGH 2017

WHEREAS, on November 4, 2004, the voters of San Diego County approved the San Diego Transportation Improvement Program Ordinance and Expenditure Plan (*TransNet* Extension Ordinance); and

WHEREAS, the *TransNet* Extension Ordinance provides that SANDAG, acting as the Regional Transportation Commission, shall approve a multi-year program of projects submitted by local jurisdictions identifying those transportation projects eligible to use transportation sales tax (*TransNet*) funds; and

WHEREAS, the City of Imperial Beach was provided with an estimate of annual *TransNet* local street improvement revenues for fiscal years 2013 through 2017; and

WHEREAS, the City of Imperial Beach has held a noticed public meeting with an agenda item that clearly identified the proposed list of projects prior to approval of the projects by its authorized legislative body in accordance with Section 5(A) of the *TransNet* Extension Ordinance and Rule 7 of SANDAG Board Policy No. 31; and

WHEREAS, the City of Imperial Beach has adopted Amendment No. 9 to the 2012 Regional Transportation Improvement Program revising funding projections in Project Trak and authorizing carryover of FY 2013 funds to FY 2014 funding.

NOW THEREFORE,

BE IT RESOLVED that pursuant to Section 2(C)(1) of the *TransNet* Extension Ordinance, the City of Imperial Beach certifies that no more than 30 percent of its annual revenues shall be spent on maintenance-related projects.

BE IT FURTHER RESOLVED that pursuant to Section 4(E)(3) of the *TransNet* Extension Ordinance, the City of Imperial Beach certifies that all new projects, or major reconstruction projects, funded by *TransNet* revenues shall accommodate travel by pedestrians and bicyclists, and that any exception to this requirement permitted under the Ordinance and proposed shall be clearly noticed as part of the City of Imperial Beach's public hearing process.

BE IT FURTHER RESOLVED that pursuant to Section 8 of the *TransNet* Extension Ordinance, the City of Imperial Beach certifies that the required minimum annual level of local discretionary funds to be expended for street and road purposes will be met throughout the 5-year period consistent with the most recent Maintenance of Effort Requirements adopted by SANDAG.

BE IT FURTHER RESOLVED that pursuant to Section 9A of the *TransNet* Extension Ordinance, the City of Imperial Beach certifies that it will extract $2,000, plus all applicable

annual increases, from the private sector for each newly constructed residential housing unit in that jurisdiction to comply with the provisions of the Regional Transportation Congestion Improvement Program (RTCIP).

BE IT FURTHER RESOLVED that pursuant to Section 13 of the *TransNet* Extension Ordinance, the City of Imperial Beach certifies that it has established a separate Transportation Improvement Account for *TransNet* revenues with interest earned expended only for those purposes for which the funds were allocated.

BE IT FURTHER RESOLVED that pursuant to Section 18 of the *TransNet* Extension Ordinance, the City of Imperial Beach certifies that each project of $250,000 or more will be clearly designated during construction with *TransNet* project funding identification signs.

BE IT FURTHER RESOLVED that the City of Imperial Beach does hereby certify that all other applicable provisions of the *TransNet* Extension Ordinance and SANDAG Board Policy No. 31 have been met.

BE IT FURTHER RESOLVED that the City of Imperial Beach agrees to indemnify, hold harmless, and defend SANDAG, the San Diego County Regional Transportation Commission, and all officers and employees thereof against all causes of action or claims related to City of Imperial Beach's *TransNet* funded projects.

PASSED AND ADOPTED by the City of Imperial Beach on the _____day of _____, 2013.

_____

JAMES C. JANNEY, MAYOR

ATTEST:

_____

JACQUELINE M. HALD, MMC
CITY CLERK

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PROJECTTRAK

SANDAG
SAN DIEGO ASSOCIATION OF GOVERNMENTS

TRANSNET REVENUE VS PROGRAMMED BY AGENCY ($000)

HIDE BALANCE EXPORT TO EXCEL

	CARRYOVER	PROG LSI CARRYOVER (5 YR)	CARRYOVER BAL	REVENUE 2013	PROG 2013	BAL 2013	REVENUE 2014	PROG 2014	BAL 2014	REVENUE 2015	PROG 2015	BAL 2015	REVENUE 2016	PROG 2016	BAL 2016	REVENUE 2017	PROG 2017	BAL 2017	REVENUE TOTAL	PROG TOTAL	BAL TOTAL
TransNet - Local Streets Improvements																					
Imperial Beach, City of	$423	$28	$395	$615	$618	($3)	$643	$649	($6)	$680	$683	($3)	$713	$716	($3)	$745	$748	($3)	$3,396	$3,414	($18)
TOTAL	$423	$28	$395	$615	$618	($3)	$643	$649	($6)	$680	$683	($3)	$713	$716	($3)	$745	$748	($3)	$3,396	$3,414	($18)

0.19s

EMAIL PROJECTTRAKHELP@ECOINTERACTIVE.COM

Attachment 3

Table 1

2012 Regional Transportation Improvement Program

Amendment No. 9

San Diego Region (in $000s)

Imperial Beach, City of

MPO ID: IB02 **RTIP #:12-09**

Project Title: Street Maintenance Operations *TransNet* - LSI: Maint

Project Description: Various locations - street maintenance

Change Reason: Revise Fund Source

Capacity Status:NCI Exempt Category:Safety - Pavement resurfacing and/or rehabilitation

Est Total Cost: **$3,925**

	TOTAL	PRIOR	12/13	13/14	14/15	15/16	16/17	PE	RW	CON
TransNet - L	$1,655	$1,655								$1,655
TransNet - LSI	$1,661	$643	$185	$193	$204	$214	$223			$1,661
TransNet - LSI (Cash)	$109			$109						$109
TransNet - LSI Carry Over	$500	$381		$119						$500
TOTAL	**$3,925**	**$2,679**	**$185**	**$421**	**$204**	**$214**	**$223**			**$3,925**

PROJECT LAST AMENDED 12-00

	TOTAL	PRIOR	12/13	13/14	14/15	15/16	16/17	PE	RW	CON
TransNet - L	$1,655	$1,655								$1,655
TransNet - LSI	$1,668	$643	$185	$195	$205	$215	$224			$1,668
TransNet - LSI (Cash)	$277		$277							$277
TransNet - LSI Carry Over	$389	$381	$8							$389
TOTAL	$3,989	$2,679	$470	$195	$205	$215	$224			$3,989

** Pending final SANDAG approval

2012 Regional Transportation Improvement Program
Amendment No. 9
San Diego Region (in $000s)

Imperial Beach, City of

MPO ID: IB12 **RTIP #:12-09**

Project Title: Major Street Improvements *TransNet* - LSI: CR

Project Description: 1 3rd Street (I.B. Blvd. to Elm Ave.), 2 Adelfa Court (Oneonta Ave. to Hemlock Ave.), 3 Hemlock (Adela Court to 10th St.), 4 Daisy Ave. (4th St. to Seacast Dr.), 5 Palm (SR75 to 3rd), 6 5th St. (I.B. Blvd. to Fern St.), 7 Rainbow Dr. (SR75 to Palm), 8 Oneonta (Adelfa Ct to 12th St & Cross gutter), 9 Elm (Seacoast to 7th St.), 10 Grove Ave. (Sports Park to Louden Lane), 11 Grove St. (Connecticut St. to 8th St.), 12 7th Street (Encina Ave. to I.B. Blvd.), 13 Arriba Ave. (9th St. to Cul-de-sac) , 14 Oneonta Ave. (5th St. to Connecticute St.) , 15 Iris (5th St. to Connecticut St.), 16 California (Fern Ave to Grove Ave.), 17 Implementation of BTP, 18 4th St. Exit at Sports Park, 19 12th St. (Holly Ave. to Oneonta Ave.), 20 Granger (Grove to I.B. Blvd), 21 13th St (Bayshore Bikeway to Iris Ave) - work includes but not limited to overlay, new sidewalks, curbs and gutters, ramps, and storm drain

Change Reason: Revise Fund Source

Capacity Status:NCI Exempt Category:Safety - Pavement resurfacing and/or rehabilitation

Est Total Cost: **$5,500**

	TOTAL	PRIOR	12/13	13/14	14/15	15/16	16/17	PE	RW	CON
TransNet - L	$431		$431							$431
TransNet - L (Cash)	$200	$200								$200
TransNet - LSI	$3,448	$1,501		$450	$476	$499	$522	$1,034		$2,414
TransNet - LSI (Cash)	$254			$255				$76		$178
TransNet - LSI Carry Over	$1,167	$891		$277				$350		$817
TOTAL	**$5,500**	**$2,592**	**$431**	**$982**	**$476**	**$499**	**$522**	**$1,460**		**$4,040**

PROJECT LAST AMENDED 12-00

	TOTAL	PRIOR	12/13	13/14	14/15	15/16	16/17	PE	RW	CON
TransNet - L (Cash)	$200	$200								$200
TransNet - LSI	$3,891	$1,501	$433	$454	$478	$501	$524	$928		$2,963
TransNet - LSI (Cash)	$986		$986							$986
TransNet - LSI Carry Over	$910	$891	$20					$267		$643
TOTAL	$5,987	$2,592	$1,439	$454	$478	$501	$524	$1,195		$4,792

** Pending final SANDAG approval

2012 Regional Transportation Improvement Program
Amendment No. 9
San Diego Region (in $000s)

RTIP Fund Types

Federal Funding	
IM	Interstate Maintenance Discretionary
Local Funding	
TransNet-L	Prop. A Local Transportation Sales Tax - Local Streets & Roads
TransNet-L (Cash)	TransNet - L funds which agencies have received payment, but have not spent
TransNet-LSG	Prop. A Extension Local Transportation Sales Tax - Local Smart Growth
TransNet-LSI	Prop. A Extension Local Transportation Sales Tax - Local System Improvements
TransNet-LSI Carry Over	TransNet - LSI funds previously programmed but not requested/paid in year of allocation
TransNet-LSI (Cash)	TransNet - LSI funds which agencies have received payment, but have not spent

** Pending final SANDAG approval

AGENDA ITEM NO. 7.1

STAFF REPORT
CITY OF IMPERIAL BEACH
IMPERIAL BEACH PUBLIC FINANCING AUTHORITY
AND
IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

TO:	**CHAIR AND MEMBERS OF THE SUCCESSOR AGENCY AND FINANCING AUTHORITY AND HONORABLE MAYOR AND CITY COUNCIL**
FROM:	**ANDY HALL, CITY MANAGER/EXECUTIVE DIRECTOR** AH
MEETING DATE:	**SEPTEMBER 4, 2013**
ORIGINATING DEPT.:	**CITY MANAGER/ADMINISTRATIVE SERVICES GREG WADE, ASSISTANT CITY MANAGER** GW
SUBJECT:	**ADOPTION OF CITY COUNCIL RESOLUTION NO. 2013-7382 APPROVING THE ISSUANCE BY THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF TAX ALLOCATION REFUNDING BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT; ADOPTION OF RESOLUTION NO. FA-13-04 APPROVING REFUNDING INSTRUCTIONS IN CONNECTION WITH TAX ALLOCATION REFUNDING BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF DOCUMENTS RELATED THERETO; AND ADOPTION OF SA-13-27 AUTHORIZING THE ISSUANCE OF AND OTHER ACTIONS RELATING THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT TO TAX ALLOCATION REFUNDING BONDS, SERIES 2013**

EXECUTIVE SUMMARY:

This is a combined City Council, Financing Authority and Successor Agency item for which staff is recommending a number of specific actions be taken to issue Tax Allocation Refunding Bonds to refund/refinance the 2003 Tax Allocation Bonds. The issuance of these Refunding Bonds is expected to create savings to all affected taxing entities, including the City, by lowering the cost of debt service to be paid from the Redevelopment Property Tax Trust Fund (RPTTF) over the term of the bonds. If approved, the recommended 3-year Upfront Savings refunding option would provide a potential benefit to the City's General Fund resulting from the payment of residual RPTTF to the City in an estimated amount of $194,000 per year for the first three years after the Refunding Bonds are issued, decreasing thereafter to nominal annual savings until the end of the bond term in 2033.

BACKGROUND:

On December 11, 2003, the former Imperial Beach Redevelopment Agency (the "Former Agency") and the Imperial Beach Public Financing Authority (the "Financing Authority"), a Joint Powers Authority between the City of Imperial Beach (the "City") and the Former Agency, issued Tax Allocation Revenue Bonds, Series 2003A (the "Series 2003A TABs") secured by the Former Agency's tax increment revenues as funding for the debt service obligations. The Series 2003A TABs were issued in order to finance redevelopment activities relating to improvements within the Original and Amended Redevelopment Project Areas ("Project Areas") including street improvements, public park capital improvements, construction of community facilities, landscaping improvements, and affordable housing, among others.

Debt service on the Series 2003A TABs has been and is repaid solely with tax increment revenues generated within the Project Areas. As of June 12, 2013, the Series 2003A TABs were outstanding in the amount of $17,965,000, with annual principal maturities ranging from June 1, 2014 through June 1, 2033. These principal bond maturities can be prepaid on December 1, 2013, and on any subsequent date thereafter, without a prepayment penalty. The Series 2003A TABs have interest rates ranging from 5.00% to 6.00%.

Pursuant to Assembly Bill No. X1 26 ("AB 26") and Assembly Bill No. 1484 ("AB 1484") (collectively referred to herein as the "Dissolution Act"), and specifically California Health and Safety Code ("HSC") Section 34177.5(f) of the Dissolution Act, the Oversight Board may direct the Imperial Beach Redevelopment Agency Successor Agency (the "Successor Agency") to commence the refinancing or refunding of the Series 2003A TABs, among other actions authorized by HSC Section 34177.5(a) of the Dissolution Act, for debt service savings so long as the Successor Agency is able to recover its related costs in connection with the transaction.

Upon the direction of the Oversight Board, the Successor Agency may cause the refinancing or refunding of the Series 2003A TABs for debt service savings by issuing, or causing the issuance of, Tax Allocation Refunding Bonds (the "Refunding Bonds") in accordance with the Dissolution Act including, without limitation, HSC Sections 34177.5 and 34180(b).

Further, pursuant to HSC Section 34177.5(h) of the Dissolution Act, the Successor Agency shall make use of an independent financial advisor in developing financing proposals and shall make the work products of the financial advisor available to the California Department of Finance (the "DOF") at its request.

On June 5, 2013, the Successor Agency adopted Resolution Numbers SA-13-24 and SA-13-25 approving professional services agreements with First Southwest Company to provide financial advisory services and with Jones Hall to provide both bond and disclosure counsel services, respectively, necessary to carry out issuance of the Refunding Bonds in accordance with the Dissolution Act. On June 12, 2013, the Oversight Board adopted Resolution Numbers OB-13-19 and OB-13-20 also approving these professional services agreements.

Also on June 12, 2013, the Oversight Board adopted Resolution No. OB-13-18 directing the Successor Agency to commence the refunding of the 2003A TABs for debt service savings pursuant to Sections 34177.5 and 34180(b) of the Dissolution Act and to recover its costs for issuance of the Refunding Bonds. On June 28, 2013, the Successor Agency adopted Resolution No. SA-13-26 and on July 10, 2013, the Oversight Board adopted Resolution No. OB-13-22 both of which approved a professional services agreement with Fraser & Associates to provide fiscal consultant services necessary for issuance of the Refunding Bonds.

DISCUSSION:

Pursuant to actions of the Successor Agency and Oversight Board, the following parties have been serving as members of the financing team for the Refunding Bonds:

1. Bond Counsel – Jones Hall

   a) This firm has prepared, reviewed and advised the issuer regarding, authorizing resolutions, ordinances, trust indentures, official statements, and related documents.

   b) This law firm will provide a legal opinion confirming that: the issuer is authorized to issue the proposed securities, the issuer has met all legal requirements necessary for issuance, and interest on the proposed securities will be exempt from federal income taxation and, where applicable, from state and local taxation.

2. Disclosure Counsel – Jones Hall

   a) This law firm has prepared the Preliminary Official Statement (including the required continuing disclosure undertaking shown as an Exhibit to the Preliminary Official Statement in Attachment 5), which will be used as the basis for the Official Statement and the Bond Purchase Contract included as attachments to this staff report.

   b) The Official Statement is the primary and official source of material information about the issuer and the securities in the transaction and is included as Attachment 5 to the staff report.

3. Fiscal Consultant – Fraser & Associates

   a) This firm has prepared the Fiscal Consultant Report analyzing the economic feasibility of the Project Areas providing the security of the debt issue.

   b) The views of the feasibility consultant will be taken into account by the credit rating agencies, underwriters and investors.

4. Financial Advisor – First Southwest Company

   a) The Financial Advisor has advised and assisted the issuer in formulating and/or executing a debt financing plan to accomplish the public purposes chosen by the issuer. The Financial Advisor advises the issuer on matters pertinent to the debt issue, such as structure, timing, marketing, credit enhancements, fairness of pricing, terms, and credit ratings.

   b) The Financial Advisor Serves issuer in a "fiduciary capacity", representing the issuer's interests in negotiations with underwriters, rating agencies, banks and other parties.

5. Trustee/Escrow Agent – Wells Fargo Bank

   a) A commercial bank or trust company retained to perform administrative duties relating to a bond issue, such as establishing and holding bond funds and accounts, disbursing bond proceeds for authorized purposes, paying principal and interest to

bondholders, and executing investments.

A sixth financing team member, Underwriter or Investment Banker, is being selected through a request for qualifications/proposal process which is currently under way. The approvals of the Successor Agency proposed by Resolution SA-13-27 include providing the Executive Director and Finance Officer or their designees the authority to select and designate the Underwriter or Investment Banker and to execute the Bond Purchase Contract effectuating such designation. The Underwriter or Investment Banker would meet the following requirements:

a) A dealer which purchases from the issuer a new issue of municipal securities for resale to investors; has an "arm's-length relationship" with the issuer.

b) Investment banking or underwriting firms are required to register with the SEC and with the MSRB, and follow the rules set out by both the SEC and the MSRB.

First Southwest Company (Financial Advisor), Jones Hall (Bond and Disclosure Counsel), Fraser & Associates (Fiscal Consultant) and the additional financing team members listed above have provided professional services to the Successor Agency, in addition to general legal services provided to the Successor Agency. Costs for these professional services (except for general legal services provided to the Successor Agency) would primarily be funded with the proceeds through the issuance of the Refunding Bonds with two exceptions described below. As is typical in municipal bond financing, the professional services costs of the financing team members, with the exception of the costs discussed below, are only paid if the bond deal is successfully completed, or closed. In other words, payment of the costs of issuance is generally made on a contingency basis. The Successor Agency's and the Oversight Board's approval of the costs of issuance are proposed as part of their respective resolutions that will authorize the issuance of the Refunding Bonds and approve the bond documents, all of which are included with this staff report. All contingent costs of issuance would be a part of the financing documents submitted to the DOF for review and considered enforceable obligations of the Successor Agency, and would be deducted from the proceeds of the Refunding Bonds. The approval by the Successor Agency and the Oversight Board of the bond documents and the contingent costs of issuance contained within said documents, and the DOF if review is requested, would constitute approval of the costs of issuance as enforceable obligations of the Successor Agency and would likely not be required to be included on the ROPS 13-14B. However, if required by the DOF, these costs of issuance would be included on the ROPS 13-14B for approval if such requirement is known prior to the deadline for submittal of the ROPS 13-14B to the DOF by October 1, 2013, or a subsequent ROPS.

There are two exceptions, however, to the financing team members' rendering their services on a contingency basis. These exceptions pertain to a portion of the total professional services fees and expenses of First Southwest Company (the Financial Advisor) and Fraser & Associates (Fiscal Consultant). A portion of the professional services agreement with First Southwest Company is for an amount not-to-exceed $19,000 that would not be paid from proceeds of the Refunding Bonds if the bond deal is not completed, but rather would be an obligation of the Successor Agency and paid by the Successor Agency as non-contingent costs. Because completion of the potential bond issue is subject to approval by the Oversight Board and potential approval by the DOF (if review is requested), and is a unique and particularly complex bond issue given the recent dissolution of redevelopment agencies, First Southwest Company has proposed that, if the Refunding Bonds are not issued by February 28, 2014, accrued hourly compensation and any accrued expenses not-to-exceed $19,000 will be due and payable by the Successor Agency. This $19,000 is part of the total $50,000 proposed by First Southwest Company for its financial advisory services. If the Refunding Bonds do not close by

February 28, 2014, the not-to-exceed $19,000 non-contingent portion of the financial advisory fees and accrued costs would be paid by the Successor Agency and will be included in the ROPS 13-14B for approval as a proposed enforceable obligation of the Successor Agency. If the Refunding Bonds are issued by February 28, 2014, then the entire not-to-exceed $50,000 (which includes the $19,000 non-contingent portion) would be funded with proceeds from the issuance of the Refunding Bonds.

The professional services fees and expenses of Fraser & Associates as the Fiscal Consultant are also non-contingent fees. Pursuant to their agreement, Fraser & Associates are to be paid in an amount not-to-exceed $20,000 for the performance of certain services and, subject to the prior written approval of the Agency's Finance Officer, at an hourly rate of $200 per hour on not to exceed a total amount of $3,000 for the performance of additional services, and for certain other expenses not-to-exceed $2,500. Combined non-contingent compensation of fees and expenses payable to Fraser & Associates is a not-to-exceed amount of $25,500. Again, these non-contingent financial advisory fees and accrued costs would be paid by the Successor Agency and will be included in the ROPS 13-14B for approval as a proposed enforceable obligation of the Successor Agency.

Refunding Bonds Plan of Finance

The Refunding Bonds will use certain funds on hand plus the bond proceeds to fund an escrow account sufficient to fully redeem the outstanding Series 2003 TABs and its associated accrued interest. Staff currently estimates the total par amount of the Refunding Bonds at $17.775 million with maturities ranging from June 1, 2014 through June 1, 2033. The Refunding Bonds will fund a debt service reserve fund, which combined with the existing debt service reserve fund from the Tax Allocation Bonds, Series 2010 (the "Series 2010 TABs"), will serve as security for both the Refunding Bonds and Series 2010 TABs. The following table indicates key activities and dates of the financing schedule.

Week of	Financing Activity
June 3	Successor Agency (SA) initiates transaction (June 5)
June 10	Oversight Board (OB) initiates transaction (June 12)
Aug. 5	Distribute Underwriter (UW) RFP
Aug. 26	Financing Package provided to SA for September 4 Meeting; Underwriter RFP Responses Due
Sept. 2	SA authorize the issuance of the Refunding Bonds (Sept. 4); Financing Package provided to OB for September 11 Meeting
Sept. 9	UW Selected; SA authorize the issuance of the Refunding Bonds (Sept. 11); Submit Financing Package to DOF for approval
Sept. 16	Distribute credit packages to S&P
Oct. 14	Receive S&P Rating
Oct. 21	Distribute credit packages to Bond Insurers
Nov. 11	Deadline for DOF to approve OB action or return item to OB for reconsideration (Nov. 12)
Nov. 18	Distribute POS
Dec. 2	Pricing of Refunding Bonds
Dec. 16	Closing of transaction (2003A Bonds legally defeased)

Refunding Bond Savings

Unfortunately, since May 2013, the amount of savings to be realized by issuance of the Refunding Bonds has decreased due to a significant increase in interest rates. Based on current interest rates (assuming approximately equal annual savings), therefore, issuance of the Refunding Bonds would result in annual debt service savings of approximately $170,000 through Fiscal Year 2032-33. This equates to $3,408,571 of total savings. Accounting for the time value of money, the discounted present value savings would be $1,415,147, which is equivalent to 7.88% of the $17,965,000 of the Series 2003A TABs to be refunded.

With the City's share, as a taxing entity, of distributions from the Redevelopment Property Tax Trust Fund ("RPTTF") of approximately 26%, the projected refunding savings allocated to the City's General Fund, based on anticipated payments of RPTTF distributions to the City pursuant to HSC Section 34183(a) of the Dissolution Act, are estimated to be $45,000 annually, $902,249 in total savings or $374,589 on a net present value (NPV) basis. The other taxing entities will benefit from the Refunding Bonds because the Successor Agency's ongoing debt service payments will be less than they are currently and therefore, less funds from RPTTF will be distributed to the Successor Agency to fund debt service, and with the reduction of enforceable obligations, leaving greater funds to be distributed to the other taxing entities pursuant to HSC Section 34183(a) of the Dissolution Act.

In order for the Successor Agency to issue or cause the issuance of the Refunding Bonds, various formal approvals are necessary from the City Council, the Imperial Beach Public Financing Authority, the Successor Agency, its Oversight Board and the DOF (if the DOF requests review). It is anticipated that the Successor Agency and Oversight Board would authorize the issuance of the Refunding Bonds by approving substantially final bond documents, including, without limitation, the First Supplemental Indenture of Trust, the Preliminary Official Statement, and the Bond Purchase Contract (the "Financing Package"). The Successor Agency staff would also submit the Financing Package to the DOF. Assuming approval from the DOF if review is requested, the issuance of the Refunding Bonds would be authorized.

However, if material changes to the bond documents are required by the DOF or other material events occur, then all or a portion of the Financing Package would be resubmitted to the Successor Agency and the Oversight Board, as well as the City for its consent, and the Financing Authority if applicable, in order to re-authorize the issuance of the Refunding Bonds. Although unlikely, a re-authorization from the Successor Agency, its Oversight Board, City and Financing Authority may be necessary due to any material changes made to the financing documents after initial approval, any stipulations added by the DOF, or changes in the municipal bond market. Further, the Successor Agency would submit the Financing Package to Standard & Poor's, requesting receipt of a credit rating shortly after the Refunding Bonds are authorized by the Successor Agency and the Oversight Board.

As required for a bond issuance of this type, a Fiscal Consultant Report was also prepared for the following purposes:

c) To prepare a report on the economic feasibility of the Project Areas providing the security for the debt issue.

d) So that the views of the Fiscal Consultant on the economic feasibility of the security can be taken into account by the credit rating agencies, underwriters and investors.

Based upon the estimate of revenues analyzed in the Fiscal Consultant Report, there will be sufficient revenue streams from which to repay the Refunding Bonds. In this regard, both the Fiscal Consultant Report and the Preliminary Official Statement discuss the impact from the passage of Assembly Bill No. AB X1 and Assembly Bill No. 1484 (collectively, the "Dissolution Act") and attendant dissolution of the Former Agency on the revenue streams from which the Series 2013 Tax Allocation Bonds will be repaid.

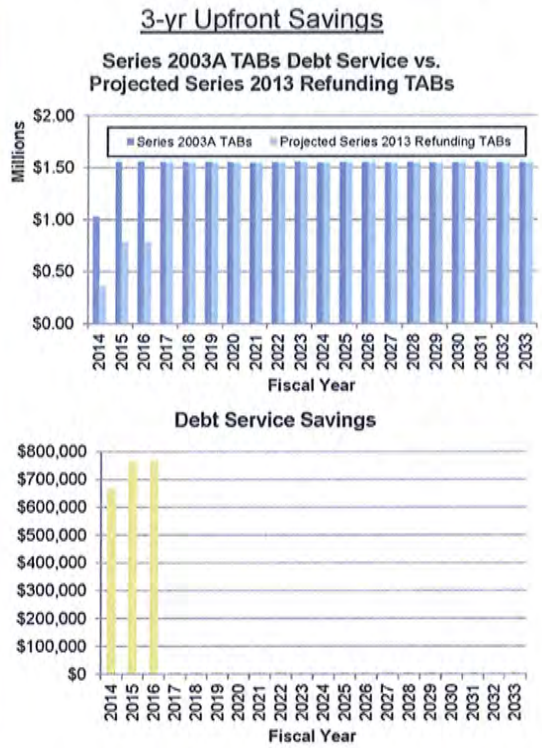
Preferred Refunding Option

In order to realize increased annualized savings from the issuance of the Refunding Bonds, the Successor Agency and Oversight Board have the option to pursue "Upfront" savings. This approach would allow the Successor Agency to realize a larger portion of savings in the first 3, 5 or 10 years of the bond maturity period rather than as equal annual savings. The following table illustrates Equal Annual Savings versus 3-year Upfront Savings:

Projected Refunding Results				
	Approximately Equal Annual Savings through FY 2033		**3-yr Upfront Savings through FY 2016[1]**	
	Total	**City's Share (26.47%)**	**Total**	**City's Share (26.47%)**
Avg. Annual Savings	$170,000 (FY2014-33)	$45,000 (FY2014-33)	$733,000 (FY2014-16)	$194,000 (FY2014-16)
Gross Savings	$3,408,571	$902,249	$2,309,405	$611,299
NPV Savings ($)	$1,415,147	$374,589	$1,345,029	$356,029
NPV Savings (%)	7.88%		7.49%	
All-in-Cost	4.89%		4.94%	

1 - Annual savings from FY 2017-2033 would be between $0 and $5,000

As shown above, the 3-year Upfront Savings option would result in total upfront savings of $733,000 with a potential City share of approximately $194,000 per year for the first three years. After the first three years, however, savings would be nominal for the remainder of the bond term. The following graphs compare the debt service on the Series 2003A TABs and the Refunding Bonds under both the Equal Annual and 3-year Upfront Savings Options.



Other upfront savings options include 5- and 10-year Upfront Savings which are illustrated below:

Projected Refunding Results				
	5-yr Upfront Savings (through FY 2018)[2]		10-yr Upfront Savings (through FY 2023)[3]	
	Total	City's Share (26.47 %)	Total	City's Share (26.47 %)
Avg. Annual Savings	$455,000 (FY2014-18)	$120,000 (FY2014-18)	$255,000 (FY2014-23)	$66,000 (FY2014-23)
Gross Savings	$2,351,488	$622,439	$2,591,190	$673,709
NPV Savings ($)	$1,298,938	$343,829	$1,279,023	$332,546
NPV Savings (%)	7.23%		7.12%	
All-in-Cost	4.97%		4.98%	

2 - Annual savings from FY 2019-2033 would be between $0 and $5,000
3 - Annual savings from FY 2024-2033 would be between $0 and $5,000

Due to the limited financial benefit to the City under the Equal Annual Savings Option along with the decreased benefit of either the 5- and 10-year Upfront Savings options, staff recommends proceeding with the 3-year Upfront Savings option as this should provide a more immediate and impactful benefit to the City.

ENVIRONMENTAL DETERMINATION:

The refunding of the 2003, Series A Tax Allocation Bonds, and issuance of the Tax Allocation

Refunding Bonds, Series 2013, is not a "project" within the meaning of the California Environmental Quality Act ("CEQA"), specifically CEQA Guidelines Section 15378, and thus is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3).

FISCAL IMPACT:

Based on interest rates as of August 20, 2013, the 3-Year Upfront Savings option recommended by staff is projected to produce average annual debt service savings of $733,000 from FY 2013-14 through 2015-16, for total savings of $2.3 million. Accounting for the time value of money, the net present value savings are $1.3 million, which is equivalent to 7.49% of the $17,965,000 of the Series 2003A TABs to be refunded. As the City's share of distributions from the RPTTF is approximately 26%, the projected savings allocated to the City's General Fund are estimated to average $194,000 for the first three years with nominal savings thereafter until maturity of the Refunding Bonds. The Refunding Bonds are projected to produce total savings of $611,299 and net present value savings of $356,029 to the City.

The other affected taxing entities will benefit from the Refunding Bonds because the Successor Agency's ongoing debt service payments will be less than they are currently and therefore, less funds from the RPTTF will distributed to the Successor Agency for payments toward debt service payments, and with a reduction in enforceable obligations, leaving greater funds to be distributed to the other taxing entities pursuant to HSC Section 34183(a) of the Dissolution Act.

DEPARTMENT RECOMMENDATION:

Staff recommends the following:

1. That the City Council adopt Resolution No. 2013-7382 approving the issuance by the Imperial Beach Redevelopment Agency Successor Agency Tax Allocation Refunding Bonds relating to the Palm Avenue/Commercial Redevelopment Project;

2. That the Financing Authority adopt Resolution No. FA-13-04 Approving Refunding Instructions in connection with Tax Allocation Bonds Relating to the Palm Avenue/Commercial Redevelopment Project and authorizing official actions and execution of documents related thereto; and

3. That the Successor Agency adopt Resolution SA-13-27 authorizing the issuance and prescribing the terms, conditions and form of the Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013; approving the form of and authorizing the execution and delivery of a First Supplemental Indenture of Trust and a Bond Purchase Agreement; approving the form of and authorizing the distribution of a Preliminary Official Statement and authorizing execution and delivery of an Official Statement; approving the retention of an underwriter; authorizing payment of costs of issuance; and authorizing and approving necessary actions in connection therewith.

CITY MANAGER'S RECOMMENDATION:

Approve Department recommendation.

Attachments:

1. City Council Resolution No. 2013-7382
2. Financing Authority Resolution No. FA-13-04
3. Successor Agency Resolution No. SA-13-27
4. Refunding Bond Update – August 21, 2013
5. Preliminary Official Statement – 2013 Refunding Bonds
6. First Supplemental Indenture of Trust
7. Successor Agency and Financing Authority Irrevocable Refunding Instructions

Attachment 1

RESOLUTION NO. 2013-7382

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF IMPERIAL BEACH APPROVING THE ISSUANCE BY THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY OF TAX ALLOCATION REFUNDING BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT

WHEREAS, to provide funds to finance and refinance redevelopment activities of the Imperial Beach Redevelopment Agency (the "Original Agency"), the Imperial Beach Financing Authority (the "Authority"), a joint powers authority created by and among the Original Agency and the City of Imperial Beach (the "City"), issued its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "2003 Authority Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2003 (the "2003 Indenture"), by and between the Original Agency and Wells Fargo Bank, N.A., as Trustee (the "Trustee") and loaned the proceeds to the Original Agency pursuant to two Loan Agreements (the "2003 Loan Agreements") for the purpose of financing programs, projects and activities relating to the Original Agency's Palm Avenue/Commercial Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, by implementation of California Assembly Bill No. X1 26 signed by the Governor of the State of California on June 28, 2011 ("AB 26"), which amended provisions of the California Community Redevelopment Law (found at California Health and Safety Code Section 33000, *et.seq.*, herein, the "Redevelopment Law") and added Part 1.8 and Part 1.85 to Division 24 of the California Health and Safety Code, and due to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, the Original Agency was dissolved on February 1, 2012 in accordance with AB 26; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Original Agency upon the dissolution of the Original Agency under AB 26 (the "Successor Agency"); and

WHEREAS, on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26 and by operation of law, assumed the duties and obligations set forth in AB 26 for the Original Agency, including, without limitation, the obligations of the Original Agency under the 2003 Loan Agreements, the Series 2010 Indenture (described below) and related documents to which the Original Agency was a party; and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, AB 26 was amended by California Assembly Bill No. 1484, which was signed by the Governor of the State of California on June 27, 2012 ("AB 1484"), (AB 26 and AB 1484 are referred to collectively herein as the "Dissolution Act"); and

WHEREAS, AB 1484, among other things, amended the California Health and Safety Code to authorize the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings; and

WHEREAS, to provide funds, among other purposes, to achieve debt service savings by prepaying the 2003 Loan Agreements and, thereby, refunding the 2003 Authority Bonds, the Successor Agency has authorized the issuance pursuant to the Refunding Law of its Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013; (the "Bonds"); and

WHEREAS, in accordance with the requirements of the Redevelopment Law at Section 33640 of the California Health and Safety Code, the City Council wishes at this time to approve the issuance of the Bonds by the Successor Agency.

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

Section 1. The issuance of the Bonds by the Successor Agency for the purposes of refinancing programs, projects and activities of the Successor Agency relating to the Redevelopment Project is hereby approved.

Section 2. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Imperial Beach at its meeting held on the ____ day of _____ 2013, by the following roll call vote:

AYES: COUNCIL MEMBER:
NOES: COUNCIL MEMBER:
ABSENT: COUNCIL MEMBER:

_____
JAMES C. JANNEY, MAYOR

ATTEST:

_____
JACQUELINE M. HALD, MMC
CITY CLERK

RESOLUTION NO. FA-13-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE IMPERIAL BEACH FINANCING AUTHORITY APPROVING REFUNDING INSTRUCTIONS IN CONNECTION WITH TAX ALLOCATION BONDS RELATING TO THE PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT AND AUTHORIZING OFFICIAL ACTIONS AND EXECUTION OF DOCUMENTS RELATED THERETO

WHEREAS, to provide funds to finance and refinance redevelopment activities of the Imperial Beach Redevelopment Agency (the "Original Agency"), the Imperial Beach Financing Authority (the "Authority"), a joint powers authority created by and among the Original Agency and the City of Imperial Beach (the "City"), issued its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "2003 Authority Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2003 (the "2003 Indenture"), by and between the Original Agency and Wells Fargo Bank, N.A., as Trustee (the "Trustee") and loaned the proceeds to the Original Agency pursuant to two Loan Agreements (the "2003 Loan Agreements") for the purpose of financing programs, projects and activities relating to the Original Agency's Palm Avenue/Commercial Redevelopment Project (the "Redevelopment Project"); and

WHEREAS, by implementation of California Assembly Bill No. X1 26 signed by the Governor of the State of California on June 28, 2011 ("AB 26"), which amended provisions of the California Community Redevelopment Law (found at California Health and Safety Code Section 33000, *et.seq.*, herein, the "Redevelopment Law") and added Part 1.8 and Part 1.85 to Division 24 of the California Health and Safety Code, and due to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, the Original Agency was dissolved on February 1, 2012 in accordance with AB 26; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Original Agency upon the dissolution of the Original Agency under AB 26 (the "Successor Agency"); and

WHEREAS, on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26 and by operation of law, assumed the duties and obligations set forth in AB 26 for the Original Agency, including, without limitation, the obligations of the Original Agency under the 2003 Loan Agreements, the Series 2010 Indenture (described below) and related documents to which the Original Agency was a party; and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the "Imperial Beach Redevelopment Agency Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, AB 26 was amended by California Assembly Bill No. 1484, which was signed by the Governor of the State of California on June 27, 2012 ("AB 1484"), (AB 26 and AB 1484 are referred to collectively herein as the "Dissolution Act"); and

WHEREAS, AB 1484, among other things, amended the California Health and Safety Code to authorize the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings; and

WHEREAS, to provide funds, among other purposes, to achieve debt service savings by prepaying the 2003 Loan Agreements and, thereby, refunding the 2003 Authority Bonds, the Successor Agency has authorized the issuance pursuant to the Refunding Law of its Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013; (the "Bonds"); and

WHEREAS, the Authority desires to direct the Trustee to create an irrevocable escrow for the purpose of providing for the prepayment of the 2003 Loan Agreements and the refunding of the 2003 Authority Bonds, pursuant to Irrevocable Refunding Instructions, the form of which is on file with the Secretary and is referred to herein as the "Refunding Instructions"; and

WHEREAS, the Board of Directors of the Authority (the "Board"), with the aid of its staff, has reviewed the Refunding Instructions and desires to approve the Refunding Instructions and the transactions to be implemented thereby.

NOW, THEREFORE, BE IT RESOLVED by the Imperial Beach Financing Authority, as follows:

Section 1. The Refunding Instructions, in substantially the form on file with the Secretary of the Authority (the "Secretary") is hereby approved and adopted. The Chairperson, the Executive Director, and the Treasurer of the Authority (each, an "Authorized Officer"), are hereby authorized to execute the Refunding Instructions in substantially the form presented to the Board and filed with the Secretary, with such revisions, amendments and completions as may be approved by an Authorized Officer, with the advice of Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. The Chairperson, the Executive Director, the Treasurer, the Secretary, the General Counsel of the Authority, and any and all other officers of the Authority are hereby authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions necessary or desirable in connection with the prepayment of the 2003 Loan Agreements and the refunding of the 2003 Authority Bonds in implementation of the transactions as described herein.

Section 3. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Imperial Beach Financing Authority at its meeting held on the ____ day of _____ 2013, by the following roll call vote:

AYES: BOARD MEMBER:
NOES: BOARD MEMBER:
ABSENT: BOARD MEMBER:

_____
JAMES C. JANNEY
CHAIRPERSON

ATTEST:

_____
JACQUELINE M. HALD, MMC
SECRETARY

Attachment 3

RESOLUTION NO. SA-13-27

A RESOLUTION OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY AUTHORIZING THE ISSUANCE AND PRESCRIBING THE TERMS, CONDITIONS AND FORM OF THE IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT TAX ALLOCATION REFUNDING BONDS, SERIES 2013; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL INDENTURE OF TRUST AND A BOND PURCHASE AGREEMENT; APPROVING THE FORM OF AND AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT; APPROVING THE RETENTION OF AN UNDERWRITER; AUTHORIZING PAYMENT OF COSTS OF ISSUANCE; AND AUTHORIZING AND APPROVING NECESSARY ACTIONS IN CONNECTION THEREWITH

WHEREAS, the Imperial Beach Redevelopment Agency (the "Original Agency") is obligated to pay the original amount of $22,765,000 under two Loan Agreements (the “2003 Loan Agreements”) entered into in 2003 in connection with the issuance by the Imperial Beach Financing Authority, a joint powers authority created by and among the Original Agency and the City of Imperial Beach (the “City”), of its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the “Authority Bonds”) for the purpose of financing programs, projects and activities relating to the Original Agency's Palm Avenue/Commercial Redevelopment Project; payments due on the loan obligations are payable primarily from tax increment revenues derived from the Original Agency's Palm Avenue/Commercial Redevelopment Project (the “Redevelopment Project”); and

WHEREAS, by implementation of California Assembly Bill No. X1 26 signed by the Governor of the State of California on June 28, 2011 (“AB 26”), which amended provisions of the California Community Redevelopment Law (found at California Health and Safety Code Section 33000, *et seq.*, herein, the "Redevelopment Law") and added Part 1.8 and Part 1.85 to Division 24 of the California Health and Safety Code, and due to the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, the Original Agency was dissolved on February 1, 2012 in accordance with AB 26; and

WHEREAS, the City Council of the City adopted Resolution No. 2012-7136 on January 5, 2012, pursuant to Part 1.85 of AB 26, electing for the City to serve as the successor agency to the Original Agency upon the dissolution of the Original Agency under AB 26 (the “Successor Agency”); and

WHEREAS, on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26 and by operation of law, assumed the duties and obligations set forth in AB 26 for the Original Agency, including, without limitation, the obligations of the Original Agency under the 2003 Loan Agreements, the Series 2010 Indenture (described below) and related documents to which the Original Agency was a party; and

WHEREAS, on February 15, 2012, the Board of Directors of the Successor Agency, adopted Resolution No. SA-12-01 naming itself the “Imperial Beach Redevelopment Agency

Successor Agency," the sole name by which it will exercise its powers and fulfill its duties pursuant to Part 1.85 of AB 26, and establishing itself as a separate legal entity with rules and regulations that will apply to the governance and operations of the Successor Agency; and

WHEREAS, AB 26 was amended by California Assembly Bill No. 1484, which was signed by the Governor of the State of California on June 27, 2012 ("AB 1484"), (AB 26 and AB 1484 are referred to collectively herein as the "Dissolution Act"); and

WHEREAS, AB 1484, among other things, amended the California Health and Safety Code to authorize the Successor Agency to issue bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Refunding Law") for the purpose of achieving debt service savings; and

WHEREAS, the Dissolution Act, at Section 34177.5 of the California Health and Safety Code, authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Original Agency, subject to the conditions precedent contained in Section 34177.5 and the approval of the Successor Agency's Oversight Board; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the 2003 Loan Agreements; and

WHEREAS, on June 12, 2013, the Successor Agency's Oversight Board adopted Resolution No. OB-13-18, directing the Successor Agency to commence the refinancing or refunding of the 2003 Loan Agreements and authorizing the Successor Agency to recover all costs associated with said bond refinancing or refunding. The California Department of Finance (the "Department of Finance") has approved Resolution No. OB-13-18; and

WHEREAS, the Original Agency has issued its $21,595,000 aggregate principal amount of Palm Avenue/Commercial Redevelopment Project Tax Allocation Bonds, 2010 Tax Allocation Bonds (the "Series 2010 Bonds") for the purpose of financing redevelopment activities with respect to the Redevelopment Project, pursuant to an Indenture of Trust, dated as of November 1, 2010, by and between the Original Agency and Wells Fargo Bank, N.A., as Trustee (the "Series 2010 Indenture"); and

WHEREAS, the Successor Agency intends to refund the 2003 Loan Agreements by issuing an additional series of bonds designated as the "Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013" (as further described below, the "Bonds") under and pursuant to the Refunding Law, the Redevelopment Law, the Dissolution Act, the Series 2010 Indenture, and the Constitution and other applicable laws of the State of California, and under, pursuant to and subject to the conditions and limitations of Section 34177.5 of the California Health and Safety Code, and such Bonds will be issued on parity with the Series 2010 Bonds, under and pursuant to the provisions of the Series 2010 Indenture.

NOW, THEREFORE, BE IT RESOLVED by the Imperial Beach Redevelopment Agency Successor Agency, as follows:

Section 1. Conditions Precedent. Except as provided in Section 16 below, and provided that the issuance of the Bonds shall meet and be limited by the requirements of Section 34177.5(a) of the California Health and Safety Code, all conditions, things and acts

required by law to exist, to happen and to be performed precedent to and in connection with the issuance by the Successor Agency of the Bonds exist, have happened and been performed in due time, form and manner, in accordance with applicable law, and the Successor Agency is now authorized pursuant to the Refunding Law at Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, in accordance with the Dissolution Act at Section 34177.5 of the California Health and Safety Code, to issue the Bonds in the manner and form provided in this Resolution.

Section 2. First Supplemental Indenture. The First Supplemental Indenture of Trust (the "First Supplement"), between the Successor Agency and the Trustee, in substantially the form on file with the Secretary of the Successor Agency (the "Secretary"), is hereby approved and adopted. The Executive Director of the Successor Agency (the "Executive Director") or the Finance Officer of the Successor Agency (each an "Authorized Officer"), each acting alone, or the designee of either, is hereby authorized, and directed to execute and the Secretary is hereby authorized to attest to, the First Supplement in substantially the form presented to the Successor Agency Board of Directors (the "Board") and on file with the Secretary, with such changes, additions, amendments or modifications (including but not limited to changes, additions, amendments or modifications necessary to obtain ratings on the Bonds, or a municipal bond insurance commitment or reserve fund surety bond for the Bonds) that are approved by an Authorized Officer, in consultation with legal counsel to the Successor Agency ("Counsel"), as being in the interest of the Successor Agency, such approval to be conclusively evidenced by said execution. The Successor Agency hereby agrees to comply with, or cause to be complied with, all covenants of the Successor Agency set forth in the Series 2010 Indenture and the First Supplement.

Section 3. Issuance of Bonds. The Board of the Successor Agency hereby authorizes the issuance of the Bonds, which shall be designated the "Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013" in an aggregate principal amount not in excess of the amount required to defease the 2003 Loan Agreements, to establish customary debt service reserves, and to pay related costs of issuance of the Bonds, provided that the total interest cost to maturity on the Bonds plus the principal amount of the Bonds shall not exceed the total remaining interest cost to maturity on the 2003 Loan Agreements plus the remaining principal of the 2003 Loan Agreements as required by Section 34177.5(a) of the California Health and Safety Code.

Section 4. Form of Bonds. The form of the Bonds, in substantially the form attached to the First Supplement, is hereby approved and adopted. Each Authorized Officer, acting alone, is hereby authorized and directed to approve and to execute the Bonds by manual or facsimile signature, and the Secretary is hereby authorized and directed to attest, by manual or facsimile signature, such signature on the Bonds, with such changes, additions, amendments or modifications made in accordance with Section 10 hereof.

Section 5. Bond Purchase Agreement. The Bonds shall be offered for purchase by an underwriter firm to be designated by an Authorized Officer, in consultation with the Successor Agency's financial advisor, pursuant to a request for proposal process, according to the terms set forth in a Purchase Agreement (the "Purchase Agreement"), by and between the Successor Agency and the underwriter, substantially in the form submitted to the Board at this meeting and on file with the Secretary. Such form Purchase Agreement is hereby approved, and an Authorized Officer, or the designee of either, is hereby authorized and directed to execute and deliver said Purchase Agreement with such changes therein as the Authorized Officer may approve, in consultation with Counsel, such approval to be conclusively evidenced

by the execution and delivery of such Purchase Agreement, provided that the aggregate principal amount of Bonds to be issued shall not exceed the amount described in Section 3 hereof, and the underwriters' discount (excluding original issue discount, if any) shall not exceed one percent (1.0%).

Section 6. Appointment of Depositories and Other Agents. The Authorized Officers, each acting alone, or the designee of either, is hereby authorized and directed to appoint from time to time one or more depositories for the Bonds, as they may deem desirable. The Authorized Officers, each acting alone, or the designee of either, is hereby also authorized and directed to appoint from time to time one or more agents, as he/she may deem necessary or desirable. To the extent permitted by applicable law, and under the supervision of an Authorized Officer, such agents may serve as paying agent, trustee or registrar for the Bonds, or financial printer or may assist the Authorized Officer in performing any or all of such functions and other duties as the Authorized Officer shall determine. Such agents shall serve under such terms and conditions, as an Authorized Officer shall determine. An Authorized Officer may remove or replace agents appointed pursuant to this Section at any time.

Section 7. Official Statement. The form of proposed preliminary official statement (the "Preliminary Official Statement"), in substantially the form presented to the Board and on file with the Secretary, is hereby approved and adopted with such changes, additions, amendments or modifications as may be made in accordance with Section 10 hereof. The Authorized Officers, acting alone, are each hereby authorized to cause the distribution of the Preliminary Official Statement for the Bonds, deemed final by the Board for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934, as amended, and the Authorized Officers are each separately authorized to execute a certificate to that effect. The Authorized Officers are each separately authorized and directed to sign a final Official Statement for the Bonds. The Authorized Officers are each hereby authorized and directed to cause to be printed and mailed to prospective purchasers of the Bonds copies of the Preliminary Official Statement and the final Official Statement.

Section 8. Payment of Costs of Issuance. The Finance Officer is hereby authorized and directed to pay, or cause to be paid on behalf of the Successor Agency, the costs of issuance associated with the Bonds and incurred in connection with the refunding of the 2003 Loan Agreements, as approved by the Successor Agency's Oversight Board and the Department of Finance pursuant to and in accordance with the Dissolution Act.

Section 9. Savings Parameters Confirmation. Prior to the delivery of the Bonds to the Underwriter, staff of the Successor Agency shall cause independent certified public accountant(s), as the verification agent with respect to the refunding proceedings, to confirm that the debt service savings as a result of the refunding of the 2003 Loan Agreements and, thereby, the refunding of the Authority Bonds will achieve debt service savings within the parameters set forth in Section 34177.5(a) of the California Health and Safety Code will be met, and if not met the issuance of the Bonds shall not proceed.

Section 10. Modification to Documents. Any Successor Agency official authorized by this Resolution to execute any document is hereby further authorized, in consultation with the Authorized Officers and Counsel, to approve and make such changes, additions, amendments or modifications to the document or documents that the Successor Agency official is authorized to execute, as may be necessary or advisable (provided that such changes, additions, amendments or modification shall not cause the issuance of bonds to fail to meet the requirements of Section 34177.5 of the California Health and Safety Code). The approval of

any change, addition, amendment or modification to any of the aforementioned documents shall be evidenced conclusively by the execution and delivery of the document in question.

Section 11. Oversight Board Approval of the Issuance of the Bonds. The Successor Agency hereby requests the Oversight Board to approve, by Resolution, the issuance of the Bonds in accordance with the terms of this Resolution and the Series 2010 Indenture, as proposed to be supplemented by the First Supplement (collectively, the "Indenture").

Section 12. Determinations by the Oversight Board. The Successor Agency hereby requests that the Oversight Board make the following determinations, by Resolution, upon which the Successor Agency will rely in its issuance of the Bonds:

(a) As provided in Resolution No. OB-13-18, the Successor Agency is authorized, as provided in Section 34177.5(f) of the California Health and Safety Code, to recover its costs related to the issuance of the Bonds from the proceeds of the Bonds, including the cost of reimbursing the Successor Agency and City for administrative staff time spent with respect to the authorization, issuance, sale and delivery of the Bonds;

(b) The application of proceeds of the Bonds by the Successor Agency to the refunding of the 2003 Loan Agreements, as well as the payment by the Successor Agency of costs of issuance of the Bonds, as provided in the Indenture and authorized by Sections 34177.5(a) and (f) of the California Health and Safety Code, shall be implemented by the Successor Agency promptly upon delivery of the Bonds to the Underwriter, notwithstanding Section 34177.3 of the California Health and Safety Code or any other provision of law to the contrary, and without any further approval of the Oversight Board, or approval of the Department of Finance, the San Diego County Auditor-Controller or any other person or entity other than the Successor Agency;

(c) The Successor Agency shall enter the amounts of the final debt service determined upon sale and delivery of the Bonds into Exhibit B–Debt Service Schedule attached to the First Supplement and the amounts so entered shall be final and conclusive upon the Oversight Board, the Department of Finance and all other interested persons and entities and the Debt Service Schedule shall not be amended except as provided in the Indenture; and

(d) The Successor Agency shall be entitled to receive its full allocation of the Administrative Cost Allowance under Sections 34171(b) and 34183(a)(3) of the California Health and Safety Code, at an amount of not less than $250,000 per fiscal year, without any deductions with respect to continuing costs related to the Bonds, such as trustee's fees, auditing fees and fiscal consultant fees and continuing disclosure and rating agency costs (collectively, "Continuing Costs of Issuance"), and such Continuing Costs of Issuance shall be enforceable obligations payable from property tax revenues pursuant to Sections 34171(d)(1) and 34183(a)(2) of the California Health and Safety Code.

Section 13. Filing of this Resolution. The Secretary of the Successor Agency is hereby authorized and directed to file an executed copy of this Resolution with the Oversight Board and, as provided in Section 34180(j) of the California Health and Safety Code, concurrently with the San Diego County Administrative Officer, the San Diego County Auditor-Controller and the Department of Finance.

Section 14. Ratification. All actions heretofore taken by the officials, employees and agents of the Successor Agency with respect to the sale and issuance of the Bonds are hereby approved, confirmed and ratified.

Section 15. General Authority. The Authorized Officers, the Secretary or each such person's duly authorized designee and agent, and any other officials of the Successor Agency and their duly authorized designee and agents are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents including, but not limited to, a Continuing Disclosure Certificate, refunding instructions or escrow agreements required to be executed in connection with the refunding of the Series 2003 Bonds, and a letter of representation to any depository for the Bonds, and petition for a final and conclusive determination from the Department of Finance pursuant to Section 34177.5(i) of the California Health and Safety Code, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds, and to effectuate the purposes thereof and of the documents herein approved in accordance with this Resolution.

The Authorized Officers may designate in writing one or more persons to perform any act, which such persons are hereby authorized by this Resolution to perform.

Section 16. Effect. This Resolution shall take effect immediately upon its passage; provided, however, that the Successor Agency will not execute and deliver the documents approved hereby or issue the Bonds until such execution, delivery and issuance has been approved by the Successor Agency's Oversight Board, and until either the Oversight Board action is deemed effective pursuant to the Dissolution Act or such Oversight Board action has been approved by the Department of Finance if review of the Oversight Board action is requested by the Department of Finance in accordance with the Dissolution Act.

PASSED, APPROVED, AND ADOPTED by the Board of Directors of the Imperial Beach Redevelopment Agency Successor Agency at its meeting held on the _____ day of _____ 2013, by the following vote:

AYES: BOARD MEMBERS:
NOES: BOARD MEMBERS:
ABSENT: BOARD MEMBERS:

_____
JAMES C. JANNEY
CHAIRPERSON

ATTEST:

_____
JACQUELINE M. HALD, MMC
SECRETARY

FirstSouthwest

Contacts

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IBRDA
Imperial Beach Redevelopment Agency

Refinancing of Series 2003A Tax Allocation Bonds

August 21, 2013

Imperial Beach Redevelopment Successor Agency

Tax Allocation Bonds, Series 2003A

- Original Issue: $22.765 million issued on Dec. 11, 2003
- Outstanding Principal: $17.965 million with annual maturities on June 1, 2014 - 2033
- Outstanding Interest Rates: 5.00% - 6.00%
- Use of Proceeds: Finance capital improvements in the Palm Avenue/ Commercial Redevelopment Area and affordable housing projects
- Security: 100% of net tax increment revenues (parity lien with 2010 Bonds) and 25% of housing set-aside revenues
- Optional Redemption: On or after 12/1/2013
- S&P Rating: 2003A Bonds are not rated but parity 2010 Bonds are rated "A" (stable outlook)

NEW ISSUE –FULL BOOK - ENTRY ONLY **NO RATING**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming certain representations and compliance with certain covenants and requirements discussed herein, interest and original issue discount on the Bonds is excluded from gross income for federal income tax purposes. In the further opinion of Bond Counsel, interest and original issue discount on the Bonds is exempt from California personal income tax. See the caption "TAX MATTERS."

$22,765,000
Imperial Beach Public Financing Authority
Tax Allocation Revenue Bonds,
2003 Series A
(Palm Avenue/Commercial Redevelopment Project)

Dated: Date of Delivery **Due: June 1 as shown on inside cover hereof**

The Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "Bonds") are being issued by the Imperial Beach Public Financing Authority (the "Authority") pursuant to an Indenture of Trust, dated as of November 1, 2003, by and among the Authority, the Imperial Beach Redevelopment Agency (the "Agency") and Wells Fargo Bank, National Association, as trustee, to provide money for loans to the Agency.

Interest on the Bonds will be payable on June 1 and December 1 of each year, commencing June 1, 2004. The Bonds will be issued as fully registered bonds in the denomination of $5,000 each or any integral multiple thereof. Principal of the Bonds will be payable at the principal corporate trust office of Wells Fargo Bank, National Association, Los Angeles, California as trustee. When issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book-entry form only. Principal, premium, if any, and interest on the Bonds will be paid to DTC, which in turn is required to remit such principal and interest to its participants for subsequent dispersal to the beneficial owners of the Bonds as described herein.

The Bonds are subject to optional and mandatory sinking account redemption prior to maturity, as described herein.

Proceeds of the Bonds will be (i) loaned to the Agency to fund redevelopment activities in the Original Area pursuant to Loan Agreement No. 1 (Original Area), dated as of November 1, 2003 (the "Loan Agreement No. 1"), by and between the Agency and the Authority, (ii) loaned to the Agency to fund redevelopment activities in the Amendment Area pursuant to Loan Agreement No. 2 (Amendment Area), dated as of November 1, 2003 (the "Loan Agreement No. 2" together with Loan Agreement No. 1, the "Loan Agreements"), by and between the Agency and the Authority, (iii) to provide for a reserve fund, and (iv) to provide for the costs of issuance of the Bonds.

The Bonds are special obligations of the Authority payable from and secured by Revenues as defined in the Indenture, consisting primarily of amounts payable by the Agency under the Loan Agreements. The Agency's obligations under Loan Agreement No. 1 are secured by a pledge of Original Area Tax Revenues, as defined in Loan Agreement No. 1, and the Agency's obligations under Loan Agreement No. 2 are secured by a pledge of Amendment Area Tax Revenues, as defined in Loan Agreement No. 2.

With the exception of certain statutory payment obligations to other taxing entities, the Agency has no other obligations outstanding with a pledge on Original Area Tax Revenues or Amendment Area Tax Revenues senior to the pledge securing the loans with respect to the Loan Agreements; however, the Agency may incur other obligations having a lien on Original Area Tax Revenues or Amendment Area Tax Revenues on a parity with or subordinate in right of payment to the loans with respect to the Loan Agreements.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM REVENUES, AS DESCRIBED HEREIN, AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS MAINTAINED UNDER THE INDENTURE, AND, AS SUCH, ARE NOT A DEBT OF THE CITY OF IMPERIAL BEACH (THE "CITY") OR THE STATE OF CALIFORNIA OR ANY OF THE STATE'S POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY, TO THE LIMITED EXTENT SET FORTH IN THE INDENTURE), AND NEITHER THE CITY NOR THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS (OTHER THAN THE AUTHORITY), IS LIABLE THEREFOR. THE BONDS ARE NOT PAYABLE FROM, AND ARE NOT SECURED BY, ANY FUNDS OF THE AUTHORITY, OTHER THAN THE REVENUES PLEDGED PURSUANT TO THE INDENTURE. THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL DEBT LIMITATION OR RESTRICTION. NEITHER THE MEMBERS OF THE AUTHORITY NOR ANY PERSONS RESPONSIBLE FOR THE EXECUTION OF THE BONDS ARE LIABLE PERSONALLY FOR PAYMENT OF THE BONDS BY REASON OF THEIR ISSUANCE.

THIS COVER PAGE CONTAINS INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. POTENTIAL PURCHASERS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

The Bonds are offered when, as and if issued, and accepted by the Underwriter, subject to the approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and subject to certain other conditions. Certain legal matters will be passed on for the Underwriter by Fulbright & Jaworski L.L.P. and for the Agency and the Authority by Lynn McDougal, Esq. It is anticipated that the Bonds will be available for delivery to DTC in book-entry form in New York, New York on or about December 11, 2003.

KINSELL, NEWCOMB DE DIOS, INC.
INVESTMENT BANKING

Dated: December 2, 2003.

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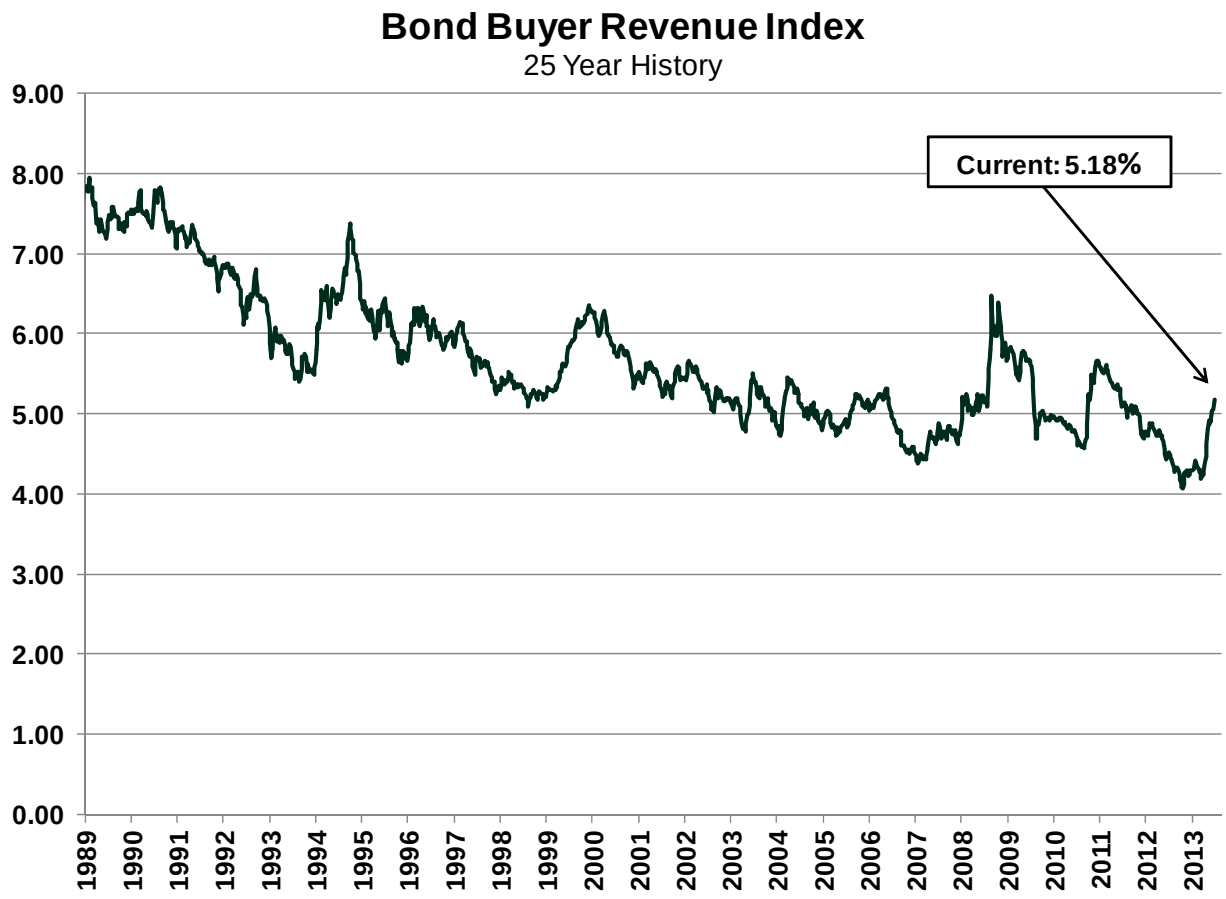
Bond Buyer Revenue Bond Index – 25 Year History through August 18, 2013

- The RBI serves as a rough proxy for the Successor Agency's tax-exempt cost of funds
- The Bond Buyer Revenue Bond Index ("RBI") is the average yield for the 30-year maturity of 25 different revenue bond issues. The 25 bonds in the RBI index have an average credit rating of "A+"
- 25 Year RBI Statistics
  - Current Rate: 5.18%
  - Average Rate: 5.72%
  - Highest Rate: 8.31%
  - Lowest Rate: 4.06%



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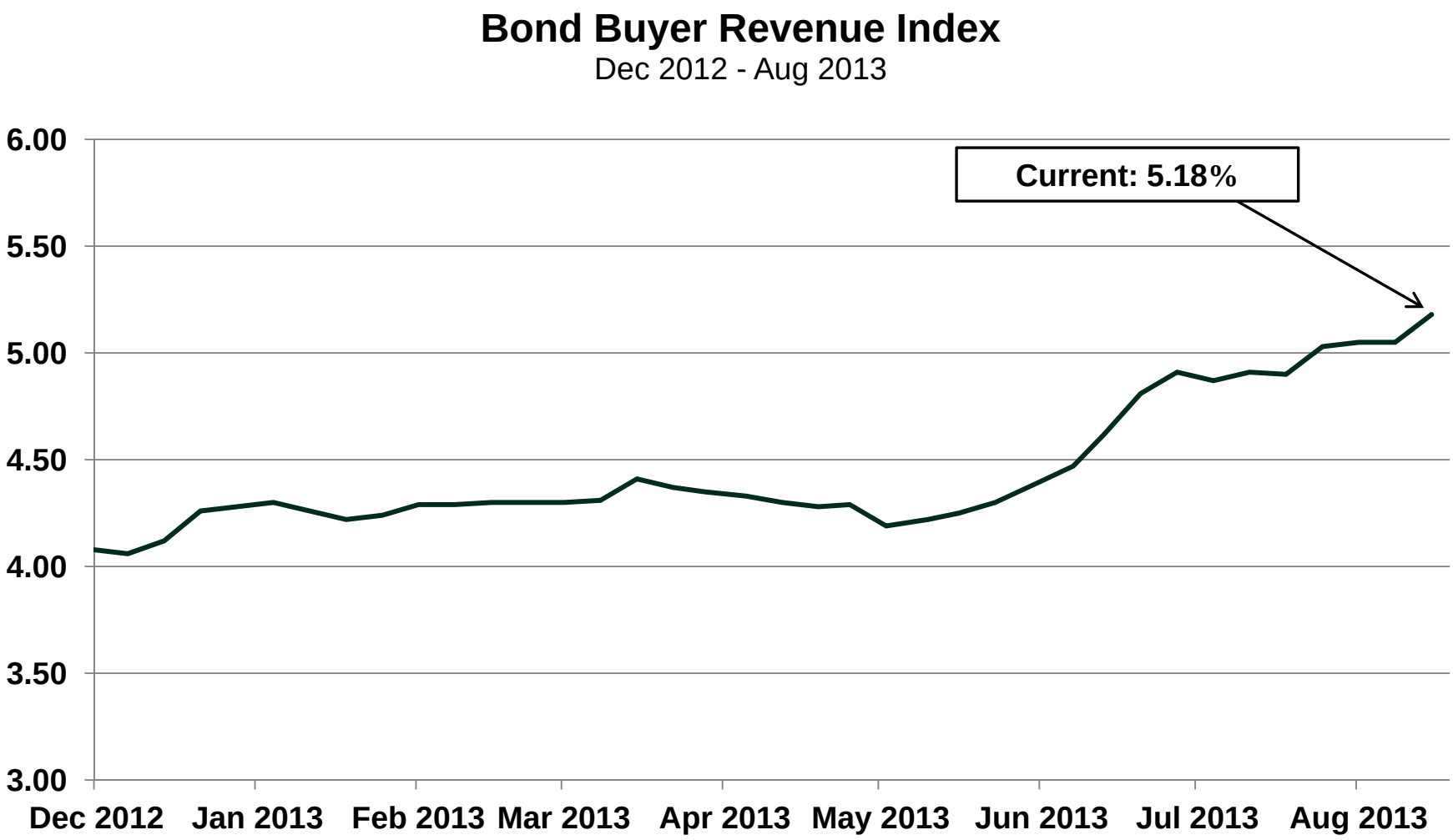
Since May 2013, the BB RBI has increased by 0.99%



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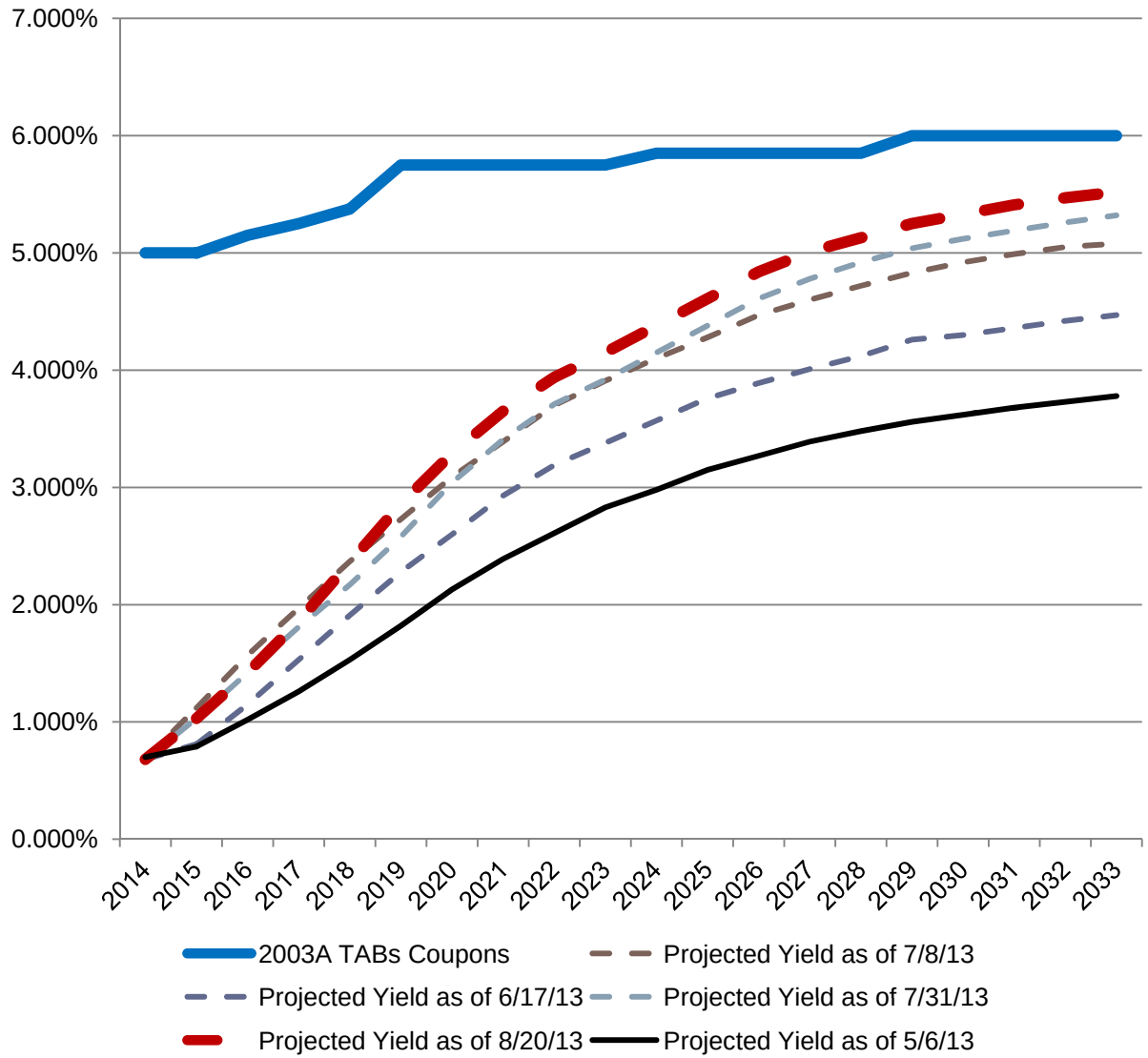
Coupon Rates of 2003A TABs vs. Current Refunding Yields (8/20/13)

- The outstanding coupons of the Series 2003A TABs are still higher than August 20, 2013 market yields for the Refunding Bonds, creating the opportunity for refunding savings
- Projected interest rates for the Refunding Bonds have increased markedly since May 2013



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Refinancing of 2003A TABs – Comparison of Past Refunding Analysis

Projected Refunding Savings At Last Market Updates *(Approx. Equal Annual Savings Scenario)*					
Interest Rates as of	May 6, 2013	June 17, 2013	July 8, 2013	July 31, 2013	August 20, 2013
NPV Savings ($)	$4,032,052	$2,788,703	$1,898,815	$1,678,118	$1,415,147
NPV Savings (%)	22.44%	15.52%	10.57%	9.34%	7.88%
Avg. Annual Savings	$295,000	$217,000	$154,000	$137,000	$170,000*
All-in Cost	3.37%	4.02%	4.60%	4.73%	4.89%

* Average annual savings increase due to reduced size of parity debt service reserve fund contribution

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Refinancing of 2003A TABs – Assumptions and Projected Results

Refunding Assumptions	
Credit Ratings	S&P: A
Interest Rates as of	August 20, 2013
Refunded Par	$17,965,000
Refunded Maturities	2014 – 2033
DSRF	Parity Reserve
Call Features	January 2014 @ 100%

Projected Refunding Results

	Approximately Equal Annual Savings through FY 2033		3-yr Upfront Savings Through FY 2016	
	Total	**City's Share (26.47%)**	**Total**	**City's Share (26.47%)**
Avg. Annual Savings	$170,000 (FY2014-33)	$45,000 (FY2014-33)	$733,000 (FY2014-16)	$194,000 (FY2014-16)
Gross Savings	$3,408,571	$902,249	$2,309,405	$611,299
NPV Savings ($)	$1,415,147	$374,589	$1,345,029	$356,029
NPV Savings (%)	7.88%		7.49%	
All-in-Cost	4.89%		4.94%	

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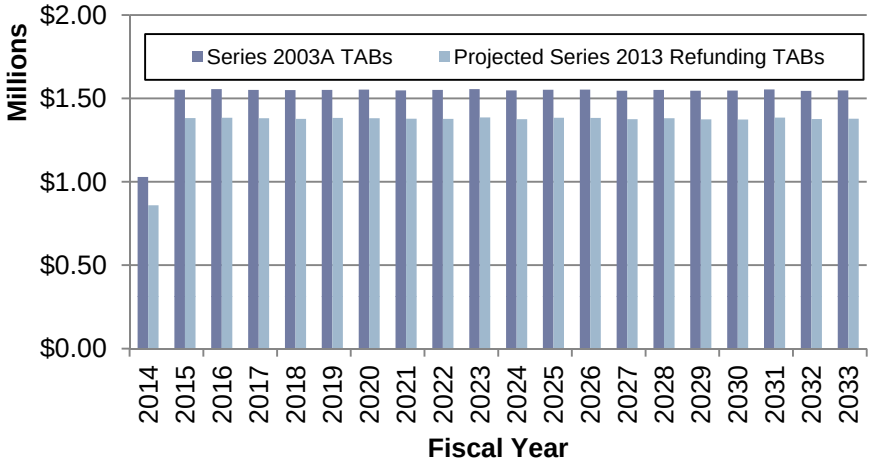
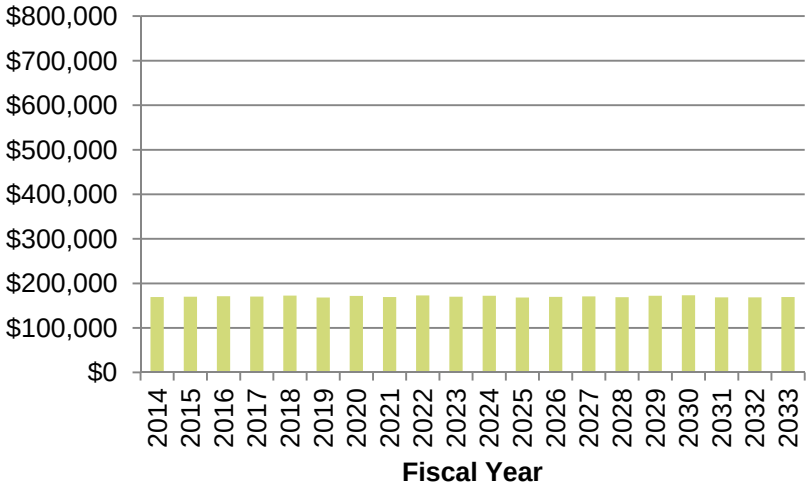
Debt Service Comparison: Approx. Equal Annual Savings & Upfront Savings

Approx. Equal Annual Savings

Series 2003A TABs Debt Service vs. Projected Series 2013 Refunding TABs

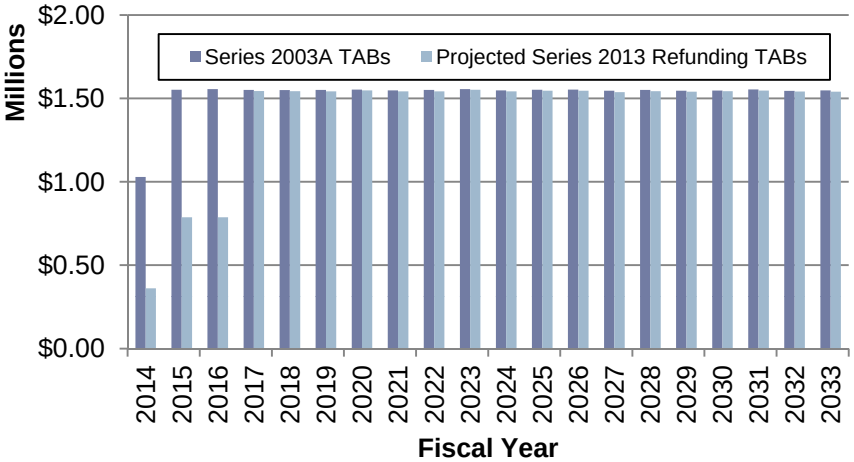


Debt Service Savings

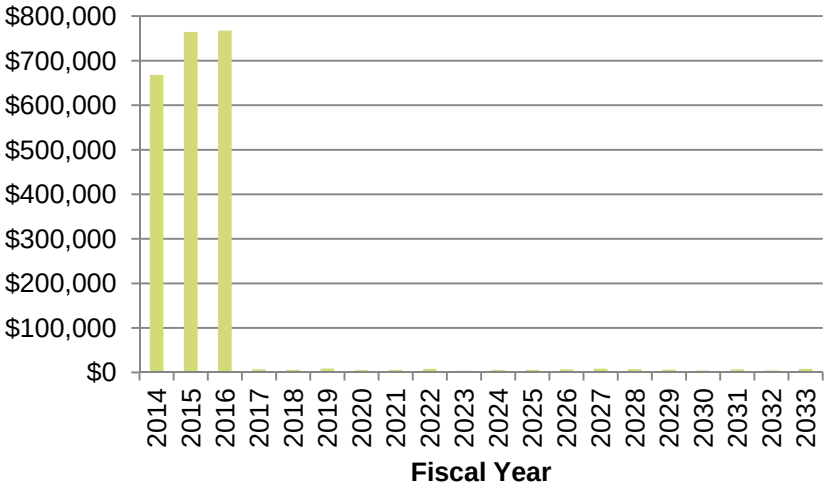


3-yr Upfront Savings

Series 2003A TABs Debt Service vs. Projected Series 2013 Refunding TABs



Debt Service Savings



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Refinancing of 2003A TABs: 5-yr & 10-yr Upfront Savings

Projected Refunding Results				
	5-yr Upfront Savings (Through FY 2018)		10-yr Upfront Savings (Through FY 2023)	
	Total	City's Share (26.47 %)	Total	City's Share (26.47 %)
Avg. Annual Savings	$455,000 (FY2014-18)	$120,000 (FY2014-18)	$255,000 (FY2014-23)	$66,000 (FY2014-23)
Gross Savings	$2,351,488	$622,439	$2,591,190	$673,709
NPV Savings ($)	$1,298,938	$343,829	$1,279,023	$332,546
NPV Savings (%)	7.23%		7.12%	
All-in-Cost	4.97%		4.98%	

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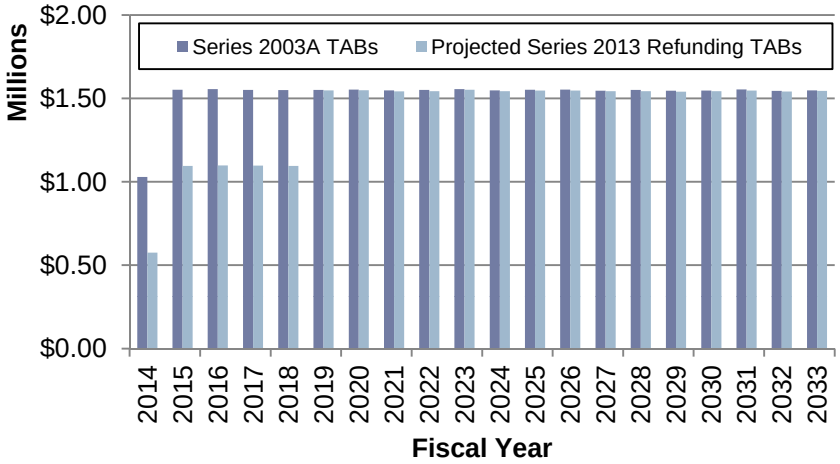
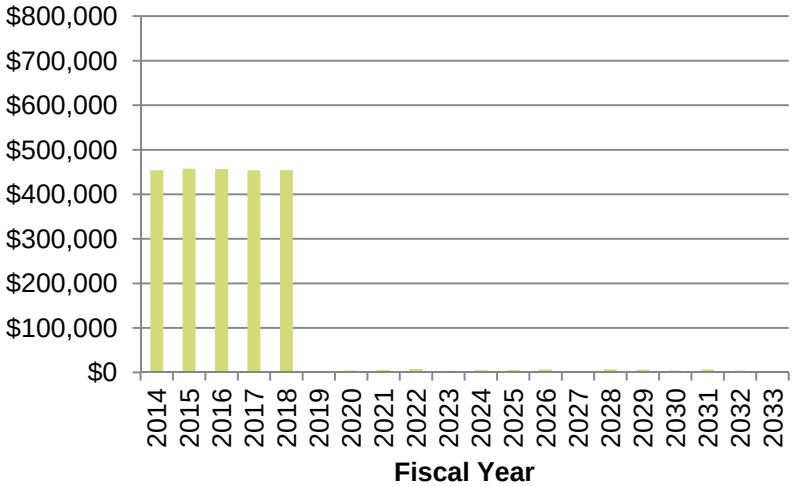
Debt Service Comparison: 5-yr & 10-yr Upfront Savings

5-yr Upfront Savings

Series 2003A TABs Debt Service vs. Projected Series 2013 Refunding TABs

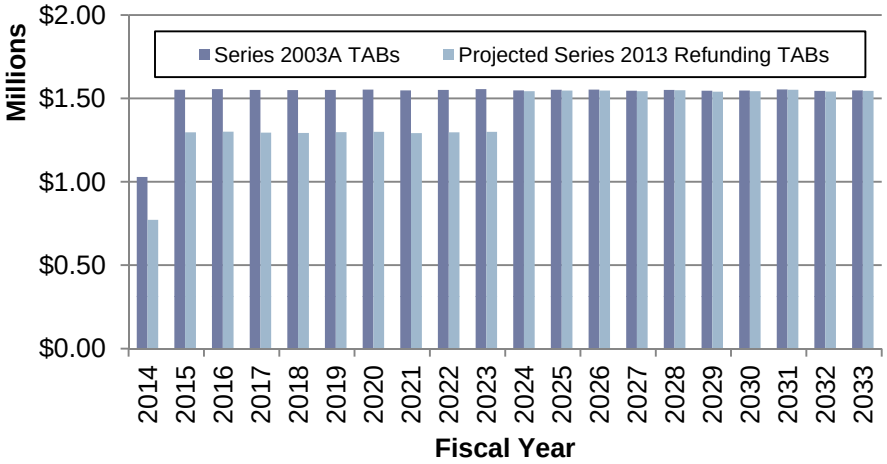


Debt Service Savings

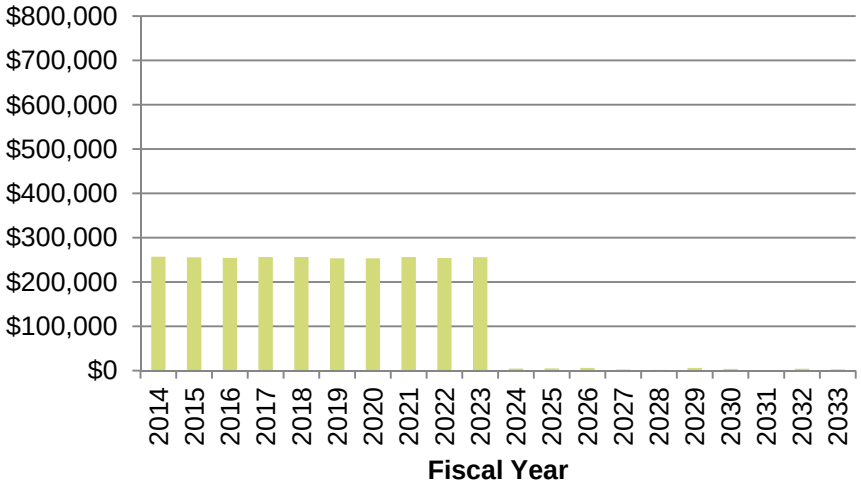


10-yr Upfront Savings

Series 2003A TABs Debt Service vs. Projected Series 2013 Refunding TABs



Debt Service Savings



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Financing Schedule

Week of	Financing Activity
June 3	Successor Agency (SA) initiates transaction (June 5)
June 10	Oversight Board (OB) initiates transaction (June 12)
June 17	Kick-off conference call with working group (June 18)
July 8	Working group conference call
July 22	First distribution of Fiscal Consultant's Report & bond documents
July 29	First distribution of POS; Working group conference call
Aug. 5	Distribute Underwriter RFP
Aug.12	Second distribution of Fiscal Consultant's Report, bond documents & POS
Aug.19	Working group conference call
Aug. 26	Financing Package provided to SA for September 4 Meeting; Underwriter RFP Responses Due
Sept. 2	SA authorize the issuance of the Refunding Bonds (Sept. 4); Financing Package provided to OB for September 11 Meeting
Sept. 9	UW Selected; SA authorize the issuance of the Refunding Bonds (Sept. 11); Submit Financing Package to DOF for approval
Sept. 16	Distribute credit packages to S&P
Oct. 14	Receive S&P Rating
Oct. 21	Distribute credit packages to Bond Insurers
Nov. 11	Deadline for DOF to approve OB action or return item to OB for reconsideration (Nov. 12)
Nov. 18	Distribute POS
Dec. 2	Pricing of Refunding Bonds
Dec. 16	Closing of transaction (2003A Bonds legally defeased)

JUNE 2013

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

JULY 2013

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

AUGUST 2013

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

SEPTEMBER 2013

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

OCTOBER 2013

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

NOVEMBER 2013

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

DECEMBER 2013

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

= Anticipated City Council/Successor Agency meeting

= Anticipated Oversight Board meeting

= City Hall closed

CITY OF IMPERIAL BEACH

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Disclaimer: This data is intended for issuers for educational and informational purposes only and does not constitute legal or investment advice, nor is it an offer or a solicitation of an offer to buy or sell any investment or other specific product. Information provided in this data was obtained from sources that are believed to be reliable; however, it is not guaranteed to be correct, complete, or current, and is not intended to imply or establish standards of care applicable to any attorney or advisor in any particular circumstances. The statements within constitute First Southwest Company views as of the date of the report and are subject to change without notice. This data represents historical information only and is not an indication of future performance.

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PRELIMINARY OFFICIAL STATEMENT DATED _____, 2013

NEW ISSUE **Rating: Standard & Poor's: "___"**
FULL BOOK ENTRY **See "RATING" herein**

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$_____*
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
(Palm Avenue/Commercial Redevelopment Project)
2013 Tax Allocation Refunding Bonds

Dated: Date of Delivery **Due: June 1, as shown inside front cover**

Purpose of the Bonds. The above-captioned bonds (the "Bonds" or "Series 2013 Bonds") are being issued by the Imperial Beach Redevelopment Agency Successor Agency (the "Successor Agency"), as successor agency to the Imperial Beach Redevelopment Agency (the "Original Agency"), to prepay two loan agreements entered into in 2003 by the Original Agency in connection with the issuance by the Imperial Beach Financing Authority of its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "Prior Bonds").

Book-Entry. The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Principal of, premium if any, and semiannual interest on the Bonds due December 1 and June 1 of each year, commencing _____ 1, 201___, will be payable by Wells Fargo Bank, National Association, as Trustee, to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds (see "THE BONDS—Book-Entry System"). See "THE BONDS."

Redemption. The Bonds are subject to optional and mandatory redemption prior to maturity as described herein.

Security for the Bonds. The Bonds are payable from and secured by the Tax Revenues (as defined in this Official Statement), on a parity basis with bonds issued in 2010, to be derived from the Palm Avenue/Commercial Redevelopment Project (the "Project Area") and moneys in certain funds and accounts established under an Indenture of Trust, dated as of November 1, 2010, by and between the Original Agency and the Trustee, as supplemented by a First Supplemental Indenture of Trust dated _____ 1, 2013 (together, the "Indenture") as further described in this Official Statement. See "SECURITY FOR THE BONDS."

The Successor Agency will increase the amount in a parity debt service reserve account for the Bonds and the 2010 Bonds in connection with the pricing of the Bonds. The Successor Agency agrees in the Indenture to maintain the Reserve Account in an amount equal to the "Reserve Requirement," as defined in the Indenture.

Parity Bonds. The Bonds are secured by and payable from Tax Revenues on a parity basis with the Original Agency's $21,595,000 aggregate principal amount of Palm Avenue/Commercial Redevelopment Project Tax Allocation Bonds, 2010 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of $21,465,000. See "SECURITY FOR THE BONDS- Additional Debt."

Limited Obligations. The Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Tax Revenues and other funds described in this Official Statement. The Bonds, interest and premium, if any, thereon are not a debt of the City of Imperial Beach (the "City"), the County of San Diego (the "County"), the State of California (the "State") or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. Neither the members of the Successor Agency, the Oversight Board, the County Board of Supervisors nor any persons executing the Bonds are liable personally on the Bonds.

MATURITY SCHEDULE

(see inside cover)

This cover page contains information for quick reference only. It is <u>not</u> intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision with respect to the Bonds.

The Bonds are offered when, as and if issued, subject to the approval as to their legality by Jones Hall, a Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel. Certain matters will also be passed upon for the Successor Agency by Kane, Ballmer & Berkman, San Diego, California, as Successor Agency Special Counsel. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about _____, 2013.

[UNDERWRITER LOGO]

Dated: _____, 2013

* Preliminary, subject to change.

MATURITY SCHEDULE

IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project
2013 Tax Allocation Refunding Bonds

(Base CUSIP†: _____)

$_____

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP † (_____)

$_____ _____% Term Bonds due June 1, _____; Yield: ____%; CUSIP†: ____

† *Copyright 2013, American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc., and are provided for convenience of reference only. Neither the Successor Agency nor the Underwriter assumes any responsibility for the accuracy of these CUSIP data.*

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized by the Successor Agency to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and, if given or made, such other information or representation must not be relied upon as having been given or authorized by the Successor Agency or the Underwriter.

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds described herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement does not constitute a contract between any Bondowner and the Successor Agency or the Underwriter.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure made by the Successor Agency, the words or phrases "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," "forecast," "expect," "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the other parties described in this Official Statement, since the date of this Official Statement.

Document Summaries. All summaries of the Indenture or other documents contained in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all such provisions. All references in this Official Statement to the Indenture and such other documents are qualified in their entirety by reference to such documents, which are on file with the Successor Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

No Registration with the SEC. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)(2) and 3(a)(12), respectively, for the issuance and sale of municipal securities.

Public Offering Prices. The Underwriter may offer and sell the Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

TABLE OF CONTENTS

Page

INTRODUCTION 2
General 2
The City and the Successor Agency 3
The Project Area 4
The Bonds 4
Tax Allocation Financing 5
Security for the Bonds 5
Limited Obligation 7
Reserve Account 7
Bondowners' Risks 7
Continuing Disclosure 7
Tax Matters 8
Professionals Involved in the Offering 8
Summaries of Documents 8
Other Information 8
REFUNDING PLAN 9
The Refunding 9
Estimated Sources and Uses 10
Debt Service Schedules 11
THE BONDS 13
Authority for Issuance 13
Description 13
Redemption 14
General Redemption Provisions 15
Discontinuance of Book-Entry System 16
SECURITY FOR THE BONDS 16
Discontinuance of Book-Entry System 17
Discontinuance of Book-Entry System 17
Pledge of Tax Revenues 20
Reserve Account 23
Additional Debt 23
Limited Obligation 24
Recognized Obligation Payment Schedules 24
Statement of Indebtedness**Error! Bookmark not defined.**
THE SUCCESSOR AGENCY 27
THE PROJECT AREA 27
Fiscal Consultant 27
Map of the Project Area 27
The Redevelopment Plan 29
The Project Area 29
Assessed Valuation 30
Distribution of Taxes 31
Major Property Owners 34
Appeals of Assessed Values 34

Page

Low and Moderate Income Housing 37
Senate Bill 1045 38
Senate Bill 1096 38
Statutory Tax Sharing 38
Bonded Indebtedness 39
PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE 41
BONDOWNERS' RISKS 47
Recognized Obligation Payment Schedule 47
Syncora Litigation – Challenge to Dissolution Act 48
Reduction in Taxable Value 50
Reduction in Inflationary Rate 50
Levy and Collection 51
State Budget Issues 51
Natural Disasters 52
Hazardous Substances 52
Bankruptcy Risks 52
Secondary Market 53
No Acceleration on Default 53
LIMITATIONS ON TAX REVENUES 54
Property Tax Limitations—Article XIIIA 54
Challenges to Article XIIIA 55
Implementing Legislation 55
Unitary Property 56
Property Tax Collection Procedures 57
Appropriations Limitations—Article XIIIB 58
Exclusion of Tax Revenues for General Obligation Bonds Debt Service 58
Proposition 218 59
AB 1290 59
SB211 ..... **Error! Bookmark not defined.**
Future Initiatives and Legislation 59
Low and Moderate Income Housing 59
CERTAIN LEGAL MATTERS 60
Legal Opinions 60
Enforceability of Remedies 60
RATING 61
CONTINUING DISCLOSURE 61
ABSENCE OF LITIGATION 61
TAX MATTERS 62
UNDERWRITING 63
MISCELLANEOUS 63

APPENDIX A: AUDITED FINANCIAL STATEMENTS OF THE SUCCESSOR AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2012
APPENDIX B: FISCAL CONSULTANT'S REPORT
APPENDIX C: GENERAL INFORMATION ABOUT THE CITY AND SAN DIEGO COUNTY
APPENDIX D: SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
APPENDIX E: FORM OF BOND COUNSEL OPINION
APPENDIX F: FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX G: DTC AND THE BOOK-ENTRY SYSTEM
APPENDIX H: DEPARTMENT OF FINANCE APPROVAL LETTER

IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
(San Diego County, California)

BOARD OF DIRECTORS

James C. Janney, Chair
Lorie Bragg, Vice Chair
Brian P. Bilbray, Director
Robert Patton, Director
Edward J. Spriggs, Director

SUCCESSOR AGENCY OFFICIALS

Andy Hall, *Successor Agency Executive Director*
Gregory Wade, *Successor Agency Deputy Director*

PROFESSIONAL SERVICES

Trustee
Wells Fargo Bank National Association
Los Angeles, California

Bond Counsel and Disclosure Counsel
Jones Hall, a Professional Law Corporation
San Francisco, California

Successor Agency Counsel
Kane, Ballmer & Berkman
San Diego, California

Fiscal Consultant
Fraser & Associates
Roseville, California

Financial Advisor
First Southwest Company
Santa Monica, California

OFFICIAL STATEMENT

$_____*

IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project
2013 Tax Allocation Refunding Bonds

*This Official Statement, including the cover page and appendices hereto, is provided to furnish information in connection with the sale by the Imperial Beach Redevelopment Agency Successor Agency (the "**Successor Agency**"), as successor in interest to the Imperial Beach Redevelopment Agency (the "**Original Agency**"), of its Palm Avenue/Commercial Redevelopment Project, 2013 Tax Allocation Refunding Bonds (the "**Bonds**").*

INTRODUCTION

This Introduction contains a brief summary of certain information contained in this Official Statement; such summaries do not purport to be comprehensive or definitive and are not intended to be complete and are qualified by the more detailed information contained elsewhere in this Official Statement. References to the Bonds are qualified in their entirety by reference to the form of the Bonds included in the Indenture. Copies of the Indenture and other documents described in this Official Statement may be obtained from the Successor Agency as described under the subheading "Other Information" below. Definitions of certain terms used in this Official Statement are set forth in "APPENDIX D – Summary of Certain Provisions of the Indenture."

General

The Bonds are issued according to the terms set forth in the Indenture of Trust, dated as of November 1, 2010 (the "**Series 2010 Indenture**"), by and between the Original Agency and Wells Fargo Bank, National Association (the "**Trustee**"), as supplemented by a First Supplemental Indenture of Trust dated _____ 1, 2013 (the "**First Supplemental Indenture**" and together with the Series 2010 Indenture, the "**Indenture**"), and in accordance with Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "**Refunding Law**"), Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code enacted by Assembly Bill X1 26 ("**AB X1 26**"), as amended on June 27, 2012 by Assembly Bill No. 1484 ("**AB 1484**"), enacted as Chapter 26, Statutes of 2012 (AB X1 26 and AB 1484 are collectively referred to herein as the "**Dissolution Act**"), and the Constitution and other applicable laws of the State of California (the "**State**"). The issuance of the Bonds was approved by Resolution No. _____ adopted by the Successor Agency on _____, 2013 (the **"Resolution**"), and by Resolution No. _____ adopted by the Oversight Board for the Issuer on _____, 2013 (the "**Oversight Board Resolution**"). See "THE BONDS – Authority for Issuance."

* *Preliminary, subject to change.*

Proceeds from the sale of the Bonds will be used to prepay two loan agreements entered into in 2003 by the Original Agency in connection with the issuance by the Imperial

Beach Financing Authority (the "**Authority**") of its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "**2003 Bonds**") to finance redevelopment projects.

The City and the Successor Agency

The City. The City of Imperial Beach (the "**City**"), the most southwesterly city in the continental United States, is located in San Diego County (the "**County**"). The City was incorporated in 1956, and now contains approximately 4.5 square miles in total area. The City population was estimated to be 26,496 as of January 1, 2013. For certain information with respect to the City, see Appendix C "GENERAL INFORMATION ABOUT THE CITY AND SAN DIEGO COUNTY."

The Original Agency. The Imperial Beach Redevelopment Agency (the "**Original Agency**") was a redevelopment agency with all of the powers vested in such organizations under provisions of the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the Health and Safety Code of the State (the "**Redevelopment Law**"). The City Council of the City was the governing board of the Original Agency.

Dissolution Act. On June 29, 2011, AB X1 26 was enacted together with a companion bill, Assembly Bill No. X1 27 ("**AB X1 27**") as part of the 2011 State Budget Act. The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.*, 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Original Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by AB 1484, enacted as Chapter 26, Statutes of 2012 (AB X1 26 and AB 1484 are herein referred to as the "**Dissolution Act**").

As a consequence of the *Matosantos* decision all redevelopment agencies, in the State, including the Original Agency, dissolved by operation of law on February 1, 2012. All property tax revenues that would have been allocated to redevelopment agencies are now allocated to the applicable redevelopment property tax trust fund created by the county auditor-controller for the "successor agency." Such funds are to be used for payments on indebtedness and other "enforceable obligations" (as defined in the Dissolution Act), and to pay certain administrative costs and any amounts in excess of that amount are to be considered property taxes that will be distributed to taxing agencies. In addition, under the Dissolution Act tax increment is no longer deemed to flow directly to the successor agency. Further, the Dissolution Act is interpreted to no longer require successor agencies to deposit a portion of the tax increment into a low and moderate income housing fund. Rather, all funds are considered property taxes.

Successor Agency. Pursuant to Section 34173 of the Dissolution Act, on January 5, 2012, the City Council of the City of Imperial Beach adopted Resolution No. 2012-7136 electing for the City to serve as the successor agency to the Original Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity and legal entity from the City, that the two entities shall not merge, and that the liabilities of the Original Agency will not be transferred to the City nor will the assets of the Original Agency become assets of the City. The Dissolution Act also requires an oversight board for each successor agency to be established, and pursuant thereto the Successor Agency duly established the Oversight Board of the Imperial Beach Redevelopment Agency Successor Agency (the **"Oversight Board"**) pursuant to California Health and Safety Code Section 34179(a). Under the Dissolution Act, many actions of the Successor Agency, including issuance of the Bonds, are subject to approval by the Oversight Board, and many actions of the Oversight Board are subject to review or approval by the State of California Department of Finance (the **"Department of Finance"**).

The Project Area

The Redevelopment Plan for the Palm Avenue/Commercial Redevelopment Project (the "**Project Area**") was originally adopted on February 7, 1996 by Ordinance No. 96-901. The Project Area was amended in July 2001 by Ordinance No. 01-970 to add territory (referred to as the Amendment Area). In December 2006, the Redevelopment Plan was again amended pursuant to Ordinance 2006-1050. That amendment: 1) clarified that there is one bonded indebtedness limit for the Project Area of $120 million; 2) that tax increment from the combined Project Area could be used to repay debt; and, 3) to extend certain time limits as allowed by the Redevelopment Law. A final amendment to the Redevelopment Plan was completed in March 2008 by Ordinance No. 2008-1066 that extended the time to acquire property through eminent domain in the Original Area by 12 years. See "THE PROJECT AREA" herein.

The Bonds

The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. Interest on the Bonds will be payable semi-annually on each June 1 and December 1, commencing _____. Principal of and interest on the Bonds are payable by the Trustee to DTC which will be responsible for remitting such principal and interest to the Participants which will in turn be responsible for remitting such principal and interest to the beneficial owners of the Bonds. No physical distribution of the Bonds will be made to the public initially. See "THE BONDS - Book-Entry System" herein.

The Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE BONDS - Redemption" herein.

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

Under the Dissolution Act tax increment is no longer deemed to flow directly to the successor agency. Further, the Dissolution Act is interpreted to no longer require successor agencies to deposit a portion of the tax increment into a low and moderate income housing fund. Rather, all funds are considered property taxes. Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described under the Redevelopment Law and Dissolution Act. See “RISK FACTORS.”

The Dissolution Act authorizes the issuance of refunding bonds, including the Bonds, to be secured by a pledge of, and lien on, Tax Revenues created by the Indenture, but subject to the provisions of the Dissolution Act which modify the composition and flow of Tax Revenues as described in the Series 2010 Indenture. The Bonds are further secured by a pledge and lien created by Section 34177.5(g) of the Dissolution Act on monies deposited from time to time in a Redevelopment Property Tax Trust Fund (described herein) held by a county auditor-controller with respect to the Successor Agency, which are equivalent to the tax increment revenues that were formerly allocated under the Redevelopment Law to the redevelopment agency and formerly authorized under the Redevelopment Law to be used for the financing of redevelopment projects. **DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE COUNTY AUDITOR INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND.** See “SECURITY FOR THE BONDS.”

Security for the Bonds

Pursuant to the Dissolution Act, the Bonds shall have the same lien priority as the pledge of the 2003 Loan Agreements for payment of the Prior Bonds and shall be valid, binding and enforceable in accordance with their terms. Additionally, the pledge and lien securing the Bonds is a parity pledge with the Original Agency’s 2010 Bonds, described herein, provided however, that payments to taxing entities under Tax Sharing Statutes (described herein) have been subordinated to the obligation to pay the 2010 Bonds but have not been subordinated with respect to the Bonds.

Section 33177.5(g) of the Dissolution Act provides that bonds authorized thereunder to be issued by a successor agency are secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act are taxes allocated to the agency pursuant to the provisions of the Redevelopment Law and the State Constitution which provided for the allocation of tax increment revenues under the

Redevelopment Law. Moneys deposited into the Redevelopment Property Tax Trust Fund include funds formerly required to be deposited into a former redevelopment agency's Low and Moderate Income Housing Fund, however the Successor Agency makes no assurance as to the availability of the former housing moneys to pay principal or interest on the Bonds under the Dissolution Act. See "SECURITY FOR THE BONDS - Pledge of Tax Revenues." Investors should assume that the Bonds are secured by and payable solely from the Tax Revenues and moneys in the Special Fund, as described herein.

The Dissolution Act requires the San Diego County Auditor-Controller (the "**County Auditor-Controller**") to determine the amount of property taxes that would have been allocated to the Original Agency from the Project Area had the Original Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for semi-annual transfer to the Successor Agency of an amount sufficient to pay the Successor Agency's enforceable obligations shown on a semi-annually prepared Recognized Obligation Payment Schedule submitted by the Successor Agency to the Oversight Board and the Department of Finance for approval. Upon approval and transfer, such transfer to the Successor Agency is required to be deposited in a Redevelopment Obligation Retirement Fund (the "**Redevelopment Obligation Retirement Fund**") established and held by the Successor Agency pursuant to Section 34170.5(a) of the Dissolution Act, from which moneys for the payment of the Successor Agency's enforceable obligations are derived. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules."

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Original Agency, with the same lien priority and legal effect as if the bonds had been issued prior to effective date of AB X1 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and are to be included on the Successor Agency's Recognized Obligation Payment Schedules.

In 2010, the Original Agency issued its $21,595,000 aggregate principal amount of Palm Avenue/Commercial Redevelopment Project Tax Allocation Bonds, 2010 Tax Allocation Bonds, currently outstanding in the aggregate principal amount of $21,465,000 (the **"2010 Bonds"**). The Bonds are secured by and payable from Tax Revenues described herein, on a parity basis with the 2010 Bonds, provided however, that payments to taxing entities under Tax Sharing Statutes (described herein) have been subordinated to the obligation to pay the 2010 Bonds but have not been subordinated with respect to payment of the Bonds. See "SECURITY FOR THE BONDS - Pledge of Tax Revenues."

Tax Revenues are defined in the Indenture using pre-Dissolution Act terminology, but remain moneys to be derived from the Project Area as described herein, all of the moneys in the Special Fund (established under the Indenture) and now held as a subaccount of the Redevelopment Obligation Retirement Fund, and all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Reserve Account, and the Redemption Account therein) established and held by the Trustee under the Indenture, all as more fully set forth in the Indenture. Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, to the extent they constitute Tax Revenues, as described herein and now subject to the Dissolution Act, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2

and June 1 of each year to the extent required for payments listed in the Successor Agency's Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "SECURITY FOR THE BONDS"

Limited Obligation

The Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, on a parity basis with the 2010 Bonds from Tax Revenues and other funds. The Bonds, interest and premium, if any, thereon are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. No member of the Successor Agency, the Oversight Board, the County Board of Supervisors or any person executing the Bonds is liable personally on the Bonds by reason of their issuance.

Reserve Account

The Successor Agency will increase the amount in a Reserve Account established for the 2010 Bonds to an amount equal to the "Reserve Requirement," as defined in the Indenture for the combined Bonds and 2010 Bonds, and the Reserve Account will be available for the benefit of the Bonds and the 2010 Bonds on a parity basis. See "SECURITY FOR THE BONDS-Debt Service Reserve Account."

Bondowners' Risks

Prospective investors should review this Official Statement and the Appendices hereto in their entirety and should consider certain risk factors associated with the purchase of the Bonds, some of which have been summarized in the section herein entitled "BONDOWNERS' RISKS" herein.

Continuing Disclosure

The Successor Agency will covenant, pursuant to a Continuing Disclosure Certificate to be executed on the date of delivery of the Bonds, for the benefit of owners and beneficial owners of the Bonds, to provide certain financial information and operating data related to the Successor Agency by not later than nine months following the end of the Successor Agency's Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Successor Agency with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report and any notices of significant events is summarized below under the caption "CONTINUING DISCLOSURE" herein. A copy of the Continuing Disclosure Certificate is set forth in APPENDIX F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The covenants of the Successor Agency in the Continuing Disclosure Certificate have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Tax Matters

Interest on Bonds is excluded from gross income for federal income tax purposes. In the opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

Professionals Involved in the Offering

The proceedings of the Successor Agency in connection with the issuance of the Bonds are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel to the Successor Agency for the Bonds. Kane, Ballmer & Berkman, San Diego, California is serving as special counsel to the Successor Agency. Wells Fargo Bank, National Association, Los Angeles, California, will act as the Trustee under the Indenture. Fraser & Associates, Roseville, California, serves as Fiscal Consultant to the Successor Agency (the "**Fiscal Consultant**") in connection with the issuance of the Bonds. First Southwest Company, Santa Monica, California is serving as Financial Advisor. The fees of Bond Counsel, Disclosure Counsel and the Trustee are contingent upon the sale and delivery of the Bonds.

Summaries of Documents

Brief descriptions of the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Successor Agency, the Original Agency, the County and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Redevelopment Law, the Bond Law, the Dissolution Act, the Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Original Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References herein to the Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture.

The Fiscal Consultant's Report is contained in Appendix B. Selected information regarding the City and the County is included in Appendix C. A summary of certain provisions of the Indenture is contained in Appendix D. The proposed form of Bond Counsel's legal opinion for the Bonds is set forth in Appendix E. The proposed form of Continuing Disclosure Certificate is included in Appendix F.

All capitalized terms used in this Official Statement and not normally capitalized have the meanings assigned to them in the Indenture, unless otherwise stated in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in APPENDIX D – "Summary of Certain Provisions of the Indenture."

Other Information

This Official Statement speaks only as of its date and the information contained herein is subject to change without notice. Copies of documents referred to herein are available from the Successor Agency upon written request to the Imperial Beach Redevelopment Agency Successor Agency, 825 Imperial Beach Boulevard, Imperial Beach, CA 91932, Attention: Deputy Director. The Successor Agency may impose a charge for copying, mailing and handling expenses related to any request for documents.

REFUNDING PLAN

The Refunding

The Original Agency is obligated to pay the original amount of $19,375,000 under two Loan Agreements (the "**2003 Loan Agreements**") entered into in connection with the issuance by the Authority of its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "**2003 Authority Bonds**") pursuant to an Indenture of Trust dated as of November 1, 2003 (the "**2003 Indenture**") by and between the Authority and the Trustee for the purpose of financing programs, projects and activities relating to the Original Agency's Project Area.

Upon issuance of the Bonds, the Successor Agency will deliver the net proceeds of the Bonds to the Trustee, for deposit in an escrow subaccount (the "**Escrow Subaccount**") pursuant to Irrevocable Refunding Instructions given to the Trustee. On _____, 2013, the Trustee will redeem the 2003 Authority Bonds, at a price equal to the principal amount of the 2003 Authority Bonds to be redeemed plus interest accrued to the redemption date, whereupon the obligations of the Authority for defeasance of the 2003 Authority Bonds will be met and the obligations of the Original Agency for payments due under the 2003 Loan Agreements will be satisfied.

On _____, 2013, following the payment and redemption described above and payment of any amounts then owed to the Trustee, the Trustee shall withdraw any amounts remaining on deposit in the Escrow Subaccount and transfer such amounts to the Debt Service Fund established under the Indenture to be used for the purpose of paying interest on the Bonds.

Estimated Sources and Uses

The anticipated sources and uses of funds from the sale of the Bonds and other available moneys are estimated to be applied as follows:

TABLE 1
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT
2013 Tax Allocation Refunding Bonds

Sources of Funds	
Par Amount of Bonds	
Less: Net Discount	
Available From 2003 Bonds	
Available From Successor Agency	
Total Sources	
Uses of Funds	
Deposit to Escrow Fund	
Deposit to Reserve Account (1)	
Deposit to Costs of Issuance Fund (2)	
Total Uses	

(1) Represents the amount required to cause the balance in the Reserve Account to equal the full amount of the Reserve Requirement, calculated on a parity basis with the 2010 Bonds.
(2) Includes fees of bond counsel, disclosure counsel, financial adviser, fiscal consultant, verification agent, trustee and rating agencies, printing costs and other closing costs.

Debt Service Schedules

The following tables set forth (i) the scheduled annual debt service for the Bonds and (ii) the scheduled annual debt service for the 2010 Bonds.

TABLE 2
2013 Tax Allocation Refunding Bonds
Debt Service Schedule

Payment Date	Bonds Principal	Bonds Interest	Total Bonds Debt Service
June 1, 2014			
December 1, 2014			
June 1, 2015			
December 1, 2015			
June 1, 2016			
December 1, 2016			
June 1, 2017			
December 1, 2017			
June 1, 2018			
December 1, 2018			
June 1, 2019			
December 1, 2019			
June 1, 2020			
December 1, 2020			
June 1, 2021			
December 1, 2021			
June 1, 2022			
December 1, 2022			
June 1, 2023			
December 1, 2023			
June 1, 2024			
December 1, 2024			
June 1, 2025			
December 1, 2025			
June 1, 2026			
December 1, 2026			
June 1, 2027			
December 1, 2027			
June 1, 2028			
December 1, 2028			
June 1, 2029			
December 1, 2029			
June 1, 2030			
December 1, 2030			
June 1, 2031			
December 1, 2031			
June 1, 2032			
December 1, 2032			
June 1, 2033			
December 1, 2033			
June 1, 2034			
December 1, 2034			
June 1, 2035			
December 1, 2035			
June 1, 2036			
Total			

TABLE 3
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT
All Parity Bonds
Debt Service Schedule

Bond Year Ending June 1	2010 Bonds Annual Debt Service	Bonds Annual Debt Service	Total Parity Debt Service
2014	$1,274,556.26		
2015	1,272,581.26		
2016	1,275,381.26		
2017	1,277,562.51		
2018	1,278,781.26		
2019	1,278,987.51		
2020	1,278,131.26		
2021	1,286,140.63		
2022	1,283,156.25		
2023	1,279,353.13		
2024	1,289,368.76		
2025	1,282,943.76		
2026	1,284,893.76		
2027	1,290,268.76		
2028	1,289,518.76		
2029	1,292,643.76		
2030	1,294,518.76		
2031	1,295,143.76		
2032	1,299,393.76		
2033	1,302,143.76		
2034	2,429,518.76		
2035	2,430,018.76		
2036	2,429,687.51		
2037	2,428,212.51		
2038	2,426,484.38		
2039	2,429,118.75		
2040	2,430,731.25		
Total	$42,709,240.85		

THE BONDS

Authority for Issuance

The Bonds were authorized for issuance pursuant to the Indenture, the Redevelopment Law, the Bond Law, and the Dissolution Act. The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to a Resolution adopted on _____, 2013 (the "**Resolution**"), and by the Oversight Board for the Successor Agency pursuant to a Resolution adopted on _____, 2013 (the "**Oversight Board Resolution**").

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the Department of Finance, which requested a review of the Oversight Board Resolution. The Department of Finance provided a letter dated _____, 2013 to the Successor Agency stating that based on the Department of Finance's review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the Department of Finance. See "APPENDIX H –Department of Finance Approval Letter."

Description

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. The Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. The Bonds will be dated as of their date of delivery (the "**Closing Date**") and mature on June 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth on the inside front cover.

Interest on the Bonds accrues from the Closing Date and is payable semiannually on June 1 and December 1 of each year (each, an "Interest Payment Date") commencing _____ 1, 2014.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless: (i) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date; (ii) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or (iii) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Principal, premium, if any, and interest on the Bonds are payable by the Trustee to DTC, which is obligated in turn to remit such amounts to DTC Participants for subsequent disbursement to Beneficial Owners of the Bonds. See APPENDIX G - "DTC and the Book-Entry System".

Redemption

Optional Redemption. The Bonds maturing on or before June 1, 20__ are not subject to redemption before their stated maturity. The Bonds maturing on or after June 1, 20__ are subject to redemption prior to maturity, at the option of the Successor Agency, in whole or in part among maturities on such basis as designated by the Successor Agency and by lot within a maturity, from any available source of funds, on June 1, 20__, and on any date thereafter, at a redemption price equal to the principal amount to be redeemed, without premium, plus accrued interest thereon to the date of redemption.

Mandatory Sinking Fund Redemption. Term Bonds maturing on June 1, 20__, and June 1, 20__, shall also be subject to mandatory sinking fund redemption prior to their respective stated maturities, in part, by lot, from mandatory sinking fund payments set aside in the Principal Account, in the following amounts and on the following dates, at the principal amount thereof, without premium:

Term Bonds Maturing June 1, _____

Mandatory Redemption Date (June 1)	Principal Amount To Be Redeemed

Term Bonds Maturing June 1, _____

Sinking Account Redemption Date (June 1)	Principal Amount To Be Redeemed

Notwithstanding the above, if some but not all of the Term Bonds have been redeemed pursuant to optional redemption the total amount of all future sinking account payments shall be reduced by the aggregate principal amount of Bonds so redeemed, to be allocated among such sinking account payment pro rata in integral multiples of $5,000 as determined by the Successor Agency.

General Redemption Provisions

Purchase in Lieu of Redemption. In lieu of redemption of any Term Bond, amounts on deposit in the Debt Service Fund or in the Sinking Account of the Debt Service Fund may also be used and withdrawn by the Trustee at any time, upon the written request of the Successor Agency pursuant to the terms of the Indenture, for the purchase of such Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges, but excluding interest, which is payable from the Interest Fund) as the Successor Agency may in its discretion determine, but not in excess of the principal amount thereof plus accrued interest to the purchase date.

Notice of Redemption. The Trustee will mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least 30 but not more than 60 days prior to the date fixed for redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon.

Such notice will include the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the Bond numbers (if less than all Bonds of a maturity are to be redeemed) and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and must require that such Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

The Successor Agency has the right to rescind any notice of the optional redemption of Bonds by written notice to the Trustee on or prior to the date fixed for redemption. Any notice of redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default.

Selection of Bonds for Redemption. When less than all the Outstanding Bonds of a series maturing on any one date are called for redemption at any one time, the Successor Agency will select the Bonds to be redeemed by lot in any manner which the Successor Agency in its sole discretion deems appropriate. For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Partial Redemption. If only a portion of any Bond is called for redemption, then upon surrender of such Bond the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new bond or bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption have been duly provided, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the

right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Transfer and Exchange. *So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix G" below.* Any Bond may, in accordance with its terms, be transferred, upon the registration books of the Trustee, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond shall be surrendered for registration of transfer, the Successor Agency shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denomination. The Trustee may refuse to transfer, either (a) any Bonds during the period fifteen (15) days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

Discontinuance of Book-Entry System

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the Successor Agency or the Trustee and discharging its responsibilities with respect thereto under applicable law or the Successor Agency may terminate participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the Successor Agency will execute, and the Trustee will authenticate and make available for delivery, replacement Bonds in the form of registered bonds. In addition, the following provisions would apply: the principal of and redemption premium, if any, on the Bonds will be payable at the corporate trust office of the Trustee in Los Angeles, California (or such other office as the Trustee may designate), and interest on the Bonds will be payable by check mailed to the registered owner as of the close of business on the Record Date.

SECURITY FOR THE BONDS

On June 29, 2011, Assembly Bill No. X1 26 ("**AB X1 26**") was enacted together with a companion bill, Assembly Bill No. X1 27 ("**AB X1 2**7"). The provisions of AB X1 26 provided for the dissolution of all redevelopment agencies. The provisions of AB X1 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al*., 53 Cal. 4th 231 (Cal. Dec. 29, 2011), challenging the constitutionality of AB X1 26 and AB X1 27. The California Supreme Court largely upheld AB X1 26, invalidated AB X1 27, and held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of AB X1 26 and the decision of the California Supreme Court in the California Redevelopment Association case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Original Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB X1 26 relating to the dissolution and wind down of former redevelopment agency affairs are Parts 1.8 (commencing with Section 34161) and 1.85 (commencing with Section 34170) of Division 24 of the Health and Safety Code of the State, as

amended on June 27, 2012 by Assembly Bill No. 1484 ("**AB 1484**"), enacted as Chapter 26, Statutes of 2012 ((AB X1 26 and AB 1484 are herein referred to as the "**Dissolution Act**").

Tax Allocation Financing

Prior to the enactment of AB X1 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopts the redevelopment plan becomes the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies thereafter received that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of agency obligations, as was done with respect to the 2010 Bonds pursuant to the Indenture.

The Dissolution Act authorizes refunding bonds, including the Bonds, to be secured by a pledge of moneys, less amounts deducted pursuant to Section 34183(a) of the Dissolution Act for permitted administrative costs of the county auditor-controller and less tax sharing obligations (to the extent applicable), which would have been tax increment prior to the Dissolution Act, to be deposited from time to time in a Redevelopment Property Tax Trust Fund held by a county auditor-controller for each successor agency (the "**Redevelopment Property Tax Trust Fund**"), to be used for the payment of approved enforceable obligations of such former redevelopment agency. Successor agencies have no power to levy property taxes and must look specifically to the allocation of taxes as described below.

DISCUSSIONS HEREIN REGARDING TAX INCREMENT REVENUES NOW REFER TO THOSE MONEYS DEPOSITED BY THE SAN DIEGO COUNTY AUDITOR INTO THE REDEVELOPMENT PROPERTY TAX TRUST FUND HELD BY THE COUNTY FOR THE SUCCESSOR AGENCY.

Allocation of Taxes

Segregation of Tax increment Under the Dissolution Act. Prior to the Dissolution Act, pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Project Area each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "**taxing agencies**") after the effective date of the ordinance approving the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Project Area, as applicable, were to be divided as follows:

(a) <u>To Taxing Agencies</u>: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Project Area, as applicable (each,

a "**base year valuation**"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Redevelopment Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 (however Section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date) for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within the Plan Limit, when collected, to be paid into a special fund of the redevelopment agency. Section 34172 of the Dissolution Act now provides that, for purposes of Section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the dissolved redevelopment agency to pay the debt service on indebtedness incurred by the Original Agency or the Successor Agency to finance or refinance the redevelopment projects of the Original Agency.

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Original Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Original Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act further provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Successor Agency, with the same lien priority and legal effect as if the bonds had been issued by the Original Agency prior to the effective date of AB X1 26, in full conformity with the applicable provision of the Redevelopment Law that existed prior to that date, and are to be included on each of the Successor Agency's Recognized Obligation Payment Schedule (see "Recognized Obligation Payment Schedules" below).

Section 33177.5(g) of the Dissolution Act provides that bonds authorized thereunder to be issued by a successor agency are secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund of the Successor Agency held by the County Auditor-Controller, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of Section 33670 of the Redevelopment Law and Section 16 of Article XVI of the State Constitution. See "Pledge of Tax Revenues" below.

Moneys deposited into each successor agency's Redevelopment Property Tax Trust Fund and held by the County Auditor-Controller include funds formerly required to be deposited into a set-aside fund established by each former redevelopment agency for low and moderate income housing. The Dissolution Act is interpreted to no longer requires such a deposit, but uncertainly exists as to the current availability of the former housing moneys to pay principal or interest on the Bonds under the Dissolution Act. See "Pledge of Tax Revenues" below.

Order of Priority of Distributions from Redevelopment Property Tax Trust Fund. As described above, the County Auditor-Controller will deposit property tax increment revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Health and Safety Code, including Health and Safety Code Sections 34182, 34183 and 34170.5(b). The Bonds and the 2010 Bonds are payable from the Tax Revenues to be derived from the Project Area consisting of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund and subsequently transferred to the Successor Agency to pay approved enforceable obligations. Moneys representing Tax Revenues transferred by the County Auditor-Controller to the Successor Agency for deposit into the Successor Agency's Redevelopment Obligation Retirement Fund in amounts necessary to pay debt service payments will first be deposited by the Successor Agency in the Special Fund created under the Indenture and will then be transferred by the Successor Agency to the Trustee for deposit in the Debt Service Fund established under the Indenture and administered by the Trustee in accordance with the Indenture for payment of the Bonds and the 2010 Bonds.

Under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183(a) of the Dissolution Act:

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed on its approved Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii) pursuant to Section 34188, in an amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year.

See "SECURITY FOR THE BONDS – Pledge of Tax Revenues - Statutory Tax Sharing" for information on the impact of tax sharing on the allocation of property tax revenues generated in the Project Area.

Pledge of Tax Revenues

The pledge and lien securing the Bonds is a parity pledge with the Original Agency's 2010 Bonds, described herein, provided however, payments to taxing entities under Tax Sharing Statutes have been subordinated to the obligation to pay the Series 2010 Bonds but have not been subordinated with respect to the Bonds.

Tax Revenues are defined in the Indenture using pre-Dissolution Act terminology, but remain moneys to be derived from the Project Area as described herein, all of the moneys in the Special Fund (established under the Indenture) and now held as a subaccount of the Redevelopment Obligation Retirement Fund, and all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Reserve Account, and the Redemption Account therein) established and held by the Trustee under the Indenture, all as more particularly described below and more fully set forth in the Indenture. Taxes levied on the property within the Project Area on that portion of the taxable valuation over and above the taxable valuation of the applicable base year property tax roll with respect to the various territories within the Project Area, to the extent they constitute Tax Revenues, as described herein and now subject to the Dissolution Act, will be deposited in the Redevelopment Property Tax Trust Fund for transfer by the County Auditor-Controller to the Successor Agency's Redevelopment Obligation Retirement Fund on January 2 and June 1 of each year to the extent required for payments listed on the Successor Agency's approved Recognized Obligation Payment Schedule in accordance with the requirements of the Dissolution Act. See "Recognized Obligation Payment Schedules" below.

Section 34177.5(g) of the Dissolution Act provides that bonds, such as the Bonds and the 2010 Bonds:

> "…shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the [Redevelopment Law] that existed prior to that date…and shall be secured by a pledge of and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund…"

On a parity basis with the 2010 Bonds, the Bonds are payable from and secured by the pledge described above, as well as by an irrevocable first pledge and lien, on a parity basis with the 2010 Bonds, on all of the moneys in the Debt Service Fund (including the Interest Account, the Principal Account, the Reserve Account, and the Redemption Account therein) established and held by the Trustee in trust for the Bondowners under the Indenture.

The Bonds, interest thereon and premium, if any, are not a debt of the City, the State of California or any political subdivision thereof (other than the Successor Agency), and neither the City, the State nor any political subdivision thereof (other than the Successor Agency) is liable thereon.

Under the Series 2010 Indenture, the term "Tax Revenues" was defined using pre-Dissolution Act terminology, as follows:

> "…those taxes paid to the Agency with respect to the Redevelopment Project pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of

> Article XVI of the Constitution of the State, or pursuant to other applicable State law, and as provided in the Redevelopment Plan, and (b) reimbursements, subventions (but excluding payments to the [Original] Agency with respect to personal non-taxable property within the Redevelopment Project pursuant to Section 16110, et seq., of the Government Code of the State), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes; including that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 or 33334.6 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Redevelopment Project, but excluding all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the [Original] Agency pursuant to Section 33334.3 of the Redevelopment Law and all amounts (if any) required to be paid pursuant to Tax Sharing Statutes, unless subordinated to the payment of the Bonds and any other applicable issue of Parity Debt.

Payments to taxing entities under Tax Sharing Statutes have been subordinated to the obligation to pay the Series 2010 Bonds but have not been subordinated with respect to the Bonds. See "Statutory Tax Sharing" below.

Under the First Supplemental Indenture, the definition of Tax Revenues as defined in the Series 2010 Indenture is converted to become the definition of "Prior Tax Revenues" and the term "**Tax Revenues**" is redefined to facilitate Dissolution Act terminology and provide for changes in law, as follows:

> "… all taxes that were eligible for allocation to the Original Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are paid to the Successor Agency for deposit into the Special Fund of the Redevelopment Obligation Retirement Fund, plus, as to Tax Revenues available for payment of the Series 2010 Bonds, amounts of such taxes required to be paid pursuant to Tax Sharing Statutes but subordinated to the Series 2010 Bonds. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions of the Dissolution Act, provisions of the Redevelopment Law or the equivalent shall become applicable to the Bonds, then the term "Tax Revenues" shall mean the Prior Tax Revenues.

Housing Set-Aside. Moneys deposited into each successor agency's Redevelopment Property Tax Trust Fund include funds formerly required to be deposited into a set-aside fund established by each former redevelopment agency for low and moderate income housing. However, Section 33177.5(g) of the Dissolution Act provides that the Bonds shall "be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund," which deposited moneys now include money which would have been the housing set-aside prior to the Dissolution Act. The Dissolution Act is

interpreted to no longer require such a deposit, but the definition of Tax Revenues pledged for payment of the Bonds and the 2010 Bonds contained in the Indenture includes the housing set-aside to the extent a portion of the proceeds of the Bonds were deposited into the Original Agency's Low and Moderate Income Housing Fund. None of the proceeds of the 2010 Bonds were used for low and moderate income housing purposes; however 25% of the proceeds of the 2003 Loans were used for such purposes. As such, the Original Agency had deposited a portion of its 2003 Loans proceeds into the housing fund; the 2003 Loans obligations are being refunded by the Bonds, so under the definition of Tax Revenues in the Indenture a portion of the former housing set-aside is pledged to repayment of the 2013 Bonds. Nonetheless, due to the uncertainty of the effect of the Dissolution Act on a pledge of a former redevelopment agency's housing set-aside moneys to pay bonds, the Successor Agency makes no assurance as to the availability of the former housing moneys to pay principal or interest on the Bonds. Investors should assume that the Bonds are secured by and payable solely from the Tax Revenues on deposit in the Successor Agency's Redevelopment Property Tax Trust Fund held by the County Auditor-Controller meeting both the requirements of the Indenture and the Dissolution Act, as described herein.

Statutory Tax Sharing. The Redevelopment Law authorized redevelopment agencies to make payments to school districts and other taxing agencies to alleviate any financial burden or detriments to such taxing agencies caused by a redevelopment project. The Original Agency was not allowed to enter into pass-through agreements because of statutory restrictions ("**AB1290**" legislation) imposed based upon the date of formation of the Project Area (post-1993).

Additionally, Sections 33607.5 and 33607.7 of the Redevelopment Law required mandatory tax sharing applicable to redevelopment projects adopted after January 1, 1994, or amended thereafter in certain manners specified in such statutes (the **"Statutory Tax-Sharing Payments"**). For a description of the Statutory Tax-Sharing Payments payable to taxing entities within the Project Area, see "THE PROJECT AREA - Statutory Tax Sharing."

The Dissolution Act requires the county auditor-controller to distribute from the redevelopment property tax trust fund amounts required to be distributed and for statutory pass-through amounts to the taxing entities for each six-month period before amounts are distributed by the County Auditor-Controller from the redevelopment property tax trust fund to the Redevelopment Obligation Retirement Fund of the successor agency on each January 2 and June 1, unless (i) pass-through payment obligations have previously been made subordinate to debt service payments for the bonded indebtedness of the former agency, as succeeded by the successor agency, (ii) the successor agency has reported, no later than the December 1 and May 1 preceding the January 2 or June 1 distribution date, that the total amount available to the successor agency from the redevelopment property tax trust fund allocation to the redevelopment obligation retirement fund of the successor agency, from other funds transferred from the former redevelopment agency, and from funds that have or will become available through asset sales and all redevelopment operations is insufficient to fund the enforceable obligations, pass-through payments of the successor agency, and the administrative cost allowance of the successor agency for the applicable six-month period, and (iii) the State Controller has concurred with the successor agency that there are insufficient funds for such purposes for the applicable six-month period.

The Dissolution Act provides for a procedure by which the successor agency may make Statutory Tax-Sharing Payments subordinate to the Bonds; however, the Successor Agency has determined not to undertake such procedure, and therefore, the Statutory Tax-Sharing

Payments are not subordinate to the Bonds. For the 2010 Bonds, the Original Agency did obtain subordinations of the Statutory Tax-Sharing Payments, accordingly, payments to taxing entities under Tax Sharing Statutes have been subordinated to the obligation to pay the 2010 Bonds but have not been subordinated with respect to the Bonds. See "THE PROJECT AREA - Statutory Tax Sharing." See also APPENDIX B - FISCAL CONSULTANT'S REPORT."

Reserve Account

Under the Indenture, upon issuance of the 2010 Bonds the Trustee established a Reserve Account for the 2010 Bonds. The Indenture provides that after the 2003 Bonds are defeased or no longer outstanding the Successor Agency may elect in a subsequent agreement authorizing the issuance of Parity Debt, that the Reserve Account shall become a reserve for the Bonds and for any such Parity Debt of the Successor Agency. In such case **"Reserve Requirement"** shall mean, as of the date of issuance of any Parity Debt, an amount equal to the lesser of (a) 10% of the original principal amount of the Bonds and other Parity Debt of the Successor Agency, or (b) the maximum annual debt service on the Bonds and other Parity Debt of the Successor Agency coming due and payable in the current or any future Bond Year, or (c) 125% of average annual Bond Year Debt Service on the Bonds and other Parity Debt of the Successor Agency. Pursuant to the Indenture, the Agency has elected that the Reserve Account will be designated as a parity reserve to be held by the Trustee in trust for the benefit of the owners of the Bonds, the 2010 Bonds and any other Parity Debt. The amount on deposit in the Reserve Account will be maintained at an amount equal to the Reserve Requirement, calculated on a combined basis for the Bonds and the 2010 Bonds. .]]]

If immediately prior to any Interest Payment Date the Trustee holds insufficient moneys to pay the principal and interest due on the Bonds and 2010 Bonds on such Interest Payment Date, the Trustee shall withdraw from the Reserve Account, to the extent of available funds therein, and transfer to the Debt Service Fund an amount required to cause the balance in the Debt Service Fund and the accounts therein to equal the amount needed to pay principal of and interest on the Bonds and 2010 Bonds coming due and payable on such Interest Payment Date. The Reserve Account is replenished only from Tax Revenues and the Successor Agency and the City have no liability to replenish it from other funds. See "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE" in Appendix D.

Additional Debt

Existing Parity Debt. On November 18, 2010 the Authority issued $21,595,000 2010 Tax Allocation Bonds (Palm Avenue/Commercial Redevelopment Project) (the "**2010 Bonds**"). The 2010 Bonds, which are currently outstanding in the aggregate principal amount of $21,465,000, are secured by Tax Revenues on a parity basis with the Bonds.

Future Parity Debt. The Indenture allows for the issuance of other loans, advances, or indebtedness payable from Tax Revenues on parity with the Bonds and 2010 Bonds; however the Agency has no enforceable obligations outstanding which require the issuance of bonds and due to limitations imposed by the Dissolution Act it is unlikely any new obligations other than refunding obligations would be approved by the Oversight Board and Department of Finance.

Refunding Obligations. The Successor Agency may issue or incur other loans, advances, or indebtedness payable from Tax Revenues to refund other Original Agency obligations, provided that (a) the Successor Agency complies with the requirements of Health

and Safety Code section 34177.5 and (b) the Successor Agency complies with the provisions of the Indenture regarding the issuance of Parity Debt (as defined in the Indenture).

Limited Obligation

The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency are liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personally liable for the payment of the principal of or interest or redemption premium (if any) on the Bonds; but nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

Recognized Obligation Payment Schedules

Submission of Recognized Obligation Payment Schedule. Not less than 90 days prior to each to each January 2 and June 1, the Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule (the "**Recognized Obligation Payment Schedule**") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Payment of Amounts Listed on the Recognized Obligation Payment Schedule. As defined in the Dissolution Act, "**enforceable obligation**" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency, payments required by the federal government, obligations imposed by State law, or any legally binding and enforceable agreement that is not otherwise void as violating the debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the former redevelopment agency's low and moderate income housing fund.

Creation or maintenance of a reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by the bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year. In the First Supplemental Indenture the Successor Agency covenants that it will place on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest under the Indenture when the next property tax allocation is projected to be insufficient to pay all obligations due under the Indenture and for the next payment due thereunder and hereunder in the following six-month period.

Sources of Payments for Enforceable Obligations. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than $250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues of the former redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

Failure to Submit a Recognized Obligation Payment Schedule. The Recognized Obligation Payment Schedule must be approved by the oversight board and must be submitted by a successor agency to the county auditor-controller and the Department of Finance by 90 days before the date of the next January 2 or June 1 property tax distribution. If the successor agency does not submit a Recognized Obligation Payment Schedule by the applicable deadline, the Successor Agency may not receive the property tax revenues that it otherwise would have received and the city that established the former redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the Department of Finance. Additionally, the successor agency's administrative cost allowance is reduced by 25% if the successor agency did not submit a Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for the subsequent six-month period. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications thereof on the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

Final and Conclusive Determination by Department of Finance. Health and Safety Code Section 34177.5(i) permits a successor agency to petition the Department of Finance to provide written confirmation that its determination of the enforceable obligations of the successor agency that provide for an irrevocable commitment of property tax revenue over time as approved in a Recognized Obligation Payment Schedule is final and conclusive, and reflects the approval by the Department of Finance of subsequent payments made pursuant to the enforceable obligations. If the confirmation is granted, then the review by the Department of Finance of such payments in future Recognized Obligation Payment Schedules is limited to confirming that they are required by the prior enforceable obligations.

In a letter to the Successor Agency dated _____, 2013, the Department of Finance stated that based on its review and application of the law, the Oversight Board Resolution was approved and that should the requirements of Health and Safety Code Section 34177.5(i) be satisfied in due course following the delivery of the Bonds, the Department of Finance will issue a letter with respect to the Bonds confirming the determination by the Department of Finance that the Bonds as approved in a Recognized Obligation Payment Schedule is final and conclusive and reflects approval of subsequent payments made pursuant to the Refunding Bonds, provided the conditions described in such letter are satisfied.

In addition, pursuant to the First Supplemental Indenture, the Successor Agency covenants to petition the Department of Finance to confirm that its determination that the Refunding Bonds constitute enforceable obligations is final and conclusive.

Relevant Covenant by the Successor Agency. In this regard, the Successor Agency covenants in the First Supplemental Indenture that it will comply with all requirements of the Redevelopment Law and the Dissolution Act to insure the allocation and payment to it of the Tax Revenues for payment of enforceable obligations, including without limitation the timely filing of its Recognized Obligation Payment Schedule with appropriate officials of the County, the Oversight Board, and the State. The Successor Agency shall not enter into any agreement with any other governmental unit, or amend any such agreement, if such agreement or amendment would have the effect of causing the amount of Tax Revenues available to the Successor Agency for payment of the Bonds to be insufficient to meet debt service on the Bonds and the 2010 Bonds, unless in the written opinion of an Independent Redevelopment Consultant is filed with the Trustee to the effect that such agreement or amendment will not adversely affect the security granted to the Bond Owners.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds (see “RISK FACTORS”).

Statement of Indebtedness. Prior to adoption of the Dissolution Act, Section 33675 of the Redevelopment Law required the Original Agency to file not later than the first day of October of each year with the County Auditor-Controller a statement of indebtedness certified by the chief fiscal officer of the Original Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Redevelopment Plan). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Original Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Original Agency could not exceed the amounts shown on the Original Agency’s statement of indebtedness. The Dissolution Act eliminates this requirement and provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and commencing from such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law.

THE SUCCESSOR AGENCY

The Dissolution Act dissolved the Original Agency as of February 1, 2012. Pursuant to Section 34173 of the Dissolution Act, on January 5, 2012, the City Council adopted Resolution No. 2012-7136 electing for the City to serve as the Successor Agency to the Original Agency upon the dissolution of the Original Agency. Subdivision (g) of Section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Original Agency will not be transferred to the City nor will the assets of the Original Agency become assets of the City.

Under AB X1 26 the Successor Agency is obligated to perform certain powers and duties, including but not limited to, making payments and performing obligations required by enforceable obligations and expeditiously winding down the affairs of the Original Agency.

AB X1 26 also requires that there shall be an oversight board ("**Oversight Board**") established for each of the former California redevelopment agency's successor agencies. The Oversight Board supervises the activities of the Successor Agency and the wind down of the dissolved redevelopment agency's affairs pursuant to AB X1 26. It approves certain actions of the Successor Agency and provides direction to the Successor Agency. It has a fiduciary responsibility to holders of enforceable obligations and taxing entities that benefit from the distributions of property tax and other revenues of the Successor Agency. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the Department of Finance. California has strict laws regarding public meetings (known as the Ralph M. Brown Act), which generally make all Successor Agency and Oversight Board meetings open to the public in similar manner as City Council meetings.

THE PROJECT AREA

Fiscal Consultant

In connection with the issuance of the Bonds, the Successor Agency has engaged Fraser & Associates, Roseville, California (the "Fiscal Consultant") to prepare a Fiscal Consultant Report dated _____ 2013. See "APPENDIX B – FISCAL CONSULTANT'S REPORT".

Map of the Project Area

The following map shows the boundaries of the Project Area.

[INSERT PROJECT AREA MAP]

The Redevelopment Plan

The Redevelopment Plan for the Project Area was originally adopted on February 7, 1996 by Ordinance No. 96-901 (referred to as the Original Area). The Project Area was amended in July 2001 by Ordinance No. 01-970 to add territory (referred to as the Amendment Area). Because a portion of land in the Amendment Area is in the City of San Diego, the San Diego City Council approved Ordinance No. 00-18971 on August 7, 2001 authorizing the Original Agency to undertake redevelopment activities in that area. Three additional amendments were made to the Redevelopment Plan between 2001 and 2010 that clarified certain issues in regard to the Original Agency's time and financial limits. Those limits are shown in the chart below: The Redevelopment Plan limits as amended are summarized below:

	Original Area	Amendment Area
Debt Establishment	02/07/2016	07/18/2021
Plan Effectiveness	02/07/2027	07/18/2032
Debt Repayment	02/07/2042	07/18/2047
Bonded Debt Limit	$120 million combined	

For more information on Redevelopment Plan limitations, see "APPENDIX B – FISCAL CONSULTANT'S REPORT."

The Project Area

General. The Project Area consists of approximately 1,377 gross acres, comprising slightly in excess of 2 square miles of land. Of this, 250 acres are in the Original Area and 1,125 acres are in the Amendment Area. The Amendment Area includes approximately 68 acres of land that are outside the boundaries of the City and within the City of San Diego.

Land Use. The Original Area includes a mix of commercial and residential uses, including the major commercial areas in the City. The Amendment Area is predominately residential. The table below summarizes land use, as shown on the County Assessor's tax roll, within the Project Area for Fiscal Year 2012-13.

TABLE 4
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Land Use Category Summary- 2012-13 Fiscal Year

Total Project Area

	Parcels	Taxable Value	% of Total
Residential	5,538	$1,292,311,474	89.33%
Commercial	169	100,164,632	6.92
Industrial	9	7,245,391	0.50
Vacant Land	107	12,949,555	0.90
Other	94	19,611,972	1.36
Total Secured	5,917	1,432,283,024	99.00%
Unsecured / State Assessed		14,446,374	1.00
Grand Total		$1,446,729,398	100.00%

Source: Fraser & Associates

Assessed Valuation

Tax Revenues to be used for payment of the Bonds are generated from increases in the total assessed value above the base year value. See "SECURITY FOR THE BONDS – Tax Revenues." The method by which a county allocates property taxes and tax increment revenues can have a significant impact on the receipt of such revenues. San Diego County calculates tax increment to the Project Area by applying the current year tax rate to both secured and unsecured incremental taxable values. Redevelopment agencies also receive an allocation of unitary and supplemental property taxes. Supplemental taxes are a result of new construction or changes of ownership after the January 1 lien date.

Assembly Bill 8 ("**AB8**") provided procedures for an equitable allocation of 1% property taxes that would change in proportion with the increase or decrease of assessed values. The basic premise of AB8 is to allocate to each taxing jurisdiction the amount it received in the prior year, plus a share of the change that has occurred in the current year within its boundaries. Tax increment generated from the tax roll is allocated based on the Project Area's AB8 apportionment factor applied to the actual collections of county-wide property tax revenues. Given this, the Successor Agency's receipt of tax increment revenues can be reduced by delinquent property taxes. The Project Area receives a share of prior year delinquent property taxes when they are paid, along with penalties and interest revenue that are due on delinquent taxes. The County also adjusts tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments, based on the Project Area's AB8 factor.

Secured taxable values decreased by 9% or $143.3 million in 2009-10 and 2010-11. Of this amount, the Original Area fell by $13.4 million and the Amendment Area by $129.9 million. The major reason for the decline during the period was due to either residential value reductions under Proposition 8 (see "Appeals of Assessed Values"), or sales of property. There were 721 residential parcels that were reduced under Proposition 8 by $139.1 million through 2011-12, most of which had occurred with the release of the 2010-11 tax roll. In addition, there were 493 residential sales that occurred prior to January 1, 2010 and reduced value by $67.3 million. Value reductions were offset by new investment in the Project Area ($7.2 million) and residential

property that sold at a value higher than the tax roll value ($61.2 million) prior to January 1, 2010.

In 2012-13 and 2013-14, secured taxable values have increased by $74 million. There were a number of changes of ownership which increased value by $43 million. This included the sale of two major properties (Imperial Strand LLC and Mariners Point Holding) that increased secured values by a combined total of $16 million. In 2013-14, the County also began the process of reversing some of the across the board residential Proposition 8 reductions. A total 208 residential parcels were increased in 2013-14 by a total of $19 million, with an average increase per parcels of 34 percent. The balance of growth in the Project Area can be attributed to the annual 2 percent inflations adjustment.

The following table shows the historical taxable values of the Project Area over the past five years. Taxable values have declined over this period by a total of $70.4 million. The reductions largely occurred in 2009-10 and 2010-11. In both 2012-13 and 2013-14, taxable values have increased. The total percentage change over the period was -4.50 percent. The average annual percentage change in values was -0.92 percent.

TABLE 5
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Historic Assessed Value and Incremental Value

Fiscal Year	**Locally-Assessed Secured Value**	Unsecured Value	Total Taxable Value	Percentage **Change**	Total Incremental Value [1]
2009-10	$1,454,824,970	$12,086,846	$1,466,911,816	-6%	$724,219,435
2010-11	1,404,184,578	11,623,445	1,415,808,023	-3	673,115,642
2011-12	1,403,278,841	10,972,967	1,414,251,808	0	671,559,427
2012-13	1,432,283,024	14,446,374	1,446,729,398	2	704,037,017
2013-14	1,478,131,750	14,924,343	1,493,056,093	3	750,363,712

Total Percentage Change: -4.50%
Average Percentage Change: -0.92%

[1] Taxable Value above base year value of $742,692,381.
Source: Fraser & Associates.

For additional information regarding assessed valuation in the Project Area, see the Fiscal Consultant Report in Appendix B.

Distribution of Taxes

As discussed in the subsection "LIMITATIONS ON TAX REVENUES AND POSSIBLE SPENDING LIMITATIONS - Property Tax Rate Limitations - Article XIIIA," the property tax rate applicable within the Project Area is limited by the State Constitution to $1 per $100 of taxable property value plus the rate necessary to service certain indebtedness approved by the voters. Secured taxes are due in two equal installments. Installments of taxes levied upon secured property become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31.

The County Auditor-Controller is responsible for the aggregation of the taxable values assigned by the Assessor as of the January 1st lien date for property within the boundaries of the Project Area. This results in the reported total current year Project Area taxable value and becomes the basis of determining tax increment revenues due to the Successor Agency. Although adjustments to taxable values for property within the Project Area may occur throughout the fiscal year to reflect escaped assessments, roll corrections, etc., such adjustments are not assumed in the tax increment projection shown herein.

Tax increment generated from the tax roll is allocated based on the Project Area's apportionment factor applied to the actual collections of County-wide property tax revenues. The apportionment factor represents the Project Area's tax increment revenue in relation to total Countywide property taxes. Therefore, the Successor Agency's receipt of tax increment revenues can be reduced by delinquent property taxes. The Project Area receives a share of prior year delinquent property taxes when they are paid, along with penalties and interest revenue that are due on delinquent taxes. The County also adjusts tax increment payments for roll corrections, such as refunds of property taxes due to successfully appealed assessments, based on the Project Area's apportionment factor.

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Original Agency (pursuant to subdivision (b) of Section 16 of Article XVI of the State Constitution) had the Original Agency not been dissolved pursuant to the operation of AB X1 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. For information on the allocation of taxes collected to the Successor Agency, see "SECURITY FOR THE BONDS - Allocation of Taxes" above.

The following table shows the tax levy and receipts in the Project Area during fiscal years 2008-09 through 2012-13. For additional information, see the Fiscal Consultant Report in Appendix B.

TABLE 6
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Historic Tax Levy and Receipts

	Levy per County [1]	Tax Increment [2] Receipts Less Supplementals	% of Levy Received	Supplementals	Total Tax Increment Receipts	% of Levy Received
2008-09	$8,225,343	$8,142,393	98.99%	$191,398	$8,333,791	101.32%
2009-10	7,260,905	7,197,522	99.13	79,772	7,277,294	100.23
2010-11	6,763,982	6,624,550	97.94	181,304	6,805,854	100.62
2011-12	6,760,400	6,528,958	96.58	87,116	6,616,074	97.87
2012-13	6,912,127	7,509,458	106.64	N/A	7,509,458	108.64

(1) Initial levy reported by San Diego County.
(2) Receipts per Successor Agency records, inclusive of property tax administrative fees and pass through payments.
Source: Fraser & Associates.

Major Property Owners

The following table lists the ten largest payers of secured property taxes in the Project Area for fiscal year 2013-14. The aggregate assessed value of the top ten property taxpayers accounted for approximately 6.22% of the secured assessed value of the Project Area for 2013-14. The aggregate incremental secured assessed value of the top ten property taxpayers accounted for approximately 12.42% of the secured incremental assessed value of the Project Area for 2013-14.

TABLE 7
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Ten Largest Taxpayers by Assessed Valuation (1)
Fiscal Year 2013-14

Assessee	No. of Parcels	Type of Use	2013-14 Secured Assessed Value(1)	Percent Project Area AV(2)	Percent Incremental AV(2)
Imperial Strand LLC	2	Residential	$16,787,833	1.14%	2.27
Sea Coast Inn	1	Hotel	14,016,704	0.95	1.89
Mariners Point Holdings LLC (3)	1	Residential	12,038,393	0.81	1.63
Kreutzkamp Revocable 2000 Trust 08-17-00	18	Residential	9,789,267	0.66	1.32
D&A Daily Mortgage Fund III LP	9	Residential/Hotel	9,179,665	0.62	1.24
Shurgard-Resco III LLC	1	Industrial	6,779,963	0.46	0.92
1400 13th Street Imperial House Apts LLC (3)	1	Residential	6,500,000	0.44	0.88
Dugan Company LP	15	Residential	6,152,143	0.42	0.83
Apple Blossom Family Ltd Partnership	6	Residential	5,946,480	0.40	0.80
Albertsons LLC LF Imperial Beach Promenade LLC (3)	1	Grocery Store	4,798,675	0.32	0.65
			$91,989,123	6.22%	12.42%

(1) Based on ownership of locally-assessed secured and unsecured property.
(2) Based on 2012-13 Project Area secured taxable value of $1,478,131,750 and secured incremental value of $740,804,770.
(3) Each of these owners has an outstanding assessment appeal.
Source: Fraser & Associates.

Appeals of Assessed Values

Proposition 8 Appeals. Most of the appeals that might be filed in the Project Area would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property shall be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Pursuant to California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Based on information in the Fiscal Consultant's Report, the taxable value for 721 residential parcels (inclusive of both single and multifamily parcels) had been reduced on the 2011-12 tax roll by a total of $139.1 million. The San Diego County Assessor has indicated that most of the Proposition 8 reductions were for properties that were sold or completed construction between 2003 and 2007. In terms of future Proposition 8 reductions, recent sales data indicates that property is selling for more than the value recorded on the current tax roll. The table below shows the recent trends for calendar years 2012 and 2013 through March. See "APPENDIX B – FISCAL CONSULTANT'S REPORT- Section E- Assessment Appeals."

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA. See also "RISK FACTORS – Litigation Regarding 2% Limitation."

Base Year Appeals. A second type of assessment appeal is called a Base Year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

***Current Appeals*.** According to the Fiscal Consultant Report and based on information provided by the County Assessment Appeals Office, the following represent the open Proposition 8 appeals in the Project Area. For more information, see "APPENDIX B - FISCAL CONSULTANT'S REPORT."

TABLE 8
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Summary of Open Appeals [1]

Assessee	2013-14 Value	Estimated Resolved Value [1]	Estimated Value Reduction
Original Project Area			
1400-13Th Street Imperial House	$6,500,000	$4,899,050	$1,600,950
Albertsons Llc Lf Imp. Beach	4,798,675	3,616,761	1,181,914
Arriba Vista Inc	2,400,000	1,808,880	591,120
Irene Kooyers Manning	1,914,327	1,442,828	471,498
Bikeway Village LLC	1,400,000	1,055,180	344,820
Bikeway Village LLC	1,400,000	1,055,180	344,820
John & Mahin Nobel	1,242,924	936,792	306,132
Joel & Anne Marie Tubao Family Trust	1,235,000	930,820	304,181
Fauzi Zora	1,213,246	914,424	298,822
Narinder Makkar	1,170,353	882,095	288,258
G&M Oil Co/George Pearson	1,160,996	875,043	285,953
All Others [2]	7,401,409	5,578,442	1,822,967
Original Area Total	31,836,930	23,995,494	7,841,435
Amended Project Area			
Mariners Point Holdings Llc	12,038,393	9,073,337	2,965,056
William Mundt Trust	3,775,000	2,845,218	929,783
Cox Com, Inc	3,002,964	2,263,334	739,630
Cox Com, Inc	2,856,938	2,153,274	703,664
Arriba Vista Inc	1,655,000	1,247,374	407,627
Southeastern Ca Conf. Of Seventh Day Adv	1,324,357	998,168	326,189
All Others [2]	21,535,018	16,230,943	5,304,075
Amended Area Total	46,187,670	34,811,647	11,376,023
Total	$78,024,600	$58,807,141	$19,217,459

[1] Estimated at 24.6% reduction.
[2] Represents numerous appeals with assessed value of less than $1.0 million.
Source: Fraser & Associates.

As shown above, there are 17 assesses that have outstanding appeals in the Project Area with a taxable value above $1.0 million. Three of the applicants (1400-13th Street Imperial House, Albertsons and Mariners Point Holdings) are part of the Top 10 Assessees list. The Fiscal Consultant has grouped a total of 76 appeals with value at less than $1.0 million, most of which are residential parcels, on the table above. The data provided by the County did not include the applicants requested value reduction. In order to estimate the impact of the appeals, the Fiscal Consultant reviewed recent information on prior success ratios for appeals. Between 2008 and 2011, a total of 441 appeals were filed, with 357 of these resolved. For the resolved appeals, value was reduced by an average of 25%. For purposes of the estimated resolved value shown above, the Fiscal Consultant has assumed that each applicant would receive reductions equal to 24.6% of the tax roll value. For purposes of the tax increment projections

shown on Table 11, taxable value was reduced by $20.2 million in 2014-15 for the estimated impact of appeals. See APPENDIX B - FISCAL CONSULTANT'S REPORT."

Compliance with Laws. The Successor Agency has covenanted in the Indenture to comply with all requirements of law to insure the allocation and payment to it of the necessary Tax Revenues for payment of its enforceable obligations, including without limitation the timely filing of the required Recognized Obligation Payment Schedules.

Low and Moderate Income Housing

Before the Dissolution Act, it was clear that the Redevelopment Law required the Original Agency to set aside not less than 20% of all tax increment generated in the Project Area into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as "**Housing Set-Aside**."

The Dissolution Act is interpreted to eliminate the characterization of certain tax increment revenues as Housing Set-Aside. Although it is not entirely clear from the Dissolution Act, the Successor Agency may no longer be required to make a housing set-aside deposit, yet AB 1484 specifically states that the AB 1290 payments are to be made as if the housing deposit were still being made. For more information on the effect of the former Housing Set-Aside, see "SECURITY FOR THE BONDS - Pledge of Tax Revenues" above.

Affordable Housing Coalition of San Diego County Litigation. On April 25, 2012, a lawsuit was filed against the San Diego County Auditor Controller ("County A-C") and successor agencies to the former redevelopment agencies in the County of San Diego, including the Imperial Beach Redevelopment Agency Successor Agency, captioned *The Affordable Housing Coalition of San Diego County v. Tracy Sandoval, et al.*, Sacramento SC Case No. 34-2012-80001158-CU-WM-GDS. The alleged purpose of the action is to "ensure that AB 1X 26 is implemented in accordance with its provisions and the State Constitution, so as not to impair alleged implied contracts arising from the Redevelopment Law statutes which give rise to affordable housing obligations."

The Affordable Housing Coalition of San Diego County (the "Petitioner") alleges that the municipalities that now serve as successor agencies have failed to: (1) identify their respective redevelopment agencies' past, unmet affordable housing development obligations, and (2) place such projects or needed funds, including deferrals and loans owed to their Low Moderate Income Housing Funds, on their initial Recognized Obligation Payment Schedules ("ROPS") as "enforceable obligations." Petitioner claims that certain provisions of the Redevelopment Law (prior to the Dissolution Act) related to low and moderate income set-asides are obligations imposed by State law which created implied contracts between the State and the former redevelopment agencies, and now the successor agencies, which cannot be impaired and that, unless the ROPS of each successor agency identifies their former redevelopment agency's past, unmet affordable housing obligations for each project area and includes projects to meet them, as well as repayment of all deferrals and loans owed to the Low Moderate Income Housing Funds, AB 26 will have disabled fulfillment of the above referenced obligations imposed by State law and impair the implied contracts arising from the Redevelopment Law's affordable housing statutes. As a result, the action seeks a writ of mandate and declaratory relief from the court to have the alleged enforceable obligations listed on the ROPS and to have the Department of Finance recognize them as such.

The litigation is in its early stages and the Successor Agency has not attempted to quantify the effect on Tax Revenues which could result from a result in favor of the Petitioner. Given the uncertainty of aspects of the current provisions of the Dissolution Act upon the housing set-aside under the Redevelopment Law as it existed prior to the Dissolution Act, the Successor Agency has caused to be prepared Tax Revenue projection tables, shown under the caption "PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE," both with and without consideration of the housing set-aside. In addition, the Successor Agency is of the opinion that any obligations a successful lawsuit would place upon it would be subordinate to bond debt service, given the priority of payments listed in the Dissolution Act. Specifically, Section 34183 (a)(2)(A) states that debt service payments on tax allocation bonds has priority over all other obligations listed on a ROPS.

Senate Bill 1045

Senate Bill 1045 adopted by the Legislature in connection with the State's budget for fiscal year 2003-04 provided that the termination date of redevelopment plans may be extended by one year by reason of its Education Revenue Augmentation Fund (the "**ERAF**") payment that redevelopment agencies were obligated to make under provisions of the 2003-04 budget legislation. The City Council has amended the Redevelopment Plan, in accordance with the Law as amended by Senate Bill 1045, to extend by one year the termination date of the Redevelopment Plan and by extension the last date to repay indebtedness.

Senate Bill 1096

Legislation adopted by Senate Bill 1096 in connection with the State's 2004-05 budget provided that the termination dates and last dates to repay indebtedness of redevelopment plans with less than 20 years remaining may be extended by one year for each of the two ERAF payments that redevelopment agencies were obligated to make under other provisions of the 2004-05 budget legislation. The Project Area is not eligible for such extension due to the 20-year limitation.

Statutory Tax Sharing

Under former Redevelopment Law, some redevelopment agencies were allowed to enter into so called "pass-through agreements" with overlapping public agencies whereby the agency agreed to pay an affected taxing agency a portion of the tax increment the agency received in order to alleviate any financial burden or detriment caused by the redevelopment plan. Under certain agreements, the obligations under the pass-through agreement have a priority interest in tax increment over the agency's obligations to use tax increment to pay bonds.

The Original Agency was not allowed to enter into pass-through agreements because of statutory restrictions ("AB1290" legislation) imposed based upon the date of formation of the Project Area (post-1993).

Pursuant to legislation, AB 1290, the Original Agency was required to make payments pursuant to Section 33607.5 of the Redevelopment Law to the affected taxing entities from tax increment generated in the Project Area pursuant to what is commonly referred to as "statutory tax sharing" and which represents a replacement methodology for the pre-1994 voluntary pass-through agreements. AB1290 establishes a specific schedule of payments to be made by agencies to affected taxing entities. Affected taxing entities are defined in Section 33353.2 of the Redevelopment Law as any governmental taxing agency that levied a property tax within the

project area in the fiscal year prior to the year in which the report establishing the base year assessed value is prepared pursuant to Section 33328. Section 33607.5 applies to redevelopment plans adopted on or after January 1, 1994 (and territory added by subsequent amendments thereto) and amendments to pre-1994 plans adding territory (although the section then only applies to the added territory). It specifically states that all amounts calculated pursuant to that section shall be calculated *after* the agency deducts the amount of tax increments deposited into its low- and moderate-income housing fund.

For treatment of Statutory Tax Sharing payments under the Dissolution Act, see "SECURITY FOR THE BONDS - Pledge of Tax Revenues - Statutory Tax Sharing" above.

Payments made under Section 33607.5 are to be allocated among the affected taxing entities in proportion to the percentage share of property taxes each affected taxing entity receives *during the fiscal year the funds are allocated*. (In other words, if the percentage shares of the taxing entities are changed in any given year, the payments are adjusted in accordance with the changes in percentage.) The tax sharing payments are based on a three tier formula. See “SECURITY FOR THE BONDS – Tax Sharing Statutes.”

Payments to taxing entities under Tax Sharing Statutes have been subordinated to the obligation to pay the Series 2010 Bonds but have not been subordinated with respect to the Bonds.

See Tables 10 and 11 under the caption “PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE” for the Successor Agency’s statutory tax sharing obligations. See also APPENDIX B - FISCAL CONSULTANT’S REPORT.”

Bonded Indebtedness

Other than the 2010 Bonds, upon refunding of the Prior Bonds the Successor Agency currently has no outstanding bonded indebtedness. The Indenture provides that the Successor Agency may incur loans, bonds, notes, advances or indebtedness secured by and payable from the Tax Revenues on parity with the Bonds, the 2010 Bonds and the other Parity Debt, but only for the purpose of refunding the Bonds or the 2010 Bonds or any future Parity Debt. See “SECURITY FOR THE BONDS - Additional Debt” and “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Issuance of Parity Debt” in Appendix B.

See “DEBT SERVICE SCHEDULE” herein for the future debt service requirements on the 2010 Bonds.

Historic Tax Revenues

The following table shows a five-year history of net Tax Revenues in the Project Area.

TABLE 9
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY

Palm Avenue/Commercial Redevelopment Project Area
Historic Net Tax Revenues

Category	2008-09	2009-10	2010-11	2011-12	2012-13
Tax Increment	$8,142,393	$7,197,522	$6,624,550	$6,528,958	$7,509,458
Supplemental Taxes	191,398	79,772	181,304	87,116	N/A
Total Tax Increment (1)	8,333,791	7,277,294	6,805,854	6,616,074	7,509,458
Liens on Tax Increment					
Property Tax Administration Fees	76,719	95,762	94,777	113,622	116,153
Housing Set-Aside (2)	1,666,758	1,455,459	1,361,171	0	0
AB 1290 Tax Sharing (3)	1,686,211	1,458,932	1,361,170	1,323,215	1,548,497
Net Tax Revenue	$4,904,103	$4,267,141	$3,988,736	$5,179,237	$5,844,808

(1) Reflects actual receipts based on the records of the Agency.
(2) It appears that the housing set-aside is no longer required under the Dissolution Act, and so the Agency did not make a deposit to the housing fund in 2011-12 or 2012-13.
(3) Required per Section 33607.5 of the Redevelopment Law.
Source: Fraser & Associates.

PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE

Table 10 sets forth estimated Tax Revenues for Fiscal Year 2013-14, as determined by the Fiscal Consultant.

TABLE 10
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Estimate of Tax Revenues for Fiscal Year 2013-14 (1)

	Excluding Housing Set-Aside Taxable Value (1)	Including Housing Set-Aside Taxable Value (1)
Local Secured		
Land	$716,160,643	$716,160,643
Improvements	782,125,762	782,125,762
Personal Property	1,221,119	1,221,119
Gross Local Secured	1,499,507,524	1,499,507,524
Exempt	(21,375,774)	(21,375,774)
Net Local Secured	1,478,131,750	1,478,131,750
State Assessed	0	0
Unsecured		
Land	0	0
Improvements	6,959,243	6,959,243
Personal Property	8,953,306	8,953,306
Total Unsecured	15,912,549	15,912,549
Exempt	(988,206)	(988,206)
Net Unsecured	14,924,343	14,924,343
Total Value	**1,493,056,093**	**1,493,056,093**
Base Year Taxable Value	(742,692,381)	(742,692,381)
Incremental Taxable Value	750,363,712	750,363,712
Tax Increment	7,503,637	7,503,637
Liens on Tax Increment		
Property Tax Administration Fees (2)	123,795	123,795
Housing Set-Aside (3)	0	1,500,727
Statutory Tax Sharing Payments (4)	1,573,020	1,573,020
Tax Revenue	**$5,806,822**	**$4,306,095**

(1) Based on actual taxable values per San Diego County Auditor Controller.
(2) Calculated at 1.6% of total tax increment.
(3) Reflects 20% of total tax increment revenue. The amount has not been reduced for the portion of bond debt service that can be paid from the Housing Set-Aside for the Bonds.
(4) Required per Section 33607.5 of the Redevelopment Law.
Source: Fraser & Associates.

The table below sets forth the projected Tax Revenues for the Project Area, along with a table showing the projected debt service on the Bonds and the 2010 Bonds. Prior to the Dissolution Act, the Original Agency was required to deposit not less than 20% of the tax increment generated in the Project Area into a low and moderate income housing fund. Although not entirely clear, the Dissolution Act is interpreted to no longer require such a deposit, but the definition of pledged Tax Revenues contained in the Indenture only include the housing set-aside to the extent a portion of the proceeds of the Bonds were deposited into the housing fund. Due to this, the tables below, as well as the estimate of tax revenues in table above, shows the full housing set-aside deposit as included and as excluded. The Original Agency had deposited 25% of its Prior Bond proceeds into the housing fund, which is being refunded by the Bonds, so a portion of the former housing set-aside is pledged to the repayment of the 2013 Bonds per the Redevelopment Law as it existed prior to the Dissolution Act. See "SECURITY FOR THE BONDS - Pledge of Tax Revenues" above.

In projecting non-housing Tax Revenues, the Successor Agency assumed the following:

- The tax rate is 1%.
- Real property values have been held constant in 2014-15 and then increased based on a 2% inflation factor (the maximum inflation factor allowed). *No assurance can be given that actual growth will achieve the 1% or 2% projection.*
- There are no increases assumed due to new development.
- Taxable value is reduced in 2014-15 by $19.2 million for the estimated impact of appeals.
- The County administrative fee is equal to 1.6% of gross tax increment and will be paid from tax increment allocated to the Redevelopment Property Tax Trust Fund prior to allocation to the Successor Agency for payment of debt service.
- Statutory tax sharing payments to taxing entities are made prior to debt service payments on the 2010 Bonds and the Bonds.

TABLE 11
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Projected Tax Revenues - Dollars in Thousands
Housing Set-Aside Excluded (1)

Fiscal Year Ending	Total Value (2)	Value over Base of $742,692	Total Tax Increment (3)	Property Tax Admin Fees (4)	Total Housing Set-Aside	Statutory Tax Sharing (5)	Net Tax Revenues
2014	$1,493,056	$750,364	$7,504	$124	$0	$1,573	$5,807
2015	1,473,839	731,147	7,311	121	0	1,513	5,678
2016	1,503,132	760,440	7,604	125	0	1,612	5,867
2017	1,533,011	790,319	7,903	130	0	1,720	6,053
2018	1,563,488	820,795	8,208	135	0	1,832	6,240
2019	1,594,574	851,881	8,519	141	0	1,947	6,432
2020	1,626,281	883,589	8,836	146	0	2,063	6,627
2021	1,658,623	915,931	9,159	151	0	2,182	6,826
2022	1,691,612	948,920	9,489	157	0	2,304	7,029
2023	1,725,260	982,568	9,826	162	0	2,428	7,236
2024	1,759,582	1,016,890	10,169	168	0	2,554	7,447
2025	1,794,590	1,051,898	10,519	174	0	2,683	7,663
2026	1,830,298	1,087,606	10,876	179	0	2,814	7,883
2027	1,866,720	1,124,028	11,240	185	0	2,948	8,107
2028	1,903,871	1,161,179	11,612	192	0	3,085	8,335
2029	1,941,765	1,199,072	11,991	198	0	3,224	8,569
2030	1,980,416	1,237,724	12,377	204	0	3,375	8,798
2031	2,019,841	1,277,148	12,771	211	0	3,528	9,033
2032	2,060,054	1,317,361	13,174	217	0	3,685	9,272
2033	2,101,071	1,358,379	13,584	224	0	3,844	9,516
2034	2,142,909	1,400,217	14,002	231	0	4,045	9,726
2035	2,185,583	1,442,891	14,429	238	0	4,250	9,941
2036	2,229,111	1,486,419	14,864	245	0	4,459	10,160
2037	2,273,510	1,530,817	15,308	253	0	4,672	10,384
2038	2,318,796	1,576,104	15,761	260	0	4,889	10,612
2039	2,364,988	1,622,296	16,223	268	0	5,111	10,844
2040	2,412,105	1,669,412	16,694	275	0	5,337	11,082
Cumulative Total			$309,954	$5,114	$0	$83,676	$221,165

(1) Although the Dissolution Act is interpreted to no longer require the housing set-aside, the definition of pledged Tax Revenues excludes the housing set-aside, except for a small portion that can be used to make payments on the 2013 Bonds. The total housing set-aside is shown above.
(2) Prior Year Real Property held constant for 2014-15 and then increased by 2% per year. The value for 2014-15 has been reduced by the estimated impact of appeals. Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property. No new development is included in the projections.
(3) Based on the application of 1% tax rate to incremental taxable value.
(4) Per SB 2557, reflects Project Area share of County's property tax administrative costs. Also includes estimate of County costs for the implementation of the Dissolution Act.
(5) Required per the provisions of Section 33607.5 of the Redevelopment Law.
Source: Fraser Associates.

TABLE 12
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Projected Tax Revenues - Dollars in Thousands
Housing Set-Aside Included (1)

Fiscal Year Ending	Total Value (2)	Value over Base of $742,692	Total Tax Increment (3)	Property Tax Admin Fees (4)	Total Housing Set-Aside	Statutory Tax Sharing (5)	Net Tax Revenues
2014	1,493,056	$750,364	$7,504	$124	$1,501	$1,573	$4,306
2015	1,473,839	731,147	7,311	121	1,462	1,513	4,215
2016	1,503,132	760,440	7,604	125	1,521	1,612	4,346
2017	1,533,011	790,319	7,903	130	1,581	1,720	4,472
2018	1,563,488	820,795	8,208	135	1,642	1,832	4,599
2019	1,594,574	851,881	8,519	141	1,704	1,947	4,728
2020	1,626,281	883,589	8,836	146	1,767	2,063	4,860
2021	1,658,623	915,931	9,159	151	1,832	2,182	4,994
2022	1,691,612	948,920	9,489	157	1,898	2,304	5,131
2023	1,725,260	982,568	9,826	162	1,965	2,428	5,271
2024	1,759,582	1,016,890	10,169	168	2,034	2,554	5,414
2025	1,794,590	1,051,898	10,519	174	2,104	2,683	5,559
2026	1,830,298	1,087,606	10,876	179	2,175	2,814	5,707
2027	1,866,720	1,124,028	11,240	185	2,248	2,948	5,859
2028	1,903,871	1,161,179	11,612	192	2,322	3,085	6,013
2029	1,941,765	1,199,072	11,991	198	2,398	3,224	6,170
2030	1,980,416	1,237,724	12,377	204	2,475	3,375	6,323
2031	2,019,841	1,277,148	12,771	211	2,554	3,528	6,478
2032	2,060,054	1,317,361	13,174	217	2,635	3,685	6,637
2033	2,101,071	1,358,379	13,584	224	2,717	3,844	6,799
2034	2,142,909	1,400,217	14,002	231	2,800	4,045	6,926
2035	2,185,583	1,442,891	14,429	238	2,886	4,250	7,055
2036	2,229,111	1,486,419	14,864	245	2,973	4,459	7,187
2037	2,273,510	1,530,817	15,308	253	3,062	4,672	7,322
2038	2,318,796	1,576,104	15,761	260	3,152	4,889	7,460
2039	2,364,988	1,622,296	16,223	268	3,245	5,111	7,600
2040	2,412,105	1,669,412	16,694	275	3,339	5,337	7,743
Cumulative Total			$309,954	$5,114	$61,991	$83,676	$159,174

(1) Although the Dissolution Act is interpreted to no longer require the housing set-aside, the definition of pledged Tax Revenues excludes the housing set-aside, except for a small portion that can be used to make payments on the 2013 Bonds. The total housing set-aside is shown above.
(2) Prior Year Real Property held constant for 2014-15 and then increased by 2% per year. The value for 2014-15 has been reduced by the estimated impact of appeals. Includes the value of secured and unsecured personal property, and state-assessed railroad and non-unitary property. No new development is included in the projections.
(3) Based on the application of 1% tax rate to incremental taxable value.
(4) Per SB 2557, reflects Project Area share of County's property tax administrative costs. Also includes estimate of County costs for the implementation of the Dissolution Act.
(10) Required per the provisions of Section 33607.5 of the Redevelopment Law.
Source: Fraser Associates.

TABLE 13
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Projected Debt Service Coverage- Excluding Housing Set-Aside
(Based On Tax Revenue Projections Shown In Fiscal Consultant's Report)

Fiscal Year Ending June 30	Tax Revenues Available for Debt Service[1]	2010 Bonds Debt Service[2]	Bonds Debt Service	Total Parity Obligations Debt Service	Coverage Ratio
2014	$5,807	$1,275			
2015	5,678	1,273			
2016	5,867	1,275			
2017	6,053	1,278			
2018	6,240	1,279			
2019	6,432	1,279			
2020	6,627	1,278			
2021	6,826	1,286			
2022	7,029	1,283			
2023	7,236	1,279			
2024	7,447	1,289			
2025	7,663	1,283			
2026	7,883	1,285			
2027	8,107	1,290			
2028	8,335	1,290			
2029	8,569	1,293			
2030	8,798	1,295			
2031	9,033	1,295			
2032	9,272	1,299			
2033	9,516	1,302			
2034	9,726	2,430			
2035	9,941	2,430			
2036	10,160	2,430			
2037	10,384	2,428			
2038	10,612	2,426			
2039	10,844	2,429			
2040	11,082	2,431			

(1) Projected Net Revenues are based on projection contained in Fiscal Consultant's Report.
(2) Reflects debt service on a Bond year basis ending December 1.

TABLE 14
IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY
Palm Avenue/Commercial Redevelopment Project Area
Projected Debt Service Coverage- Including Housing Set-Aside
(Based On Tax Revenue Projections Shown In Fiscal Consultant's Report)

Fiscal Year Ending June 30	Tax Revenues Available for Debt Service[1]	2010 Bonds Debt Service[2]	Bonds Debt Service	Total Parity Obligations Debt Service	Coverage Ratio
2014	$4,306	$1,275			
2015	4,215	1,273			
2016	4,346	1,275			
2017	4,472	1,278			
2018	4,599	1,279			
2019	4,728	1,279			
2020	4,860	1,278			
2021	4,994	1,286			
2022	5,131	1,283			
2023	5,271	1,279			
2024	5,414	1,289			
2025	5,559	1,283			
2026	5,707	1,285			
2027	5,859	1,290			
2028	6,013	1,290			
2029	6,170	1,293			
2030	6,323	1,295			
2031	6,478	1,295			
2032	6,637	1,299			
2033	6,799	1,302			
2034	6,926	2,430			
2035	7,055	2,430			
2036	7,187	2,430			
2037	7,322	2,428			
2038	7,460	2,426			
2039	7,600	2,429			
2040	7,743	2,431			

(1) Projected Net Revenues are based on projection contained in Fiscal Consultant's Report.
(2) Reflects debt service on a Bond year basis ending December 1.

BONDOWNERS' RISKS

The following information should be considered by prospective investors in evaluating whether to invest in the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds and the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Before each six-month period, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the Department of Finance for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the county auditor-controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedule" and "PROPERTY TAXATION IN CALIFORNIA – Property Tax Collection Procedures – Recognized Obligation Payment Schedule." In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule with respect to a six-month period, the availability of Tax Revenues to the Successor Agency could be adversely affected for such period.

Under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in Section 34183(a) of the Dissolution Act:

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act (if any, as described above under "SECURITY FOR THE BONDS-Statutory Pass-Through Amounts") and no later than each January 2 and June 1, to each local agency and school entity, to the extent applicable, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii) in accordance with Section 34188, in an

amount proportionate to such taxing entity's share of property tax revenues in the tax rate area in that fiscal year.

If a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations and the Department of Finance does not provide a notice to the county auditor-controller to withhold funds from distribution to taxing entities, amounts in the Redevelopment Property Tax Trust Fund for such six-month period would be distributed to taxing entities pursuant to clause (iv) above.

With respect to the Bonds, the Successor Agency has covenanted to take all actions required under the Dissolution Act to insure the allocation and payment to it of the Tax Revenues for the payment of approved enforceable obligations, including without limitation the timely filing of its Recognized Obligation Payment Schedules with appropriate officials of the County, the Oversight Board, and the State. See "SECURITY FOR THE BONDS – Recognized Obligation Payment Schedules."

AB 1484 also adds new provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule for a six-month period. Specifically, a Recognized Obligation Payment Schedule must be submitted by the successor agency to the oversight board, to the county auditor-controller and the Department of Finance no later than 90 days before the date of the next January 2 or June 1 property tax distribution with respect to each subsequent six-month period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the Department of Finance. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule by the 80th day before the date of the next January 2 or June 1 property tax distribution, as applicable, with respect to the Recognized Obligation Payment Schedule for subsequent six-month periods.

Syncora Litigation – Challenge to Dissolution Act

With respect to California successor agencies and the Dissolution Act in general, on August 1, 2012, Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "**Syncora**") filed a lawsuit against the State, the State Controller, the Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215) (the "**Syncora Lawsuit**"). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleges that the Dissolution Act, and specifically the "**Redistribution Provisions**" thereof (i.e., California Health and Safety Code Sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleges that the Redistribution Provisions violate the "Takings

Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 §19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation. Specifically, the complaint alleges that the security mechanism created by the irrevocable pledge of tax increment revenues to repay the redevelopment agency debts was a critical feature of the redevelopment bonds' marketability in at least three manners:

(i) tax increment revenues which have been previously irrevocably pledged are now subject to restrictive terms such as periodic Recognized Obligation Payment Schedules, oversight board approval, and Department of Finance approval, that unconstitutionally impair the contract providing for such pledge;

(ii) excess tax increment revenues previously could be held by a redevelopment agency in reserve to protect against potential future shortfalls (in contrast to the provisions under the Dissolution Act that require the County Auditor-Controller to distribute surplus monies from the Redevelopment Property Tax Trust Fund amounts to taxing entities each six-month period); and

(iii) the pre-Dissolution Act Redevelopment Law and bond indentures or trust agreements governing redevelopment bonds typically included requirements and covenants for the redevelopment agency to use surplus tax increment revenues received in excess of amounts required for debt service on redevelopment activities, which were calculated under the Redevelopment Law to stimulate growth and general increases in assessed valuation, and therefore increase additional security for the bonds, and such covenants have been substantially and unconstitutionally impaired by the Dissolution Act, in particular the Redistribution Provisions.

The Syncora Lawsuit was brought as a petition for writ of mandate, complaint for declaratory relief, inverse condemnation and injunctive relief. The injunctive relief sought includes an injunction enjoining the respondents from implementing enforcing, and/or carrying out the Redistribution Provisions, ordering respondents to immediately return all money remitted by successor agencies to local taxing agencies pursuant to the Redistribution Provisions, and ordering respondents to hold all future tax increment revenues in the Redevelopment Property Tax Trust Fund, or a similar fund, for the exclusive benefit of, and distribution to, the bondholders, until such a time when the bondholders are completely repaid.

If Syncora were to be successful in obtaining the injunctive relief or writ of mandate sought or if the court in the Syncora Lawsuit were to determine that the Dissolution Act or the Redistribution Provisions or other provisions thereof unconstitutionally impaired the contracts between the former redevelopment agencies and the holders of interests in bonds issued by such agencies, it is possible that the mechanisms currently provided for under the Dissolution Act to provide for distribution of Tax Revenues to the Successor Agency for payment on the Bonds could be impeded and result in a delinquency or default in the timely payment of principal of, and interest on, the Bonds.

The Successor Agency does not guarantee that the Syncora Lawsuit will not result in an outcome that may have a detrimental effect on the Successor Agency's ability to timely pay debt service on the Bonds. However, the definition of Tax Revenues does incorporate "Prior Tax Revenues" in the event the Dissolution Act is overturned.

On May 29, 2013, the Superior Court issued a preliminary ruling, in which it denied Syncora's claims that the Dissolution Act unconstitutionally impaired its contracts on the grounds that those claims are premature; the court noted that Syncora had provided no evidence that successor agencies actually are unable to meet their obligations as they become due, or that successor agencies will be prevented from ultimately paying all redevelopment obligations. The Superior Court concluded that Syncora's takings claims are not necessarily premature, but that an evidentiary hearing should be conducted to address those claims. Finally the superior court concluded that possible certification of a class of county auditor-controllers was moot because the auditor-controllers have no role or duty in connection with the alleged takings or in providing compensation for those takings.

Reduction in Taxable Value

Tax Revenues received by the Successor Agency are determined by the amount of incremental taxable value in the Redevelopment Project allocable to the Redevelopment Project and the current rate or rates at which property in the Redevelopment Project is taxed. The reduction of taxable values of property caused by economic factors beyond the Successor Agency's control, such as a relocation out of the Redevelopment Project by one or more major property owners, or the transfer, pursuant to California Revenue and Taxation Code Section 68, of a lower assessed valuation to property within the Redevelopment Project by a person displaced by eminent domain or similar proceedings, or the discovery of hazardous substances on a property within the Redevelopment Project (see "Hazardous Substances," below) or the complete or partial destruction of such property caused by, among other eventualities, an earthquake (see "Natural Disasters," below), flood, fire or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Property owners may also appeal to the County Assessor for a reduction of their assessed valuations or the County Assessor could order a blanket reduction in assessed valuations based on then current economic conditions. See "THE PROJECT AREA - Appeals of Assessed Values."

Reduction in Inflationary Rate

As described in greater detail below (see "LIMITATIONS ON TAX REVENUES"), Article XIIIA of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. Since Article XIIIA was approved, the annual adjustment for inflation has fallen below the 2% limitation several times:

Fiscal Year	Inflation Rate
1983-84	1.000%
1995-96	1.190
1996-97	1.11%
1999-00	1.850
2004-05	1.867
2010-11	(0.237)
2011-12	0.753

The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Project Area, whether an increase or a reduction, will be realized in the future.

Levy and Collection

The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues and, accordingly, could have an adverse impact on the ability of the Successor Agency to make debt service payments on the Bonds. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Successor Agency's ability to make timely debt service payments on the Bonds. The County currently allocates Tax Revenues collected with respect to unsecured property to the Redevelopment Property Tax Trust Fund, and subsequently to the Successor Agency, based upon the tax increment actually collected.

State Budget Issues

AB X1 26 and AB 1484 were enacted by the State Legislature and signed by the Governor as trailer bills necessary to implement provisions of the State's budget acts for its fiscal years 2011-12 and 2012-13, respectively. The 2011-12 State budget included projected State savings estimated to aggregate $1.7 billion in 2011-12 associated with AB X1 27, which would have allowed redevelopment agencies to continue in operation provided their establishing cities or counties agreed to make an aggregate $1.7 billion in payments to K-12 schools. However, AB X1 27 was found in December 2011 by the California Supreme Court to violate the State Constitution, which altered this budgetary plan of the State. According to the State's Summary of the 2012-13 State budget, AB 1484 implements a framework to transfer cash assets previously held by redevelopment agencies to cities, counties, and special districts to fund core public services, with assets transferred to schools offsetting State general fund costs (projected savings of $1.5 billion). There can be no assurance that additional legislation will not be enacted in the future to additionally implement provisions relating to the State budget or otherwise that may affect successor agencies or former tax increment revenue, such as the Tax Revenues. The full text of each State Assembly bill cited above may be obtained from the "Official California Legislative Information" website maintained by the Legislative Counsel of the State of California pursuant to State law, at the following web link: http://www.leginfo.ca.gov/bilinfo.html.

Information about the State budget and State spending is available at various State maintained websites. Text of the 2012-13 Budget Summary, the current State budget, the Governor's proposed budget for 2013-14 and other documents related to the State budget may be found at the website of the Department of Finance, www.dof.ca.gov. A nonpartisan analysis of the budget is posted by the Legislative Analyst's Office at www.lao.ca.gov. In addition, various State official statements, many of which contain a summary of the current and past State budgets may be found at the website of the State Treasurer, www.treasurer.ca.gov.

None of the websites or webpages referenced above is in any way incorporated into this Official Statement. They are cited for informational purposes only. The Successor Agency makes no representation whatsoever as to the accuracy or completeness of any of the information on such websites.

Natural Disasters

A reduction of taxable values of property in the Project Area caused by economic factors beyond the Successor Agency's control, such as the discovery of hazardous substances on one or more properties within the Project Area or the complete or partial destruction of such property caused by, among other eventualities, an earthquake, flood, fire or other natural disaster, could cause a reduction in the Tax Revenues securing the Bonds. Such reduction of Tax Revenues could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds.

Pursuant to California law, the County Assessor may determine that the then current market values require a general reduction in taxable value or a property owner may apply for a reduction of the property taxable values of such owner's property by filing with the County Assessor, a written application in the form prescribed by the State Board of Equalization with the appropriate county assessment appeals board. A reduction in property taxable values within the Project Area and the refund of taxes which may arise out of successful appeals by property owners would reduce the amount of Tax Revenues available for payment of the Bonds.

Hazardous Substances

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Project Area. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Project Area be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Bankruptcy Risks

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies: the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that such Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon the then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Acceleration on Default

The principal due on the Bonds is subject to acceleration upon the occurrence of an Event of Default. As a practical matter in the event of a payment default by the Successor Agency, it is unlikely the Successor Agency would have the financial resources to meet accelerated obligations. No real or personal property in the Project Area is pledged to secure the Bonds, and it is not anticipated that the Successor Agency will have available moneys sufficient to redeem all of the Bonds in the event of a default.

LIMITATIONS ON TAX REVENUES

Property Tax Limitations—Article XIIIA

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed two percent per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in October 1986 by initiative which exempts any bonded indebtedness approved by two-thirds (55% in certain instances) of the votes cast by the voters for the acquisition or improvement of real property from the one percent limitation.

On September 22, 1978, the California Supreme Court upheld Proposition 13 over challenges on several state and federal constitutional grounds (*Amador Valley Joint Union School District v. State Board of Equalization*). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In the general elections of 1986, 1988 and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first $1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment has reduced local property tax revenues. Other amendments permitted the Legislature to allow persons over 55 who sell their residence on or after November 5, 1986, to buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers of assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within the county and the original property is located in another county within California.

In the October 1990 election, the voters approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction," triggering reassessment, improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

Challenges to Article XIIIA

The U.S. Supreme Court struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Proposition 13 provides that property may only be reassessed up to two percent per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Proposition 13.

Based on the decision in the West Virginia case, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIII A. Two cases involved residential property, and one case involved commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIII A's assessment rules and concluded that the West Virginia case did not apply to California's laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently withdrew its case. On June 18, 1992, the U.S. Supreme Court upheld the decision in *Nordlinger v. Hahn*, one of the challenges relating to residential property.

Implementing Legislation

Legislation enacted by the California Legislature to implement Article XIIIA (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIIIA.

The apportionment of property taxes in fiscal years after 1978-79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978-79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief.

Future assessed valuation growth allowed under Article XIIIA (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization which is allocated by a different method discussed herein.

Unitary Property

Assembly Bill 454 Statutes of 1987, Chapter 921 ("AB 454"), provided that revenues derived from Unitary Property (consisting mostly of operations property owned by utility companies), commencing with fiscal year 1988-89, will be allocated as follows: (1) for revenues generated from the one percent tax rate, (a) each jurisdiction, including redevelopment project areas, will receive a percentage up to 102% of its prior year State-assessed unitary revenue; and (b) if county-wide revenues generated from Unitary Property are greater than 102% of the previous year's revenues, each jurisdiction will receive a percentage share of the excess unitary revenues by a specified formula, and (2) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. This provision applies to all Unitary Property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of assessment of any State-assessed properties nor a revision of the method of assessing utilities by the State Board of Equalization. Generally, AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions within a county.

On February 1, 1991, the Superior Court for the County of Sacramento issued a Statement of Decision in *AT&T Communications of California, et al. v. State Board of Equalization* which reduced the valuation of certain unitary property owned by AT&T for property tax purposes. Under the decision, the valuation method used by the State Board of Equalization to assess unitary public utility property was declared illegal and a new method of valuation, resulting in significantly lower values and therefore significantly lower potential property tax revenues, was imposed. The effect on AT&T's statewide assessed value was to reduce it from approximately $1,750,000,000 to approximately $1,100,000,000. As a result of this case, on May 1, 1992, 57 of California's 58 counties, the State Board of Equalization and a number of other utility companies whose unitary property valuations could be affected by the principles announced in the Superior Court decision entered into a settlement agreement. On July 14, 1993, the Superior Court for the County of Sacramento entered a judgment validating the settlement agreement.

Although the settlement agreement is complex and extensive, its substance is represented by the signatory public utilities' agreement (except AT&T) to abandon their right to refunds since 1983 in return for lowered assessed valuations for the next eight fiscal years pursuant to an agreed formula.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of project areas, therefore, the base year values of project areas have been reduced by the amount of utility value that existed originally in the base year.

Property Tax Collection Procedures

Classifications. In California, property which is subject to *ad valorem* taxes is classified as “secured” or “unsecured.” Secured and unsecured property are entered on separate parts of the assessment roll maintained by the county assessor. The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder’s office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes for the amount of taxes which are delinquent.

Penalties. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption and a $15 Redemption Fee. If taxes are unpaid for a period of five years or more, the property is recorded in a “Power to Sell” status and is subject to sale by the county tax collector. A 10% penalty also applies to the delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

Delinquencies. The valuation of property is determined as of January 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1. Unsecured taxes enrolled by July 31, if unpaid, are delinquent August 31 at 5:00 p.m. and are subject to penalty; unsecured taxes added to the roll after July 31, if unpaid, are delinquent on the last day of the month succeeding the month of enrollment.

Supplemental Assessments. Legislation enacted in 1983 (Chapter 498, Statutes of 1983) provides for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction.

Chapter 498 provided increased revenue to redevelopment agencies to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. To the extent such

State supplemental assessments occur within the Project Area, the Tax Revenues for the Project Area may increase.

Tax Collection Fees. In 1990, the State Legislature enacted Senate Bill 2557 (Chapter 466, Statutes of 1990) ("SB 2557") which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Two recent decisions have interpreted the provisions of SB 2557 and have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. The 1992 enactment of Senate Bill 1559 (Chapter 697) and the decision of the California Court of Appeal in *Arcadia Redevelopment agency v. Ikemoto* have clarified that redevelopment agencies, such as the Original Agency, are to share in the cost of property tax administration charged by most California counties, including the County.

Appropriations Limitations—Article XIIIB

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIIIB to the California Constitution. The principal effect of Article XIIIB is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity.

Effective November 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provided that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness will not be deemed the receipt by such redevelopment agency of proceeds of taxes levied by or on behalf of the redevelopment agency within the meaning of Article XIIIB, nor will such portion of taxes be deemed receipt of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including Section 33678 of the Redevelopment Law.

Exclusion of Tax Revenues for General Obligation Bonds Debt Service

An initiative to amend the California Constitution entitled "Property Tax Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amended the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenues raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness.

The initiative only applies to tax rates levied to finance general obligation bonds approved by the voters on or after January 1, 1989. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in prior years, which tax rate will reduce due to increased valuation subject to the tax or the retirement of the indebtedness.

Proposition 218

On November 5, 1996, California voters approved Proposition 218-Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges-Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the California Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. Tax Revenues securing the Bonds are derived from property taxes which are outside the scope of taxes, assessments and property-related fees and charges which were limited by Proposition 218.

AB 1290

In 1993, the California Legislature enacted Assembly Bill 1290 ("**AB 1290**") which contained several significant changes in the Redevelopment Law. Among the changes made by AB 1290 was a provision that limits the period of time for incurring and repaying loans, advances and indebtedness payable from tax increment revenues. In general, a redevelopment plan may terminate not more than 40 years following the date of original adoption, and loans, advances and indebtedness may be repaid during a period extending not more than 10 years following the date of termination of the redevelopment plan. See "THE PROJECT AREA—Redevelopment Plan Limitations."

The Redevelopment Plan is fully in compliance with AB 1290.

Future Initiatives and Legislation

Article XIIIA, Article XIIIB and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures and legislation could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

Low and Moderate Income Housing

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Redevelopment Law requiring redevelopment agencies to set aside not less than 20% of all tax increment revenues allocated to redevelopment agencies from redevelopment project areas adopted after December 31, 1976, in a low- and moderate-income housing fund to be expended for authorized low- and moderate-income housing purposes. Amounts on deposit in the low- and moderate-income housing fund could be applied to pay debt service on bonds, loans or advances of redevelopment agencies to provide financing for such low- and moderate-income housing purposes.

Under the Dissolution Act, moneys deposited into each successor agency's Redevelopment Property Tax Trust Fund include funds formerly required to be deposited into a set-aside fund established by each former redevelopment agency for low and moderate income housing. Although not entirely clear, the Dissolution Act is interpreted to no longer require such a deposit, but uncertainly exists as to the current availability of the former housing moneys to pay principal or interest on the Bonds under the Dissolution Act. See "SECURITY FOR THE BONDS - Pledge of Tax Revenues" above.

Statement of Indebtedness

Prior to adoption of the Dissolution Act, Section 33675 of the Redevelopment Law required the Original Agency to file not later than the first day of October of each year with the County Auditor-Controller a statement of indebtedness certified by the chief fiscal officer of the Original Agency for each redevelopment plan which provides for the allocation of taxes (i.e., the Improvement Plan). The statement of indebtedness was required to contain the date on which the bonds were delivered, the principal amount, term, purposes and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information was required to be given for each loan, advance or indebtedness that the Original Agency had incurred or entered into which is payable from tax increment. Section 33675 also provided that payments of tax increment revenues from the County Auditor-Controller to the Original Agency could not exceed the amounts shown on the Original Agency's statement of indebtedness.

The Dissolution Act eliminates this requirement and provides that, commencing on the date the first Recognized Obligation Payment Schedule is valid thereunder, the Recognized Obligation Payment Schedule supersedes the statement of indebtedness previously required under the Redevelopment Law, and commencing from such date, the statement of indebtedness will no longer be prepared nor have any effect under the Redevelopment Law.

CERTAIN LEGAL MATTERS

Legal Opinions

The legal opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel, approving the validity of the Bonds, will be made available to purchasers at the time of original delivery of the Bonds and the proposed form thereof appears in Appendix E hereto. Bond Counsel's employment as bond counsel is limited to a review of the legal proceedings required for the authorization of the Bonds and to rendering the opinion set forth in Appendix E hereto. Copies of such approving opinion will be available at the time of delivery of the Bonds. Jones Hall, A Professional Law Corporation is also serving as Disclosure Counsel. Certain legal matters will be passed upon for the Successor Agency by Kane, Ballmer & Berkman, San Diego, California, as special counsel to the Successor Agency.

Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon the sale and delivery of the Bonds.

Enforceability of Remedies

The remedies available to the Trustee and to the registered owners of the Bonds upon an event of default under the Indenture and any other document described herein are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under such documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of the legal documents with respect to the Bonds are subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

RATING

The Bonds have received the rating of "___" by Standard & Poor's Investors Services ("**S&P**"). Such rating reflects only the views of S&P's, and an explanation of the significance of such rating may be obtained from S&P's.

There is no assurance that such rating will be retained for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency by not later than nine months following the end of the Successor Agency's Fiscal Year (which reporting date would be March 31), commencing with the report for the 2012-13 Fiscal Year (the "**Annual Report**"), and to provide notices of the occurrence of certain enumerated events. The Annual Report notices of significant events will be filed by the Successor Agency with the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Report or the notices of significant events is set forth in the Form of Continuing Disclosure Certificate in Appendix F hereto. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5). See APPENDIX F — "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The Original Agency had never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events. [**CONFIRM**]

ABSENCE OF LITIGATION

At the time of delivery of and payment for the Bonds, the Successor Agency will certify that, except as disclosed in this Official Statement, to its best knowledge there is no litigation, action, suit, proceeding or investigation, at law or in equity, before or by any court, governmental agency or body, pending against or threatened against the Successor Agency in any way affecting the existence of the Successor Agency or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, the application of the proceeds thereof in accordance with the Indenture, or the collection or application of Tax Revenues pledged or to be pledged to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, the Indenture, or any action of the Successor Agency contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or the powers of the Successor Agency or its authority with respect to the Indenture or any action of the Successor Agency contemplated by said document, or which would adversely affect the exclusion of interest paid on the Bonds from gross income for Federal income tax purposes or the exemption of interest paid on the Bonds from California personal income taxation, nor, to the knowledge of the Successor Agency, is there any basis therefor.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Successor Agency comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Bonds. The Successor Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers

who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

UNDERWRITING

The Bonds will be purchased by _____ (the "Underwriter") at the purchase price of $_____ (which is the aggregate principal amount of the Bonds, less an underwriting discount of $_____, less original issue discount of $_____).

The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Bonds to certain dealers, banks acting as agents and others at prices lower than said public offering prices.

MISCELLANEOUS

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from, and summaries and explanations of, the Indenture and other documents and statutes contained herein do not purport to be complete, and reference is made to such documents, Indenture and statutes for full and complete statements of their provisions.

Unless otherwise noted, all information contained in this Official Statement pertaining to the Successor Agency and the Project Area has been furnished by the Successor Agency. Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Successor Agency and the purchasers or registered owners of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Successor Agency.

IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

By _____
Executive Director

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE SUCCESSOR AGENCY FOR THE FISCAL YEAR ENDING JUNE 30, 2012

APPENDIX B

FISCAL CONSULTANT'S REPORT

APPENDIX C

GENERAL INFORMATION ABOUT THE CITY AND SAN DIEGO COUNTY

The information regarding the City set forth in this Appendix A is for background informational purposes only. The City is not in any way obligated to pay debt service on the Bonds from its own funds.

General

The City is located on the coast of Southern California in San Diego County about 14 miles south of downtown San Diego and 132 miles south of Los Angeles. It is bordered by Tijuana, Mexico to the south, Coronado, California to the north, San Diego Bay to the east and the Pacific Ocean to the West. City limits cover approximately 4.5 square miles and the City's estimated population was 26,496 as of January 1, 2013.

San Diego County is California's fifth largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation's leading crop-producing county.

Population

Population figures for the City, San Diego County and the State of California for the last five years are shown in the following table, as of January 1.

CITY OF IMPERIAL BEACH
Population Estimates
Calendar Years 2009 through 2013

Calendar Year	City of Imperial Beach	County San Diego	State of California
2009	26,283	3,064,436	36,966,713
2010	26,394	3,091,579	37,223,900
2011	26,437	3,115,810	37,427,946
2012	26,483	3,128,734	37,668,804
2013	26,496	3,150,178	37,966,471

Source: Department of Finance estimates (as of January 1).

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

Total taxable sales during the first quarter of calendar year 2012 in the City were reported to be $18,070,000, a 12.4% increase over the total taxable sales of $16,074,000 reported during the first quarter of calendar year 2011. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the City is presented in the following table. Annual figures for 2012 are not yet available.

CITY OF IMPERIAL BEACH
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	223	$68,347	382	$72,336
2008	226	66,584	375	70,822
2009(1)	255	59,456	344	64,238
2010(1)	263	64,779	354	68,976
2011(1)	248	66,691	333	70,228

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State Board of Equalization.

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years.

Total taxable sales during the first quarter of calendar year 2012 in the County were reported to be $11,255,431,000 a 8.0% increase over the total taxable sales of $10,421,128,000 reported during the first quarter of calendar year 2011. The number of establishments selling merchandise subject to sales tax and the valuation of taxable transactions in the County is presented in the following table. Annual figures are not yet available for 2012.

SAN DIEGO COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2007	40,011	$34,038,545	85,341	$47,485,988
2008	41,695	31,715,672	87,050	45,329,136
2009(1)	52,808	27,958,518	80,595	39,728,657
2010(1)	55,462	29,475,489	83,194	41,623,636
2011(1)	56,723	31,985,292	83,971	45,090,382

(1) Not comparable to prior years. "Retail" category now includes "Food Services."
Source: State Board of Equalization.

Employment and Industry

The unemployment rate in the San Diego County was 7.3% in June 2013, up from a revised 6.8% in May 2013, and below the year-ago estimate of 9.3%. This compares with an unadjusted unemployment rate of 8.8% for California and 7.8% for the nation during the same period. The City is included in the San Diego-Carlsbad-San Marcos Metropolitan Statistical Area (MSA), which includes all of San Diego County.

The table below provides information about employment by industry type for San Diego County for calendar years 2009 through 2013, as of January.

SAN DIEGO COUNTY MSA
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	2009	2010	2011	2012	2013
Civilian Labor Force (1)	1,554,100	1,558,700	1,574,000	1,584,300	1,602,500
Employment	1,423,900	1,388,400	1,408,900	1,433,400	1,464,500
Unemployment	130,300	170,300	165,200	150,900	138,000
Unemployment Rate	8.4%	10.9%	10.5%	9.5%	8.6%
Wage and Salary Employment: (2)					
Agriculture	9,100	9,700	9,900	9,000	8,900
Mining and Logging	400	400	400	400	400
Construction	66,000	55,700	53,600	54,100	55,700
Manufacturing	101,000	92,200	92,800	92,500	92,500
Wholesale Trade	42,100	38,700	40,600	41,600	42,800
Retail Trade	134,100	129,900	131,500	136,400	135,700
Transportation, Warehousing and Utilities	27,900	26,200	26,100	26,300	28,200
Information	30,500	25,700	24,400	24,400	24,700
Finance and Insurance	44,500	41,600	41,500	42,900	43,700
Real Estate and Rental and Leasing	27,100	25,400	25,400	25,300	25,600
Professional and Business Services	211,700	201,900	208,000	207,100	218,200
Educational and Health Services	141,500	144,400	147,400	151,000	156,400
Leisure and Hospitality	152,600	147,300	148,300	151,300	156,000
Other Services	46,300	45,500	45,700	47,200	49,400
Federal Government	42,600	45,500	46,600	46,700	46,700
State Government	42,300	42,200	42,900	42,500	42,700
Local Government	141,300	136,800	140,600	137,500	138,500
Total, All Industries (3)	1,261,000	1,209,100	1,225,700	1,236,200	1,266,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The major employers as of July 2013 in the County are shown below.

SAN DIEGO COUNTY
Major Employers
July 2013

Employer Name	Location	Industry
32nd St Naval Station	San Diego	Federal Government-National Security
Barona Casino	Lakeside	Casinos
Barona Resort	Lakeside	Resorts
General Dynamics NASSCO	San Diego	Ship Builders & Repairers (Mfrs)
Hairspray	San Diego	Cosmetics & Perfumes-Retail
Kaiser Permanente	San Diego	Clinics
Kaiser Permanente Medical Grp	San Diego	Hospitals
Kyocera Communications Inc	San Diego	Electronic Equipment & Supplies-Mfrs
Marine Corps Recruit Depot	San Diego	Military Bases
Merchants Building Maintenance	San Diego	Janitor Service
Palomar Health Downtown Campus	Escondido	Hospitals
Palomar Pomerado Health Rehab	Escondido	Rehabilitation Services
San Diego County Sheriff	Santee	Police Departments
San Diego Naval Medical Ctr	San Diego	Military Bases
Scripps Clinic	La Jolla	Physicians & Surgeons
Scripps Research Institute	La Jolla	Research Service
Sea World San Diego	San Diego	Amusement & Theme Parks
Sharp Grossmont Hospital	La Mesa	Hospitals
Sharp Mary Birch Hosp-Women	San Diego	Hospitals
Sharp Memorial Hospital	San Diego	Hospitals
Sony Electronics Inc	San Diego	Audio-Visual Equipment Manufacturers
Sycuan Casino	El Cajon	Casinos
Tyco Health Care	San Diego	Manufacturers
UTC Aerospace Systems	Chula Vista	Aircraft Components-Manufacturers
Viejas Casino & Outlet Ctr	Alpine	Casinos

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2013 2nd Edition.

Construction Activity

The table below summarizes building activity in the City for the past five years:

CITY OF IMPERIAL BEACH
Building Activity and Valuation
Calendar Years 2008 through 2012
(Dollars in thousands)

	2008	2009	2010	2011	2012
Permit Valuation:					
New Single-family	$2,008.9	$219.0	$540.0	$336.8	$1,587.5
New Multi-family	0.0	0.0	0.0	420.0	1,888.5
Res. Alterations/Additions	3,766.8	1,810.1	1,838.1	1,808.6	1,530.7
Total Residential	5,775.7	2,029.1	2,378.1	2,565.4	5,006.7
New Commercial	0.0	0.0	0.0	13,913.1	517.4
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	198.3	75.7	83.1	0.0	0.0
Com. Alterations/Additions	355.4	438.0	223.1	1,516.9	3,374.0
Total Nonresidential	553.7	513.7	306.2	15,430.0	3,891.4
New Dwelling Units:					
Single Family	11	1	2	2	5
Multiple Family	0	0	0	4	30
TOTAL	11	1	2	6	35

Source: Construction Industry Research Board, Building Permit Summary.

The following table shows valuation summaries of building permits issued in the County for the past five years:

SAN DIEGO COUNTY
Building Activity and Permit Valuation
(Dollars in Thousands)

	2008	2009	2010	2011	2012
Permit Valuation:					
New Single-family	$754,716.8	$550,409.3	$648,573.3	$711,514.7	$773,429.6
New Multi-family	319,304.3	132,230.1	127,847.4	375,732.6	613,358.9
Res. Alterations/Additions	265,223.7	196,061.6	198,064.4	335,344.7	222,813.5
Total Residential	1,339,244.8	878,701.0	974,485.1	1,422,592.0	1,609,602.0
New Commercial	338,667.4	91,590.6	95,031.3	252,659.0	595,236.6
New Industrial	57,119.9	25,699.0	7,863.9	3,636.1	24,224.3
New Other	165,385.3	123,633.3	124,348.3	21,025.5	36,851.1
Com. Alterations/Additions	500,628.1	343,041.2	431,623.4	684,283.0	647,051.4
Total Nonresidential	$1,061,800.6	$583,964.1	658,867.0	961,603.6	1,303,363.4
New Dwelling Units:					
Single Family	2,352	1,786	2,254	2,242	2,100
Multiple Family	2,802	1,204	1,092	3,038	4,319
TOTAL	5,154	2,990	3,346	5,280	6,419

Source: Construction Industry Research Board, Building Permit Summary.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the City of Imperial Beach, County of San Diego, the State and the United States for 2008 through 2012.

CITY OF IMPERIAL BEACH
COUNTY OF SAN DIEGO
Effective Buying Income
2008 through 2012

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	City of Imperial Beach	$ 432,605	$39,463
	San Diego County	72,630,155	50,383
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Imperial Beach	$ 444,205	$39,982
	San Diego County	74,134,315	51,773
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Imperial Beach	$ 411,340	$37,102
	San Diego County	70,231,474	48,248
	California	802,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Imperial Beach	406,098	36,942
	San Diego County	70,602,550	48,111
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Imperial Beach	427,173	37,577
	San Diego County	74,593,405	48,634
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: The Nielsen Company (US), Inc.

Transportation

Surface, sea and air transportation facilities serve County residents and businesses. Interstate 5 parallels the coast from Mexico to the Los Angeles Area and points north. Interstate 15 runs inland, leading to Riverside-San Bernardino, Las Vegas, and Salt Lake City. Interstate 8 runs eastward through the southern United States.

Public transit in the metropolitan area is provided by the Metropolitan Transit Development Board and the North County Transit District ("**NCTD**"). The San Diego Trolley, developed by the Metropolitan Transit Development Board beginning in 1979, has been expanded. A total of 17.6 miles were added to the original 108 miles; construction was completed in 1990. Buses operated by NCTD carry passengers in the north San Diego County region, which includes the area south to and including Del Mar, east to Escondido, north to the Orange County and Riverside County lines, and includes Camp Pendleton. NCTD has 165 vehicles in its bus fleet. NCTD's bus fleet carries more than 11 million passengers every year.

San Diego is the terminus of the Santa Fe Railway's main line from Los Angeles. Amtrak passenger service is available at San Diego, with stops at Solana Beach and Oceanside in the North County.

San Diego's harbor is one of the world's largest natural harbors. The Port of San Diego is administered by the San Diego Unified Port District, which includes the cities of San Diego, National City, Chula Vista, Imperial Beach and Coronado.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX E

FORM OF BOND COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (this "Disclosure Certificate") is executed and delivered by the IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY (the "Successor Agency") in connection with the issuance of $_____ Palm Avenue/Commercial Redevelopment Project, 2013 Tax Allocation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of November 1, 2010, by and between the Imperial Beach Redevelopment Agency and Wells Fargo Bank National Association, as trustee (the "Trustee"), as supplemented by a First Supplemental Indenture of Trust dated _____ 1, 2013 (the "Indenture"), by and between the Successor Agency and the Trustee. The Successor Agency covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined, the following capitalized terms shall have the following meanings:

"*Annual Report*" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Dissemination Agent*" shall mean NBS Government Finance Group, or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation.

"EMMA System" shall mean the Electronic Municipal Market Access system of the MSRB or such other electronic system designated by the MSRB or the Securities and Exchange Commission for compliance with S.E.C Rule 15c2-12(b).

"*Listed Events*" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine (9) months after the end of the Successor Agency's fiscal year (which date currently would be March 31, based upon the June 30 end of the Successor Agency's fiscal year), commencing with the report for the 2012-13 fiscal year, provide to the MSRB through the EMMA System an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) If the Successor Agency is unable to provide to the MSRB through the EMMA System an Annual Report by the date required in subsection (a), the Successor Agency shall provide to the MSRB, in electronic format as prescribed by the MSRB through the EMMA System, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB through the EMMA System pursuant to this Disclosure Certificate.

Section 4. Content of Annual Reports. The Successor Agency's Annual Report shall contain or incorporate by reference the following:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Successor Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report, when available and later than the date required.

(b) The following financial information and operating data set forth in the final Official Statement:

Financial information and operating data with respect to the Issuer for the prior fiscal year of the type included in the Official Statement, in the following categories (to the extent not included in the Issuer's audited financial statements): (i) aggregate assessed values of the Project Area; (ii) list of top ten largest local secured property taxpayers within the Project Area;

(iii) information on any appeals by such top ten taxpayers in the Project Area; and (iv) calculation of the coverage ratio for such fiscal year, including Parity Debt, calculated in the same manner as provided in the Official Statement under the section entitled “PROJECTED TAX REVENUES AND DEBT SERVICE COVERAGE." (All terms have the meaning set forth in the Indenture.)

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which have been submitted to the MSRB through the EMMA System or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Successor Agency shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the Successor Agency or other obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving the Successor Agency or an obligated person, or the sale of all or substantially all of the assets of the Successor Agency or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with the MSRB through the EMMA System, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The Successor Agency acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The Successor Agency shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the Successor Agency determines the event's occurrence is material for purposes of U.S. federal securities law.

Section 6. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or upon the delivery to the Dissemination Agent of an opinion of nationally recognized bond counsel retained by the Successor Agency to the effect that continuing disclosure is no longer required. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 7. Dissemination Agent.

(a) The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate, unless the Successor Agency is the Dissemination Agent, as provided herein. The initial Dissemination Agent shall be Wells Fargo Bank National Association. If at any time there is no designated Dissemination Agent appointed by the Successor Agency, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of Dissemination Agent hereunder, the Successor Agency shall be the Dissemination Agent and undertake or assume its obligations hereunder.

Any company succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor to the Dissemination Agent hereunder without the execution or filing of any paper or any further act. The Dissemination Agent may resign its duties hereunder at any time upon written notice to the Successor Agency.

(b) The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent (unless the Successor Agency is the Dissemination Agent) shall have no duty or obligation to review any information provided to it by the Successor Agency hereunder and shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, holders or beneficial owners or any other party. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied (provided no amendment or waiver shall be made that affects the duties or rights of the Dissemination Agent without its written consent):

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel retained by the Successor Agency, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel retained by the Successor Agency, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Successor Agency to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change

in the accounting principles shall be sent to the MSRB through the EMMA System in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. All of the immunities, indemnities, and exceptions from liability in Article VI of the Indenture insofar as they relate to the Trustee shall apply to the Trustee and the Dissemination Agent in this Disclosure Certificate. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent may rely and shall be protected in acting or refraining from acting upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel retained by the Successor Agency. The obligations of the Successor Agency under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. No person, other than the Successor Agency, shall have any right to commence any action against the Trustee or Dissemination Agent seeking any remedy other than to compel specific performance of this Disclosure Certificate.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated: _____

IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY

By _____

Name _____

Title _____

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Imperial Beach Redevelopment Agency Successor Agency

Name of Bond Issue: Palm Avenue/Commercial Redevelopment Project, 2013 Tax Allocation Refunding Bonds

Date of Issuance: [Closing Date]

NOTICE IS HEREBY GIVEN that the Imperial Beach Redevelopment Agency Successor Agency (the "Issuer") has not provided an Annual Report with respect to the above-named Bonds as required by the Indenture of Trust, dated as of November 1, 2010, by and between the Imperial Beach Redevelopment Agency and Wells Fargo Bank National Association, as trustee (the "Trustee"), as supplemented by a First Supplemental Indenture of Trust dated _____ 1. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

IMPERIAL BEACH REDEVELOPMENT AGENCY
SUCCESSOR AGENCY

By _____

Name _____

Title _____

cc: Trustee

APPENDIX G

DTC AND THE BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the Successor Agency, the Underwriters nor the Trustee take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and

dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Trustee. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to the Trustee's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

FIRST SUPPLEMENTAL INDENTURE OF TRUST

Dated as of _____ 1, 2013

by and between the

IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
as Trustee

Relating to

$_____
Imperial Beach Redevelopment Agency Successor Agency
Palm Avenue/Commercial Redevelopment Project
Tax Allocation Refunding Bonds, Series 2013

TABLE OF CONTENTS

ARTICLE X
ADDITIONAL DEFINITIONS RELATING TO THE SERIES 2013 BONDS
SECTION 10.01. Definitions. 3
SECTION 10.02. Tax Revenues Applicable to Series 2013 Bonds. 4
SECTION 10.03. References in Series 2010 Indenture. 4

ARTICLE XI
AUTHORIZATION OF SERIES 2013T BONDS
SECTION 11.01. Authorization of Series 2013 Bonds. 6
SECTION 11.02. Terms of Series 2013 Bonds. 6
SECTION 11.03. Redemption. 7
SECTION 11.04. Form and Execution of Series 2013 Bonds. 7

ARTICLE XII
APPLICATION OF PROCEEDS OF SERIES 2013 BONDS
SECTION 12.01. Application of Proceeds of Sale of Series 2013 Bonds. 9
SECTION 12.02. Series 2013 Costs of Issuance Fund. 9
SECTION 12.03. Series 2013 Bonds Escrow Subaccount. 9
SECTION 12.04. Series 2013 Reserve Account. 9

ARTICLE XIII
MISCELLANEOUS
SECTION 13.01. Security for Series 2013 Bonds. 11
SECTION 13.02. Continuing Disclosure. 12
SECTION 13.03. Tax Covenants. 12
SECTION 13.04. Benefits Limited to Parties. 12
SECTION 13.05. Effect of this First Supplement. 12
SECTION 13.06. Further Assurances. 12
SECTION 13.07. Execution in Counterparts. 13
SECTION 13.08. Governing Law. 13

EXHIBIT A FORM OF SERIES 2013 BOND
EXHIBIT B DEBT SERVICE SCHEDULE

FIRST SUPPLEMENTAL INDENTURE OF TRUST

This First Supplemental Indenture of Trust (this "First Supplement"), dated as of _____ 1, 2013, is by and between the IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY, a public entity duly organized and existing under the laws of the State of California (the "Successor Agency"), as successor in interest to the IMPERIAL BEACH REDEVELOPMENT AGENCY (the "Original Agency"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as trustee under the hereinafter defined Series 2010 Indenture (the "Trustee");

W I T N E S S E T H:

WHEREAS, the Original Agency is obligated to pay the original amount of $22,765,000 under two Loan Agreements (the “2003 Loan Agreements”) entered into in 2003 in connection with the issuance by the Imperial Beach Financing Authority of its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) for the purpose of financing programs, projects and activities relating to the Original Agency's Palm Avenue/Commercial Redevelopment Project; payments due on the loan obligations are payable primarily from tax increment revenues derived from the Redevelopment Project (as defined in the hereinafter mentioned Series 2010 Indenture);

WHEREAS, the Original Agency has heretofore issued its $21,595,000 aggregate principal amount of Palm Avenue/Commercial Redevelopment Project Tax Allocation Bonds, 2010 Tax Allocation Bonds (the "Series 2010 Bonds") for the purpose of financing redevelopment activities with respect to the Redevelopment Project, pursuant to an Indenture of Trust, dated as of November 1, 2010, by and between the Original Agency and the Trustee (the "Series 2010 Indenture");

WHEREAS, the Series 2010 Indenture permits the issuance of Parity Debt (within the meaning of the Series 2010 Indenture) payable from Tax Revenues (as defined in the Series 2010 Indenture) on a parity with the Series 2010 Bonds, subject to certain terms and conditions;

WHEREAS, by implementation of California Assembly Bill X1 26 ("AB X1 26") approved by the Governor of the State of California on June 28, 2011, which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, *et.seq.*) and added Part 1.8 and Part 1.85 to Division 24 of the California Health and Safety Code, and due to the California Supreme Court’s decision in *California Redevelopment Association v. Matosantos*, the Original Agency was dissolved on February 1, 2012 in accordance with AB X1 26, and on February 1, 2012, the Successor Agency, in accordance with and pursuant to the AB X1 26, assumed the duties and obligations of the Original Agency as provided in the Dissolution Act (defined herein), including, without limitation, the obligations of the Original Agency under the Series 2010 Indenture and related documents to which the Original Agency was a party; and

WHEREAS, the Dissolution Act, at Section 34177.5 of the California Health and Safety Code authorizes the Successor Agency to undertake proceedings for the refunding of outstanding bonds and other obligations of the Original Agency, subject to the conditions precedent contained in Section 34177.5;

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the Series 2003 Loan Agreements and, in order to do so, is proposing to issue its $_____ aggregate principal amount of its Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013 (the "Series 2013 Bonds") pursuant to the Series 2010 Indenture, as supplemented by this First Supplement (together, the "Indenture");

WHEREAS, the Series 2013 Bonds are being issued as Parity Debt and, to that end, this First Supplement is entered into pursuant to and in accordance with the provisions of and conditions applicable to the issuance of the Series 2013 Bonds as Parity Debt under the Series 2010 Indenture, and for the purposes of supplementing and amending the Series 2010 Indenture; and

WHEREAS, the Successor Agency has certified that all acts and proceedings required by law necessary to make the Series 2013 Bonds, when executed by the Successor Agency, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Successor Agency in accordance with the Dissolution Act, and to constitute this First Supplement a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the First Supplement have been in all respects duly authorized.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE X

ADDITIONAL DEFINITIONS RELATING TO THE SERIES 2013 BONDS

Section 10.01. *Definitions.* Unless the context otherwise requires, the terms defined in this Section 10.01 shall, for all purposes of this First Supplement, have the respective meanings specified in this Section 10.01. All terms defined in Section 1.01 and not otherwise defined or redefined in this Section 10.01 shall, when used in this First Supplement, have the respective meanings given to such terms in said Sections.

"Agency" means the Imperial Beach Redevelopment Agency, as the Original Agency under this Indenture, or the Imperial Beach Redevelopment Agency Successor Agency, as the successor in interest thereto, as applicable.

"Bonds," subject to Section 10.03, means the Series 2010 Bonds, the Series 2013 Bonds and any Parity Debt issued as bonds pursuant to a Supplemental Indenture.

"Bond Year" means, with respect to the Series 2013 Bonds, the one-year period beginning on December 2 in any year and ending on the next succeeding December 1, both dates inclusive, except that the first Bond Year with respect to the Series 2013 Bonds shall begin on the Closing Date and end on December 1, 2013.

"Closing Date" means, with respect to the Series 2013 Bonds, the date on which the Series 2013 Bonds are delivered to the original purchasers thereof.

"Continuing Disclosure Certificate" means, with respect to the Series 2013 Bonds, that certain Continuing Disclosure Certificate relating to the Series 2013 Bonds executed by the Agency and dated the date of issuance and delivery of the Series 2013 Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Department of Finance" means the Department of Finance of the State of California.

"Dissolution Act" means the provisions of Assembly Bill X1 26, signed by the Governor of the State on June 28, 2011, and filed with the Secretary of State June 29, 2011, amending the Redevelopment Law and adding Part 1.8 (commencing with Section 34161) and Part 1.85 (commencing with Section 34170) of Division 24 of the California Health and Safety Code, as amended by Assembly Bill 1484, signed by the Governor on June 27, 2012, and filed with the Secretary of State on June 27, 2012.

"First Supplement" means this First Supplemental Indenture of Trust, dated as of _____ 1, 2013, by and between the Agency and Trustee, as the same may be amended from time to time in accordance with the terms of the Series 2010 Indenture.

"Indenture" means the Series 2010 Indenture, as supplemented and amended by the First Supplement, as it may be further supplemented or amended by any additional Supplemental Indenture entered into pursuant to the provisions thereof.

"Original Agency" means the Imperial Beach Redevelopment Agency, a public body corporate and politic duly organized and existing under the Redevelopment Law prior to the Dissolution Act.

"Oversight Board" means the Oversight Board of the Successor Agency established pursuant to the Section 34179 of the Dissolution Act.

"Prior Tax Revenues" means (a) those taxes paid to the Agency with respect to the Redevelopment Project pursuant to Article 6 of Chapter 6 of the Redevelopment Law, and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State law, and as provided in the Redevelopment Plan, and (b) reimbursements, subventions (but excluding payments to the Agency with respect to personal non-taxable property within the Redevelopment Project pursuant to Section 16110, et seq., of the Government Code of the State), or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes; including that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Loan and any Parity Debt (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 or 33334.6 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Redevelopment Project, but excluding all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to Section 33334.3 of the Redevelopment Law and all amounts (if any) required to be paid pursuant to Tax Sharing Statutes, unless subordinated to the Bonds and Parity Debt.

“Redevelopment Property Tax Trust Fund” means the fund established pursuant to Section 34170.5(b) of the California Health and Safety Code and administered by the San Diego County Auditor - Controller.

"Refunding Law" means Article 10 (commencing with Section 53570) and Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of title 5 of the California Government Code.

"Reserve Requirement" means, as of the date of issuance of the Series 2013 Bonds, an amount equal to the lesser of (a) 10% of the original principal amount of the Bonds and any other Parity Debt of the Agency, or (b) the maximum annual debt service on the Bonds and any other Parity Debt of the Agency coming due and payable in the current or any future Bond Year, or (c) 125% of average annual Bond Year Debt Service on the Bonds and any other Parity Debt of the Agency.

"Retirement Fund" means the Redevelopment Obligation Retirement Fund established and held by the Successor Agency pursuant to Section 34170.5(a) of the California Health and Safety Code.

"Series 2010 Bonds" means the Agency’s 2010 Tax Allocation Bonds (Palm Avenue/Commercial Redevelopment Project) initially issued in the principal amount of $21,595,000.

"Series 2010 Indenture" means the Indenture of Trust dated as of November 1, 2010, by and between the Agency and the Trustee, as the same may be amended from time to time in accordance with its terms.

"Series 2013 Bonds" means the Agency's Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013 initially issued in the principal amount of $_____.

"Series 2013 Costs of Issuance Fund" means the fund by that name established and held by the Trustee pursuant to Section 12.02.

"Series 2013 Reserve Account" means the subaccount by that name established and held by the Trustee within the Reserve Account pursuant to Section 12.04.

"2013 Resolution" means Resolution No. 2013-____ adopted by the Successor Agency on _____, 2013.

"Series 2003 Bonds" means the Imperial Beach Financing Authority Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) initially issued in the principal amount of $22,765,000.

"Series 2003 Bonds Escrow Subaccount" means the subaccount by that name established pursuant to Section 12.03.

"2003 Loan Agreements" means collectively the (i) Loan Agreement No. 1 (Original Area) dated as of November 1, 2003 by and between the Original Agency and the Authority in the original principal amount of $4,755,000; and (ii) Loan Agreement No. 2 (Amendment Area) dated as of November 1, 2003 by and between the Original Agency and the Authority in the original principal amount of $18,010,000.

"Series 2003 Refunding Instructions" means the Irrevocable Refunding Instructions dated the Closing Date with respect to the Series 2003 Bonds, given by the Authority and the Successor Agency to the Trustee with respect to the Series 2003 Bonds.

"Tax Revenues" means all taxes that were eligible for allocation to the Original Agency with respect to the Project Area and are allocated to the Successor Agency pursuant to Article 6 of Chapter 6 (commencing with Section 33670) of the Law and Section 16 of Article XVI of the Constitution of the State, or pursuant to other applicable State laws and that are paid to the Successor Agency for deposit into the Special Fund of the Redevelopment Obligation Retirement Fund, plus, as to Tax Revenues available for payment of the Series 2010 Bonds, amounts of such taxes required to be paid pursuant to Tax Sharing Statutes but subordinated to the Series 2010 Bonds. In the event that the applicable property tax revenues provisions of the Dissolution Act are determined by a court in a final judicial decision to be invalid and, in place of the invalid provisions of the Dissolution Act, provisions of the Law or the equivalent shall become applicable to the Bonds, then the term "Tax Revenues" shall mean the Prior Tax Revenues.

Section 10.02. *Tax Revenues Applicable to Series 2013 Bonds.* The Series 2013 Bonds shall be secured by Tax Revenues on parity with the 2010 Bonds in the manner and to the extent set forth in 2010 Indenture and the Dissolution Act, provided however certain payments to taxing entities under Tax Sharing Statutes have been subordinated to the obligation to pay the Series 2010 Bonds but have not been subordinated with respect to the Series 2013 Bonds.

Section 10.03. *References in Series 2010 Indenture.* The Series 2013 Bonds shall be secured on parity with the 2010 Bonds in the manner and to the extent set forth in the Series 2010 Indenture, as supplemented hereby and by the Dissolution Act. Except as expressly provided in this First Supplemental Indenture or except to the extent inconsistent with this First Supplemental Indenture, every term and condition contained in the foregoing provisions of the Series 2010 Indenture shall apply to the Series 2013 Bonds with full force and effect, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to the issuance and administration of the Series 2013 Bonds as a separate but equal series of Bonds issued later in time. In that regard, references to "Bond" or "Bonds" in Sections 2.01, 2.02 and 2.03 and Sections 3.01 and 3.02 of the 2010 Indenture are deemed to refer to the Series 2010 Bonds described therein.

ARTICLE XI

AUTHORIZATION OF SERIES 2013 BONDS

SECTION 11.01. *Authorization of Series 2013 Bonds.* The Series 2013 Bonds have been authorized to be issued by the Agency pursuant to the 2013 Resolution and the approvals required under the Dissolution Act. The Series 2013 Bonds are being issued pursuant to the Refunding Law and in accordance with Section 34177.5 of the Dissolution Act, as Parity Debt in the aggregate principal amount of _____ Dollars ($_____), under and subject to the terms of the Indenture, the 2013 Resolution and the Dissolution Act, for the purpose of refunding the 2003 Loan Agreements and the Series 2003 Bonds, thereby refinancing redevelopment activities with respect to the Redevelopment Project. The Series 2013 Bonds shall be designated the "Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013". The Indenture, which includes this First Supplement, constitutes a continuing agreement with the Owners of all of the Series 2013 Bonds issued hereunder and at any time Outstanding to secure the full and final payment of principal of and premium, if any, and interest on all Series 2013 Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained.

SECTION 11.02. *Terms of Series 2013 Bonds.* The Series 2013 Bonds shall be dated as of the Closing Date with respect to the Series 2013 Bonds. The Series 2013 Bonds shall be issued in fully registered form without coupons in denominations of $5,000. The Series 2013 Bonds shall be issued in Book-Entry Form as provided in Section 2.04 of the Series 2010 Indenture.

The Series 2013 Bonds shall mature on June 1 in each of the years and in the respective principal amounts, and shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates per annum, as set forth in the following table, with debt service as shown in Exhibit B hereto:

Series 2013 Maturity Schedule

Maturity (June 1)	Principal Amount	Interest Rate

Each Series 2013 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) it is authenticated on or before _____ 15, 20___, in which event it shall bear interest from the Closing Date; provided, however, that if, as of the date of authentication of any Series 2013 Bond, interest thereon is in default, such Series 2013 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Series 2013 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed on the applicable Interest Payment Date to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of Series 2013 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Series 2013 Bonds shall be paid on the succeeding Interest Payment Date to such account in the United States as shall be specified in such written request. The principal of the Series 2013 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee.

SECTION 11.03. *Redemption.* The Series 2013 Bonds maturing on or after ____ 1, 20___ are subject to redemption, as a whole or in part in such maturities as are selected by the Successor Agency, prior to their respective maturity dates (or in the absence of such direction, *pro rata* by maturity and by lot within a maturity), at the option of the Successor Agency, on any date on or after ____ 1, 20__ at a redemption price equal to the principal amount of Series 2013 Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

SECTION 11.04. *Form and Execution of Series 2013 Bonds.* The Series 2013 Bonds, the form of Trustee's Certificate of Authentication, and the form of Assignment to appear thereon, shall be substantially in the respective forms set forth in Exhibit A attached to this First Supplement and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Series 2013 Bonds shall be executed as provided in Section 2.05 of the Indenture (provided that the person executing the Series 2013 Bonds shall be the Executive Director of the Successor Agency or other officially designated person for that function, and the person

attesting the Series 2013 Bonds shall be the Secretary of the Successor Agency or other officially designated person for that function), and shall be otherwise subject to said Section 2.05 and Sections 2.06 through 2.08 of the Indenture.

ARTICLE XII

APPLICATION OF PROCEEDS OF SERIES 2013 BONDS

SECTION 12.01. *Application of Proceeds of Sale of Series 2013 Bonds.* Upon the receipt of payment for the Series 2013 Bonds on the Closing Date, the net proceeds thereof, being $_____ (consisting of the par amount of the Series 2013 Bonds, plus an original issue premium of $_____), and less an underwriter's discount of $_____ shall be paid to the Trustee and deposited in a temporary fund (if required by the Trustee to make the following transfers and deposits, which temporary fund shall be closed after such transfers and deposits have been made), all of the amounts on deposit in which shall be transferred on the Closing Date as follows:

(a) The Trustee shall deposit in the Series 2013 Reserve Account the amount of $_____, to be applied as provided in Section 12.04.

(a) The Trustee shall deposit in the Series 2013 Costs of Issuance Fund the amount of $_____, to be applied as provided in Section 12.02.

(c) The Trustee shall deposit the remainder of the proceeds of the Series 2013 Bonds, being $_____, in the Series 2003 Bonds Escrow Subaccount to be applied as provided in Section 12.03.

SECTION 12.02. *Series 2013 Costs of Issuance Fund.* There is hereby established a separate fund to be known as the "Series 2013 Costs of Issuance Fund", which shall be held by the Trustee in trust. The moneys in the Series 2013 Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance with respect to the Series 2013 Bonds upon submission of a Written Request of the Agency stating (a) the person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Series 2013 Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Written Request of the Agency; in each case together with a statement or invoice for each amount requested thereunder. Each such Written Request of the Agency shall be sufficient evidence to the Trustee of the facts stated therein, and the Trustee shall have no duty to confirm the accuracy of such facts. On the earlier of _____, or the date of receipt by the Trustee of a Written Request of the Agency, all amounts (if any) remaining in the Series 2013 Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and be transferred to the Interest Account and used to pay interest on the Series 2013 Bonds.

SECTION 12.03. *Series 2003 Bonds Escrow Subaccount.* There is hereby established a subaccount within the Redemption Account to be known as the Series 2003 Bonds Escrow Subaccount, which is held by the Trustee in trust for the benefit of the owners of the Series 2003 Bonds. Amounts on deposit in the Series 2003 Bonds Escrow Subaccount shall be applied as provided in the Refunding Instructions. Once all amounts in the Series 2003 Bonds Escrow Subaccount have been expended or transferred as provided in the Series 2003 Refunding Instructions, the Series 2003 Bonds Escrow Subaccount shall be closed.

SECTION 12.04. *Series 2013 Reserve Account.* Pursuant to Section 4.03 of the Series 2010 Indenture, the Successor Agency elects that the existing Reserve Account become a parity reserve for the Bonds and any future Parity Debt of the Agency. The amount deposited in the Reserve Account pursuant to Section 3.02(b) of the Series 2010 Indenture Trustee shall

be held within a subaccount within the Reserve Account to be designated as the "Series 2010 Reserve Subaccount." The Trustee shall additionally establish a separate subaccount within the Reserve Account designated as the "Series 2013 Reserve Subaccount" for accounting purposes only, into which the Trustee shall transfer the amount set forth in Section 12.01(a).

ARTICLE XIII
MISCELLANEOUS

SECTION 13.01. *Security for Series 2013 Bonds.* The Series 2013 Bonds shall be Parity Debt within the meaning of such term in Section 1.01 and shall be secured in the manner and to the extent set forth in Article IV. As provided in Section 4.01 and Section 4.02 of the Indenture, the Series 2013 Bonds shall be secured on a parity with all other Bonds issued under this Indenture, including the Series 2010 Bonds, by a first pledge of and lien on all of the Tax Revenues in the Special Fund and all moneys in the Debt Service Fund and the accounts therein; provided however certain payments to taxing entities under Tax Sharing Statutes have been subordinated to the obligation to pay the Series 2010 Bonds but have not been subordinated with respect to the obligation to pay the Series 2013 Bonds.

The Successor Agency acknowledges that, due to the passage of Dissolution Act, it will need to take certain actions to ensure that it collects sufficient Tax Revenues to pay debt service on the Bonds, including the Series 2013 Bonds, on a timely basis. The Successor Agency covenants that it will take all such actions as required to make the timely payment of debt service on the Bonds. The Successor Agency further acknowledges that the provisions of the Dissolution Act require that it establish the Retirement Fund, into which all Tax Revenues, as and when received are required to be deposited. The Successor Agency has heretofore established the Retirement Fund as required by Section 34170.5(a) of the Dissolution Act, and covenants that it shall continue to hold and maintain the Retirement Fund so long as any of the Bonds are Outstanding. The Successor Agency hereby agrees that it will hold the Special Fund as an account within Retirement Fund and will continue to deposit all Tax Revenues, as and when received, into the Special Fund in order to ensure that all Tax Revenues are available for the payment of debt service on the Bonds on a timely basis.

The Successor Agency further covenants and agrees that it will duly and punctually pay or cause to be paid the principal of and interest on each of the Bonds, including the Series 2013 Bonds, on the date, at the place and in the manner provided in the Bonds, and that it will take all actions required under the Dissolution Act to include scheduled debt service on the Series 2013 Bonds, as well as any amount required under the Indenture to replenish the Reserve Account, on Recognized Obligation Payment Schedules for each six-month period so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund to the Retirement Fund on each January 2 and June 1 amounts required for the Successor Agency to deposit into the Special Fund to pay principal of, and interest on, the Series 2013 Bonds, coming due in the respective six-month period, including, without limitation, placing on the periodic Recognized Obligation Payment Schedule for approval by the Oversight Board and State Department of Finance, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the next six-month period, as contemplated by paragraph (1)(A) of subdivision (d) of Section 34171 of the Dissolution Act, that are necessary to provide for the payment of principal and interest on the Series 2013 Bonds when the next property tax allocation from the Redevelopment Property Tax Trust Fund is projected to be insufficient to pay all obligations due under the Indenture and for the next payment due thereunder and hereunder in the following six-month period.

Pursuant to the Dissolution Act, at Section 34177.5(i) of the Health and Safety Code, within ten (10) days of the Closing Date for the Series 2013 Bonds, the Successor Agency will petition the Department of Finance to confirm that its determination that the Series 2013 Bonds approved on the Recognized Obligation Payment Schedules constitutes an enforceable

obligation is final and conclusive, and that it has finally and conclusively approved that the Series 2013 Bonds constitute an "enforceable obligation" under the Dissolution Act and reflects the department's approval of subsequent payments made pursuant to the enforceable obligation.

The Successor Agency also covenants to calculate the amount of Tax Revenues received during each six-month period, as described above, to ensure that Tax Revenues are properly credited to and deposited in the Special Fund.

The Successor Agency shall not enter into any agreement with any other governmental unit, or amend any such agreement, if such agreement or amendment would have the effect of causing the amount of Tax Revenues available to the Successor Agency for payment of the Bonds to be insufficient to meet debt service on the Series 2013 Bonds and the 2010 Bonds, unless in the written opinion of an Independent Redevelopment Consultant is filed with the Trustee to the effect that such reduction will not adversely affect the interests hereunder of or the security granted hereunder to the Bond Owners.

SECTION 13.02. *Continuing Disclosure.* The Agency hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Indenture, failure of the Agency to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any Participating Underwriter or any owner or beneficial owner of the Series 2013 Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Agency to comply with its obligations under this Section 13.02.

SECTION 13.03. *Tax Covenants.* The Agency agrees to comply with the requirements of Sections 5.12 with respect to the Series 2013 Bonds in addition to the Series 2010 Bonds.

SECTION 13.04. *Benefits Limited to Parties.* Nothing in this First Supplement, expressed or implied, is intended to give to any person other than the Agency, the Trustee and the Owners of the Bonds, any right, remedy, claim under or by reason of this First Supplement. Any covenants, stipulations, promises or agreements in this First Supplement contained by and on behalf of the Agency shall be for the sole and exclusive benefit of the Trustee and the Owners of the Bonds.

SECTION 13.05. *Effect of this First Supplement.* Except as in this First Supplement expressly provided or except to the extent inconsistent with any provision of this First Supplement, the Series 2013 Bonds shall be deemed to be Bonds under and within the meaning thereof as set forth in Section 1.02 of the Indenture, as modified by this First Supplement, and every term and condition contained in the other provisions of this Indenture shall apply to the Series 2013 Bonds with full force and effect, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this First Supplement.

SECTION 13.06. *Further Assurances.* The Agency will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Series 2013 Bonds and the rights and benefits provided in the Indenture.

SECTION 13.07. *Execution in Counterparts.* This First Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13.08. *Governing Law.* This First Supplement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY has caused this First Supplement to be signed in its name by its Executive Director and attested by its Secretary, and WELLS FARGO BANK, National Association, in token of its acceptance of the trusts created hereunder, has caused this First Supplement to be signed in its corporate name by its officer thereunto duly authorized, all as of the day and year first above written.

IMPERIAL BEACH REDEVELOPMENT
AGENCY SUCCESSOR AGENCY

By:_____
Executive Director

ATTEST:

By:_____
Secretary

WELLS FARGO BANK, National
Association, as Trustee

By:_____
Authorized Officer

APPENDIX A

(FORM OF SERIES 2013 BOND)

No. _____ $_____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY
PALM AVENUE/COMMERCIAL REDEVELOPMENT PROJECT
TAX ALLOCATION REFUNDING BOND, SERIES 2013

INTEREST RATE:	MATURITY DATE:	DATED DATE:	CUSIP:
	June 1, _____	[Closing Date]	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL SUM: DOLLARS

The IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY, a public entity organized and existing under and by virtue of the laws of the State of California (the "Agency"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the Interest Payment Date (as hereinafter defined) next preceding the date of authentication of this Bond, unless (i) this Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it shall bear interest from such Interest Payment Date, or (ii) this Bond is authenticated on or before the first Record Date, in which event it shall bear interest from the Dated Date above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on this Bond, until payment of such Principal Sum in full, at the Interest Rate per annum stated above, payable semiannually on each June 1 and December 1, commencing _____ (each, an "Interest Payment Date"), calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable upon surrender of this Bond at the corporate trust office of WELLS FARGO BANK, National Association, in San Francisco, California, as trustee (the "Trustee"), or at such other place designated by the Trustee (the "Principal Corporate Trust Office"). Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check of the Trustee mailed by first class mail, postage prepaid, on the Interest Payment Date to the Registered Owner hereof at the Registered Owner's address as it appears on the registration books maintained by the Trustee as of the Record Date for such Interest Payment Date; provided however, that payment of interest may be by wire transfer

to an account in the United States of America to any registered owner of Bonds in the aggregate principal amount of $1,000,000 or more upon written instructions of any such registered owner filed with the Trustee for that purpose prior to the Record Date preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the Agency designated as "Imperial Beach Redevelopment Agency Successor Agency Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013" (the "Bonds"), of an aggregate principal amount of _____ Dollars ($_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers, maturities, interest rates, or redemption and other provisions) and all issued pursuant to the provisions of the Refunding Law (as defined in the hereinafter mentioned Indenture) and in accordance with Section 34177.5 of the Dissolution Act (as defined in the Indenture), and pursuant to an Indenture of Trust, dated as of November 1, 2010, by and between the Imperial Beach Redevelopment Agency, as predecessor in interest to the Agency (the "Original Agency") and the Trustee (the "Series 2010 Indenture"), as supplemented and amended by a First Supplemental Indenture of Trust dated as of _____ 1, 2013 between the Agency and the Trustee (collectively, the "Indenture"), providing for the issuance of the Bonds. The Bonds are being issued in the form of registered Bonds without coupons, and are being issued on parity with certain other bonds previously issued by the Original Agency. Additional bonds or other obligations may be issued on parity with the Bonds, but only subject to the terms of the Indenture. Reference is hereby made to the Indenture (copies of which are on file at the office of the Agency) and all indentures supplemental thereto and to the Law and Dissolution Act (as defined in the Indenture) for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Tax Revenues (as that term is defined in the Indenture), and the rights thereunder of the registered owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Agency thereunder, to all of the provisions of which Indenture the Registered Owner of this Bond, by acceptance hereof, assents and agrees. Capitalized terms not otherwise defined herein shall have the meanings given them in the Indenture.

The Bonds have been issued by the Agency for the purpose of providing funds to refinance certain redevelopment activities with respect to its Palm Avenue/Commercial Redevelopment Project Area (the "Project Area") by prepaying the amount owed by the Agency under two Loan Agreements entered into in 2003 in connection with the issuance by the Imperial Beach Financing Authority of its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project), and to pay certain expenses of the Agency in issuing the Bonds.

The Bonds are special obligations of the Agency and this Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Indenture), are payable from, and are secured by a pledge of, security interest in and lien on the Tax Revenues, as defined in the Indenture and modified by the Dissolution Act (as defined in the Indenture) derived by the Agency from the Project Area.

There has been created and will be maintained by the Agency, the Special Fund (as defined in the Indenture) into which Tax Revenues shall be deposited and from which the Agency shall transfer amounts to the Trustee for payment, when due, of the principal of and the interest and redemption premium, if any, on the Bonds, as defined in the Indenture. As and to the extent set forth in the Indenture, all such Tax Revenues and the moneys in the Special Fund (as such terms are defined in the Indenture) are exclusively and irrevocably pledged to and

constitute a trust fund, in accordance with the terms hereof and the provisions of the Indenture, the Dissolution Act and the Law, for the security and payment or redemption of, including any premium upon early redemption, if applicable, and for the security and payment of interest on, the Bonds. In addition, the Bonds shall be additionally secured at all times by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Reserve Account and the Redemption Account (as such terms are defined in the Indenture). Except for the Tax Revenues and such moneys, no funds or properties of the Agency shall be pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium, if any, on the Bonds.

The Bonds maturing on or after ____ 1, 20___ are subject to redemption, as a whole or in part in such maturities as are selected by the Successor Agency, prior to their respective maturity dates (or in the absence of such direction, *pro rata* by maturity and by lot within a maturity), at the option of the Successor Agency, on any date on or after ____ 1, 20__ at a redemption price equal to the principal amount of Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, without premium.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

The Bonds are issuable as fully registered Bonds without coupons in denominations of $5,000 and any integral multiple thereof. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Indenture, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Principal Corporate Trust Office of the Trustee, but only in the manner and subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new fully registered Bond or Bonds, of any authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor. The Trustee may refuse to transfer or exchange (a) any Bond during the fifteen (15) days prior to the date established for the selection of Bonds for redemption, or (b) any Bond selected for redemption.

The Agency and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Agency and the Trustee shall not be affected by any notice to the contrary.

The rights and obligations of the Agency and the registered owners of the Bonds may be modified or amended at any time in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the Agency to pay the principal, interest or redemption premiums (if any) at the time and place and at the rate and in the currency provided herein of any Bond without the express written consent of the registered owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Agency or the Trustee for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Bond is not a debt, liability or obligation of the City of Imperial Beach, the State of California, or any of its political subdivisions, and neither said City, said State, nor any of its political subdivisions is liable hereon, nor in any event shall this Bond be payable out of any funds or properties other than those pledged by the Agency. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the Dissolution Act, the Law and the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the Agency, does not exceed any limit prescribed by the Dissolution Act, the Law or any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the Trustee's Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Imperial Beach Redevelopment Agency Successor Agency has caused this Bond to be executed in its name and on its behalf with the facsimile signature of its Executive Director and attested by the facsimile signature of its Secretary, all as of the Dated Date set forth above.

IMPERIAL BEACH REDEVELOPMENT
AGENCY SUCCESSOR AGENCY

By:_____
Executive Director

ATTEST:

_____
Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Authentication Date: _____

WELLS FARGO BANK, National
Association, as Trustee

By:_____
Authorized Signatory

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or Tax Regulations:

TEN COM --	as tenants in common	UNIF GIFT MIN ACT _____Custodian _____
TEN ENT --	as tenants by the entireties	(Cust.) (Minor)
JT TEN --	as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)
COMM PROP --	as community property	

ADDITIONAL ABBREVIATIONS MAY ALSO BE USED
THOUGH NOT IN THE LIST ABOVE

(FORM OF ASSIGNMENT)

For value received the undersigned hereby sells, assigns and transfers unto

_____

_____

_____

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within-registered Bond and hereby irrevocably constitute(s) and appoints(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Signatures Guaranteed:

Note:	Signature(s) must be guaranteed by an eligible guarantor.	Note:	The signatures(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

DEBT SERVICE SCHEDULE

IRREVOCABLE REFUNDING INSTRUCTIONS

These IRREVOCABLE REFUNDING INSTRUCTIONS (these "Instructions"), dated _____, 2013, are given by the IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY, a public entity duly organized and existing under the laws of the State of California (the "Successor Agency"), as successor in interest of the IMPERIAL BEACH REDEVELOPMENT AGENCY (the "Original Agency") and the IMPERIAL BEACH PUBLIC FINANCING AUTHORITY, a joint powers authority organized and existing under the laws of the State of California (the "Authority") to WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, acting as trustee for the hereinafter defined 2003 Authority Bonds and 2013 Bonds (the "Trustee");

W I T N E S S E T H :

WHEREAS, the Original Agency is obligated to pay the original amount of $22,765,000 under two Loan Agreements (the "2003 Loan Agreements") entered into in 2003 in connection with the issuance by the Authority of its $22,765,000 original amount of Tax Allocation Revenue Bonds, 2003 Series A (Palm Avenue/Commercial Redevelopment Project) (the "2003 Authority Bonds") pursuant to an Indenture of Trust dated as of November 1, 2003 (the "2003 Indenture") by and between the Authority and the Trustee for the purpose of financing programs, projects and activities relating to the Original Agency's Palm Avenue/Commercial Redevelopment Project (the "Redevelopment Project"); payments due on the loan obligations are payable primarily from tax increment revenues derived from the Redevelopment Project; and

WHEREAS, by implementation of California Assembly Bill X1 26 approved by the Governor of the State of California on June 28, 2011 ("AB 26"), which amended provisions of the California Redevelopment Law, (found at Health and Safety Code Section 33000, et.seq.) and added Part 1.8 and Part 1.85 to Division 24 of the California Health and Safety Code, and due to the California Supreme Court's decision in *California Redevelopment Association v. Matosantos*, the Original Agency was dissolved on February 1, 2012 in accordance with AB 26, and on February 1, 2012, the Successor Agency, in accordance with and pursuant to AB 26, assumed the duties and obligations set forth in AB 26 for the Original Agency, including, without limitation, the obligations of the Original Agency under the 2003 Loan Agreements and related documents to which the Original Agency was a party; and

WHEREAS, the Successor Agency has determined that it is in the best financial interests of the Successor Agency to refund, at this time, the 2003 Loan Agreements, and the Successor Agency and the Authority have determined that the refunding of the 2003 Loan Agreements will result in the simultaneous redemption of the 2003 Authority Bonds prior to their scheduled maturity date; and

WHEREAS, in order to provide funds for such purpose, the Successor Agency is issuing its $_____ aggregate principal amount of its Palm Avenue/Commercial Redevelopment Project Tax Allocation Refunding Bonds, Series 2013 (the "Series 2013 Bonds") pursuant to an Indenture of Trust, dated as of November 1, 2010, by and between the Original Agency and the Trustee, as supplemented by a First Supplemental Indenture of Trust dated approximately of even date herewith (together, the "Indenture") and applying a portion of the proceeds of the 2013 Bonds, together with certain other moneys, to prepay the obligations of the Successor

Agency under the 2003 Loan Agreements and redeem all of the outstanding 2003 Authority Bonds; and

WHEREAS, the Successor Agency and the Authority wish to give these Instructions to the Trustee for the purpose of providing the terms and conditions relating to the deposit and application of moneys to provide for the prepayment 2003 Loan Agreements and the simultaneous redemption prior to maturity of the 2003 Authority Bonds;

NOW, THEREFORE, the Successor Agency and the Authority hereby irrevocably instruct the Trustee as follows:

Section 1. Establishment of the 2003 Authority Bonds Escrow Subaccount. Pursuant to Section 2.2(a), Section 4.2(d) and Section 9.3 of the Indenture, the Trustee is directed to establish within the Redemption Account established pursuant to the 2003 Indenture a special subaccount known as the "2003 Authority Bonds Escrow Subaccount" (the "Escrow Subaccount"). All amounts on deposit in the Escrow Subaccount are hereby irrevocably pledged as a special trust fund for the redemption of all of the outstanding 2003 Authority Bonds on _____, 2013. Neither the Trustee nor any other person shall have a lien upon or right of set off against the amounts at any time on deposit in the 2003 Authority Bonds Escrow Subaccount, and such amounts shall be applied only as provided herein.

Section 2. Deposit into the 2003 Authority Bonds Escrow Subaccount; Investment of Amounts. Concurrently with delivery of the Series 2013 Bonds, the Successor Agency shall cause to be deposited in the Escrow Subaccount the amount of $_____ in immediately available funds to be derived from a portion of the proceeds of sale of the Series 2013 Bonds. [Additionally, (a) the Successor Agency will also transfer to the Trustee for deposit in the Escrow Subaccount the amount of $_____ (b) the Authority will also transfer to the Trustee for deposit in the Escrow Subaccount the amount of $_____.] The Successor Agency hereby directs the Trustee to hold all amounts in the Escrow Subaccount [uninvested (in cash)].

The Successor Agency signifies that by making the deposit described herein, it is discharging the 2003 Authority Bonds pursuant to Sections 9.3 of the 2003 Indenture.

Section 3. Proceedings for Redemption of 2003 Authority Bonds. The Successor Agency and the Authority hereby irrevocably elect, and direct the Trustee, to redeem, on _____, 2013, from amounts on deposit in the Series 2003 Escrow Subaccount, the outstanding 2003 Authority Bonds pursuant to the provisions of Section 2.03(a) of the 2003 Indenture. The Trustee acknowledges, that by accepting these instructions, it has [heretofore] [will, on or before _____, 2013 have] published a notice of such redemption in accordance with Section 2.2(c) of the 2003 Indenture in order to allow for the redemption of the 2003 Authority Bonds on _____, 2013.

Section 4. Application of Funds to Redeem 2003 Authority Bonds. The Trustee shall apply the amounts on deposit in the Escrow Subaccount to redeem the outstanding 2003 Authority Bonds on _____, 2013 at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest, all in accordance with Section 2.2(a) of the 2003 Indenture.

Section 5. Transfer of Remaining Funds. On _____, 2013, following the payment and redemption described above and payment of any amounts then owed to the

Trustee, the Trustee shall withdraw any amounts remaining on deposit in the Escrow Subaccount and transfer such amounts to the Debt Service Fund established under the 2013 Indenture to be used for the purpose of paying interest on the Series 2013 Bonds.

Section 6. Amendment. These Instructions shall be irrevocable by the Successor Agency. These Instructions may be amended or supplemented by the Successor Agency, but only if the Successor Agency shall file with the Trustee (a) an opinion of nationally recognized bond counsel engaged by the Successor Agency stating that such amendment or supplement will not, of itself, adversely affect the exclusion from gross income of interest on the 2003 Authority Bonds or the Series 2013 Bonds under federal income tax law, and (b) a certification of an independent accountant or independent financial adviser engaged by the Successor Agency stating that such amendment or supplement will not affect the sufficiency of funds invested and held hereunder to make the payments required by Section 4.

Section 7. Application of Certain Terms of the 2003 Indenture. All of the terms of the 2003 Indenture relating to the payment of principal of and interest and repayment premium, if any, on the 2003 Authority Bonds and the redemption thereof, and the protections, immunities and limitations from liability afforded the Trustee, are incorporated in these Instructions as if set forth in full herein.

Section 8. Counterparts. These Instructions may be signed in several counterparts, each of which will constitute an original, but all of which will constitute one and the same instrument.

Section 9. Governing Law. These Instructions shall be construed in accordance with and governed by the laws of the State of California.

IMPERIAL BEACH REDEVELOPMENT AGENCY SUCCESSOR AGENCY

By: _____
Executive Director

IMPERIAL BEACH PUBLIC FINANCING AUTHORITY

By: _____
Executive Director

ACCEPTED:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: _____
Authorized Officer