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**AGENDA FOR THE
SPECIAL COUNCIL MEETING OF
THURSDAY, NOVEMBER 21, 2013, AT 10:00 AM
CITY ADMINISTRATION BUILDING
COUNCIL CHAMBERS – 12TH FLOOR
202 “C” STREET
SAN DIEGO, CA 92101**

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NOTE: The City Council will convene for a Special Closed Session meeting today at 10:00 a.m. The public will be provided an opportunity to comment on the Special Closed Session Agenda before adjourning into Closed Session. At the conclusion of Closed Session, the Council will recommence its meeting for the remainder of the agenda items.

(Rev. 11/19/13)

ROLL CALL

ADOPTION AGENDA, CONSENT ITEMS

ORDINANCES INTRODUCED AT A PREVIOUS MEETING, READY FOR DISPENSING WITH THE READING AND ADOPTION:

* ITEM-600: First Amendment to the Memorandum of Understanding with Staples Contract and Commercial, Inc. (Staples) for office supplies.

ITEM DESCRIPTION:

This action is the First Amendment to the Agreement with Staples Contract and Commercial, Inc. (Staples) for office supplies. This Amendment increases the additional contract by \$2,000,000 for a total contract amount of \$9,986,972. In addition, the Amendment will extend the contract end date to May 31, 2014. The purpose of the Amendment is to provide additional funding for the purchase of office supplies from Staples for FY14 and allow Purchasing and Contracting (P&C) time to conduct the solicitation process to contract for office products for FY15.

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 10/15/2013, Item S501.
(Council voted 9-0):

(O-2014-49)

Authorizing the Council President, in his capacity under Charter Section 265(i), or his designee, to execute, for and on behalf of the City, an Amendment to the Memorandum of Understanding (MOU) between the City and Staples Contract and Commercial, Inc. (Staples), on file in the Office of the City Clerk as Document No. RR-303602;

Authorizing the Chief Financial Officer to appropriate and expend an amount not to exceed \$2,000,000 solely and exclusively, to provide funds for the above referenced contract with Staples, contingent upon the Chief Financial Officer furnishing a certificate certifying that funds necessary for the expenditure are, or will be, on deposit with the City Treasurer;

Authorizing the Chief Financial Officer, upon advice from the administering department, to transfer excess funds, if any, to the appropriate reserves.

NOTE: 6 votes required pursuant to Section 99 of the City Charter.

- * ITEM-601: Authorize a First Amendment to the Agreement with AMEC Environment and Infrastructure, Inc. (AMEC) for As-Needed Storm Water Environmental Monitoring Services for the Transportation and Storm Water Department (TSWD) Storm Water Division.

ITEM DESCRIPTION:

This item will authorize the Amendment of an existing Agreement with AMEC Environment and Infrastructure, Inc. (AMEC) for As-Needed Storm Water Environmental Monitoring Services by removing an annual expenditure limit of \$3 million per contract year, and extending the term of the Agreement approximately four months to coincide with the end of Fiscal Year 2016. These changes will allow the Storm Water Division to maximize the use of the services under the Agreement, and optimize the issuance of task orders and completion of the deliverables with budget authorized for services under this Agreement in Fiscal Year 2016.

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 10/22/2013, Item 60, Subitem A. (Council voted 7-0. Council President Gloria and Councilmember Alvarez not present):

(O-2014-20)

Authorizing and directing the Council President, in his capacity under Charter Section 265(i), or his designee, to execute the First Amendment to the Agreement with AMEC Environment and Infrastructure, Inc. (AMEC) for As-Needed Storm Water Environmental Monitoring Services, for an additional period of approximately four months, extending the term to June 30, 2016, and removing the annual expenditure limitation set forth in R-306396, under the terms and conditions set forth in the First Amendment to the Agreement;

Authorizing the Chief Financial Officer, upon advice from the administering department, to transfer excess funds, if any, to the appropriate reserves.

NOTE: 6 votes required pursuant to Section 99 of the City Charter.

* ITEM-602: Authorize First Amendment to the Agreement with TetraTech Inc., for As-Needed Storm Water Engineering Consulting Services.

ITEM DESCRIPTION:

This item will authorize the Amendment of an existing Agreement with TetraTech Inc., for As-Needed Storm Water Engineering Consulting Services by extending the term of the Agreement by approximately one and a half years to the end of Fiscal Year 2015. These changes will allow the Storm Water Division to maximize the use of the services under the Agreement, and continue critical work in progress for ongoing projects and planning efforts until June 30, 2015.

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 10/22/2013, Item 61, Subitem A. (Council voted 7-0. Council President Gloria and Councilmember Alvarez not present):

(O-2014-42)

Authorizing and directing the Council President, in his capacity under Charter Section 265(i), or his designee, for and on behalf of the City, to execute the First Amendment to the Agreement with TetraTech Inc., for As-Needed Storm Water Engineering Consulting Services for an additional period of approximately one and a half years, extending the term to June 30, 2015, under the terms and conditions set forth in the First Amendment to the Agreement;

Authorizing the Chief Financial Officer, upon advice from the administering department, to transfer excess funds, if any, to the appropriate reserves.

NOTE: 6 votes required pursuant to Section 99 of the City Charter.

* ITEM-603: First Amendment to Lease at 525 B Street, San Diego, CA 92101. (Downtown Community Area. District 3.)

ITEM DESCRIPTION:

Authorization to enter into a First Amendment to an Office Lease at 525 B Street, San Diego, CA 92101, granting the City an early-termination right.

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 10/29/2013, Item 54. (Council voted 9-0):

(O-2014-50)

Authorizing and directing the Council President, in his capacity under Charter Section 265(i), or his designee, to execute and deliver that certain First Amendment to Lease between Hines 525 B Street LP, a Delaware limited partnership, as landlord, and the City of San Diego, as tenant.

* ITEM-604: Additional Streamlining Measures to Efficiently Implement Capital Improvements Projects.

ITEM DESCRIPTION:

Amend the San Diego Municipal Code regarding Job Order Contracting (JOC) Contracts to increase the maximum contract amount without City Council approval from \$10,000,000 to \$30,000,000 and to increase the task order limit from \$1,000,000 to \$5,000,000 for Pipeline and Asphalt Paving Task Orders. Amend the San Diego Municipal Code regarding consultant contracts to provide architectural or engineering services for public works projects previously identified and appropriated through the Annual Capital Improvements Program budget to also include all other professional services consultant contracts that are identified and appropriated through the Annual Capital Improvements Program budget.

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 11/5/2013, Item 336. (Council voted 9-0):

(O-2014-55)

Amending Chapter 2, Article 2, Division 31, of the San Diego Municipal Code, by amending Sections 22.3103 and 22.3104; and amending Chapter 2, Article 2, Division 32, by amending Section 22.3207; all relating to Capital Improvement Program Contracting Procedures;

This ordinance amends the San Diego Municipal Code to expand the City Manager's authority to award contracts related to the Capital Improvement Program without City Council approval. The City Manager's authority to award Job Order Contracts is being increased from \$10,000,000 to \$30,000,000 and the authority to issue task orders is being increased from \$1,000,000 to \$5,000,000 for pipeline work and asphalt paving work. The City Manager's authority to award consultant contracts of \$1,000,000 or less is being expanded from just consultants providing architectural or engineering services to all consultants working on a public works project.

* ITEM-605: Request to Exempt One Position from the Classified Service for the Police Department.

ITEM DESCRIPTION:

This action is to authorize an ordinance exempting one Program Manager position in the Police Department from the classified service as approved by the Civil Service Commission on September 5, 2013, in the Police Department.

The Program Manager position in the Police Department will be responsible for providing support and advice on policies, procedures and practices to the Chief's Executive Committee, department managers and department supervisors. In addition this position will be responsible for evaluating, developing, managing and incorporating operational projects, policies and procedures related to human resources and police records.

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 11/5/2013, Item 53. (Council voted 8-0. Council President Gloria not present):

(O-2014-56)

Declaring that the Council has received and reviewed a Memorandum from Personnel Director Hadi Dehghani, dated September 11, 2013, which documents that, on September 5, 2013, the City's Civil Service Commission reviewed and favorably commented on a proposal from the Chief of Police to exempt from the City's Classified Service one Program Manager position in the Police Department to provide support and advice on policies, procedures and practices to the Chief's Executive Committee, department managers, and department supervisors; and to evaluate, develop, manage and incorporate operational projects, policies and procedures related to human resources and police records management;

Declaring that pursuant to Charter Section 117(a)(17), with the Civil Service Commission's review and approval, the Council now exempts from the Classified Service and declares to be in the Unclassified Service of the City one Program Manager in the Police Department, performing the duties set forth in the September 11, 2013, Memorandum from Personnel Director Hadi Dehghani to the Honorable Council President and City Council.

* ITEM-606: Authorize First Amendment to the Agreement with URS Corporation, for As-Needed Storm Water Engineering Consulting Services.

ITEM DESCRIPTION:

This item will authorize the Amendment of an existing Agreement with URS Corporation, for As-Needed Storm Water Engineering Consulting Services by extending the term of the Agreement by approximately one and a half years to the end of Fiscal Year 2015. These changes will allow the Storm Water Division to maximize the use of the services under the Agreement, and continue critical work in progress for ongoing projects and planning efforts until June 30, 2015.

CITY COUNCIL'S RECOMMENDATION:

Adopt the following ordinance which was introduced on 11/5/2013, Item 60, Subitem A. (Council voted 8-0. Council President Gloria not present):

(O-2014-28)

Authorizing and directing the Council President, in his capacity under Charter Section 265(i), or his designee, to execute the First Amendment to the Agreement with URS Corporation, for As-Needed Storm Water Engineering Consulting Services, extending the term to June 30, 2015, under the terms and conditions set forth in the First Amendment to the Agreement;

Authorizing the Chief Financial Officer, upon advice from the administering department, to transfer excess funds, if any, to the appropriate reserves.

NOTE: 6 votes required pursuant to Section 99 of the City Charter.

**ADOPTION AGENDA, CONSENT ITEMS
ORDINANCES TO BE INTRODUCED:**

- * ITEM-607: Carroll Canyon Road Extension Project - Amendment No. 2 to Cooperative Agreement with Caltrans. (Torrey Pines and Mira Mesa Community Areas. Districts 1 and 6.)

ITEM DESCRIPTION:

The Amendment No. 2 to Cooperative Agreement with Caltrans will extend the expiration date of the Agreement from December 31, 2013, until the City and Caltrans have agreed that the scope, cost, and schedule commitments have been met or until five (5) years from the adoption of this Ordinance, whichever is earliest, at no additional cost to the City.

STAFF'S RECOMMENDATION:

Introduce the following ordinance:

(O-2014-60)

Introduction of an Ordinance authorizing the Council President, or his designee, in his capacity under Charter Section 265(i), to execute Amendment No. 2 to the Cooperative Agreement with Caltrans for the purpose of extending the contract completion date in CIP S-00841, Carroll Canyon Road Extension Project at no additional cost to the City.

NOTE: 6 votes required pursuant to Section 99 of the City Charter.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

This request is for a time extension at no additional cost to the project.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- Resolution No. R-304921 dated May 19, 2009, authorized the Cooperative Agreement with Caltrans.

- Resolution No. R-306576-2 dated February 1, 2011, authorized Amendment No. 1 to the Cooperative Agreement with Caltrans.

Heinrichs/Chadwick

Primary Contact\Phone: Marnell Gibson\619-533-5213, MS 908A
Secondary Contact\Phone: Abi Palaseyed\619-533-4654, MS 908A
City Attorney Contact: Gerrity, Ryan P.

* ITEM-608: Amendments to the San Diego Municipal Code Section 98.0301(f) regarding Appointments to the San Diego Housing Commission.

ITEM DESCRIPTION:

Amend Section 98.0301(f)(3) of the San Diego Municipal Code to state that whenever the Mayor does not appoint a member within forty-five (45) days after a vacancy occurs, the Council shall make the appointment.

COUNCIL PRESIDENT GLORIA'S RECOMMENDATION:

Introduce the following ordinance:

(O-2014-54)

Introduction of an Ordinance amending Chapter 9, Article 8, Division 3, of the San Diego Municipal Code, by amending Section 98.0301, relating to the San Diego Housing Commission, to provide an alternate method of appointment of members of the San Diego Housing Commission (Commission) in the event the Mayor does not make such appointments when a vacancy occurs. Section 98.0301(f)(3) requires that vacancies on the Commission occurring during a term are to be filled by the Mayor, with the approval of the Council. There is no alternate method of appointment if the Mayor fails to do so, although there is such a method for City commissions created under Charter Section 41. This ordinance will amend Section 98.0301(f)(3) to state that whenever the Mayor does not appoint a member within forty-five (45) days after a vacancy occurs, the Council shall make the appointment.

SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS: None.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION: N/A

Jurado-Sainz

Primary Contact\Phone: Diana Jurado-Sainz\619-236-6633, MS 10A

Secondary Contact\Phone: Molly Chase\619-236-6330, MS 11A

City Attorney Contact: Spivak, Sharon B.

ADOPTION AGENDA, CONSENT ITEMS

RESOLUTIONS:

- * ITEM-609: Electrical substation easement grant to Metropolitan Transit System at 25th and Commercial Streets in Southeastern San Diego. (Southeastern San Diego Community Area. District 8.)

ITEM DESCRIPTION:

Authorize the grant of an easement to Metropolitan Transit System (MTS) for an electrical substation on City-owned property at 25th and Commercial Streets. MTS needs the easement area for the future construction, maintenance and operation of an electrical substation with concrete pad and transformers, including electrical lines extending to MTS's railroad right-of-way.

STAFF'S RECOMMENDATION:

Adopt the following resolutions:

Subitem-A: (R-2014-288)

Authorizing and directing the Mayor, or his designee, to execute that certain Grant of Easement to grant an easement to the San Diego Metropolitan Transit System, a California public agency (MTS), for the installation and maintenance of an electrical substation in support of improvements to the San Diego Trolley System, for the price of \$79,600;

Authorizing the Chief Financial Officer to accept \$79,600 from MTS and deposit the same, net of costs related to the sale authorized herein, into the Capital Outlay Fund 400002.

Subitem-B: (R-2014-287)

Declaring that the grant of an easement pursuant to that certain Grant of Easement to the San Diego Metropolitan Transit System, a California public agency, in and over an approximately 2,002 square-foot portion of land on the southern perimeter of the City-owned property identified as Assessor Parcel Number 535-670-41 and located at the corner of 25th Street and Commercial Street, is statutorily exempt from California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21080(b)(10) and CEQA Guidelines Section 15275(a), and is part of a series of subsequent discretionary actions and, therefore, is not considered to be a separate project for purposes of CEQA review as defined in CEQA Guidelines Section 15378(c).

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

MTS will pay the City \$79,600 for the proposed substation easement which will be deposited, net of costs related to the transaction, into the Capital Outlay Fund 400002.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

This item was approved at the October 23, 2013, Land Use and Housing Committee meeting.

ACTION: Motion by Councilmember Lightner, second by Councilmember Cole, to approve.

VOTE: 4-0; Zapf-yea, Lightner-yea, Cole-yea, Alvarez-yea.

Barwick/Chadwick

Primary Contact\Phone: Mary Carlson\619-236-6079, MS 51A

Secondary Contact\Phone: Jim Barwick\619-236-6145, MS 51A

City Attorney Contact: Fonseca, Jeremy M.

* ITEM-610: As-Needed Facility Condition Assessment Contracts H136032. (Citywide.)

ITEM DESCRIPTION:

Authorize the Mayor to execute up to three (3) As-Needed Facility Condition Assessment Contracts. Each contract will be for up to five (5) years and up to \$5 million for the condition assessment of the City's 1,700 plus General Fund and enterprise funded facilities. The contracts will be utilized by Public Works, Public Utilities, Environmental Services, Park & Recreation and other City departments.

STAFF'S RECOMMENDATION:

Adopt the following resolution:

(R-2014-240)

Authorizing the Council President, in his capacity under Charter Section 265(i), or his designee, to execute, for and on behalf of the City, up to three (3) Agreements with up to three (3) consultants to provide As-Needed Facilities Condition Assessment Services for the City, in an amount not to exceed \$5 million each and for up to five (5) years for each Agreement, in accordance with the terms and conditions set forth in the Agreements;

Authorizing the Chief Financial Officer to appropriate and expend an amount not to exceed \$15,000,000 for the purpose of funding up to three (3) Agreements at \$5,000,000 each for the As-Needed Facility Condition Assessment Contracts H136032 (Agreement) with up to three (3) consultants, contingent upon adoption of the Annual Appropriation Ordinance for the applicable fiscal year, solely and exclusively, to provide funds for the above Agreements, provided that the Chief Financial Officer furnishes one or more certificates demonstrating that the funds for this expenditure are, or will be, on deposit in the City Treasury;

Authorizing the Chief Financial Officer, upon advice from the administering department, to transfer excess budgeted funds, if any, to the appropriate reserves.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

This action requires no funding at this time. The work will be issued as individual task orders which will each require an approved PA2625 and a Comptroller's Certificate.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- On July 31, 2013, at the Infrastructure Committee meeting, Public Works staff presented an update on the status of Facilities and Sidewalk Condition Assessment.

- On August 15, 2013, at the CIPRAC Committee, City staff also presented an update on the status of the Facility Condition Assessment.

- This item was heard at the Infrastructure Committee meeting on October 28, 2013.

ACTION: Motion by Councilmember Sherman, second by Vice-Chair Cole, to forward staff recommendation.

VOTE: 4-0; Cole-yea, Sherman-yea, Kersey-yea, Emerald-yea.

Heinrichs/Chadwick

Primary Contact\Phone: Tony Heinrichs\619-236-6274

Secondary Contact\Phone: Darren Greenhalgh\619-533-3616

City Attorney Contact: Mercer, Mark M.

* ITEM-611: Annual Presentation of the City Treasurer's Investment Policy and Delegation of Authority to the City Treasurer to Invest Funds. (Citywide.)

ITEM DESCRIPTION:

Pursuant to California Government Code Section 53607 and Section 53646, the City Treasurer must annually request delegation of authority to invest or reinvest the City's funds and present the City Treasurer's Investment Policy to City Council at a public meeting.

STAFF'S RECOMMENDATION:

Adopt the following resolution:

(R-2014-274)

Receiving and accepting the City Treasurer's Investment Policy for the Pooled Investment Funds, presented to the Budget and Finance Committee on October 10, 2013;

Delegating authority to invest or to reinvest the City's funds to the City Treasurer, commencing January 1, 2014, and expiring December 31, 2014;

Directing the City Treasurer to make reports to the City Council in accordance with the California Government Code.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

None specific to this action.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- This action was heard at the Budget Committee meeting on October 30, 2013, and forwarded to the full City Council with a recommendation to approve.

ACTION: Motion by Council President Pro Tem Lightner, second by Councilmember Alvarez, to recommend approval of staff's recommendation.

VOTE: 4-0; Gloria-not present, Alvarez-yea, Lightner-yea, Faulconer-yea, Kersey-yea.

- The City Treasurer's 2013 Investment Policy was presented to, and accepted by, the City Council on November 13, 2012.

Granewich/Chadwick

Primary Contact\Phone: Kent Morris, Chief Investment Officer\619-533-6313, MS 51V

Secondary Contact\Phone: Thomas Williams, Senior Investment Officer\619-533-6313, MS 51V

City Attorney Contact: Dugard, Prescilla

* ITEM-612: Amending the 2013 Legislative Calendar.

ITEM DESCRIPTION:

Amend the 2013 Legislative Calendar to add the following Council meetings: December 16, 2013, 2:00 p.m.; December 17, 2013, 9:00 a.m. session and 2:00 p.m. session.

COUNCIL PRESIDENT GLORIA'S RECOMMENDATION:

Adopt the following resolution:

(R-2014-269)

Amending the 2013 Legislative Calendar to include additional regular meetings of the City Council to be held Monday, December 16, 2013, at 2:00 p.m., and Tuesday, December 17, 2013, at 9:00 a.m. and at 2:00 p.m., as reflected in the amended 2013 Legislative Calendar.

NOTE: This item is not subject to the Mayor's veto.

SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS: N/A

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

The 2013 Legislative Calendar was previously revised on October 15, 2013, to include the required 6th night meeting on Monday, October 28, 2013, and change the rest of the Monday and Tuesday time schedule to conform to that time schedule.

Jurado-Sainz

Primary Contact\Phone: Diana Jurado-Sainz\619-236-6633, MS 10A
City Attorney Contact: Spivak, Sharon B.

* ITEM-613: Excusing Council President Gloria from various Council and Budget and Finance Committee Meetings.

COUNCIL PRESIDENT GLORIA'S RECOMMENDATION:

Adopt the following resolution:

(R-2014-268)

Excusing Council President Todd Gloria from attending the following:

1) the City Council meetings of October 7, 2013; October 8, 2013, 10:00 a.m. session; October 14, 2013; October 15, 2013, 10:00 a.m. session; October 22, 2013, 10:00 a.m. session; and October 28, 2013, 6:00 p.m. session; and

2) the Budget and Finance Committee meetings of October 16, 2013, and October 30, 2013, due to the Council President's additional responsibilities under Charter Section 265(i) while there is a vacancy in the Office of the Mayor.

NOTE: This item is not subject to the Mayor's veto.

- * ITEM-614: Declaring a Continued State of Emergency Regarding the Discharge of Raw Sewage from Tijuana, Mexico.

TODAY'S ACTION IS:

Adopt the following resolution:

(R-2014-10 Cor. Copy)

Declaring a continued state of emergency to persist relative to the escalated discharge of raw sewage from Tijuana, Mexico, pursuant to California Government Code Section 8630;

Authorizing the Mayor, or his designee, to execute all necessary contracts for the diversion, treatment, and disposal of international raw sewage;

Declaring that the measures previously taken in accordance with Resolution Number R-282544 shall continue to have full force and effect.

- * ITEM-615: Declaring a Continued State of Emergency Due to Severe Shortage of Affordable Housing in the City.

TODAY'S ACTION IS:

Adopt the following resolution:

(R-2014-82)

Declaring a continued state of emergency due to severe shortage of affordable housing in the City of San Diego, pursuant to California Government Code Section 8630;

Declaring that the measures previously taken by the City Council in Resolution Number R-296982 shall continue to have full force and effect.

**ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
ORDINANCES TO BE INTRODUCED:**

ITEM-616: Annual Master Lease Agreement to Fund Vehicles and Equipment. (Citywide.)

ITEM DESCRIPTION:

This action is to authorize the Mayor to enter into a Master Lease Agreement with Banc of America Public Capital Corp (“BAPCC”) in an amount not to exceed \$19.5 million to fund the City’s current General Fund fleet replacement and equipment needs, and in an amount not to exceed \$25.7 million for the refinancing of existing leases.

STAFF'S RECOMMENDATION:

Introduce the following ordinance:

(O-2014-63)

Introduction of an Ordinance authorizing and directing the Chief Operating Officer, the Chief Financial Officer or either of their designees, to execute, for and on behalf of the City of San Diego, a Master Lease Agreement with Banc of America Public Capital Corp (BAPCC) for the purpose of financing the acquisition of essential vehicles and equipment and to refunding existing vehicle and equipment leases. The Master Lease Agreement shall be in substantially the form presented to this Council, with such additions and changes therein as the Chief Operating Officer or Chief Financial Officer, in consultation with the City Attorney, shall approve as being in the best interest of the City; provided however that:

- (i) the acquisition cost of new vehicles and equipment financed under the Master Lease Agreement shall not exceed \$19,500,000 and value of existing leases refunded under the Master Lease Agreement shall not exceed \$25,708,000; and
- (ii) the interest rate on any such financed vehicles and equipment or refunded leases shall not exceed six percent (6%) annually.

Declaring that the City’s vehicle and equipment needs as described in the Report shall be financed under the Agreement;

Authorizing the Chief Operating Officer or Chief Financial Officer to revise the list of vehicles and equipment to be financed under the Agreement where such changes are in the best interest of the City.

NOTE: 6 votes required pursuant to Section 99 of the City Charter.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

The semi-annual lease payments for fleet vehicles will be made from the annual charges accrued in the Fleet Services Replacement Fund. Semi-annual lease payments for the Fire Vessels and Public Safety Communications Project will be made from the respective departments' operating budgets. Semi-annual lease payments for the refinancing leases will continue to be made from their originally identified funding source. Any savings in lease payments from existing leases will be realized within their respective funds.

Future lease payments will be included in future budgets and City Council approval will be obtained through the annual budget process. The actual fiscal impact will depend on the actual amounts and timing of the draws, interest rates, and the final repayment schedules.

The City would be under no obligation to draw down the full amount established under the line of credit. There is no commitment fee for establishing and maintaining the funding amount through the term of the Agreement. If alternate sources of funding are identified, or cash purchases ("pay go") are an option, the City will still have that flexibility.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- This is an annual item; the last Master Lease Agreement was approved by the City Council in May 22, 2012.

- On October 30, 2013, the Budget and Finance Committee approved staff's recommendation to forward the authorization of the form of and execution of the Master Lease Agreement for City Council approval.

ACTION: Motion by Councilmember Kersey, second by Council President Pro Tem Lightner, to recommend approval of staff's recommendation. Additionally, the Committee requested Equal Benefits Ordinance documentation prior to full City Council consideration.

VOTE: 4-0; Gloria-not present, Alvarez-yea, Lightner-yea, Faulconer-yea, Kersey-yea.

- Additionally, as requested by the Committee, the Equal Benefits Ordinance Certification of Compliance by BAPCC is included in the docket materials. BAPCC submitted the firm's Equal Employment Opportunity ("EEO") Plan on October 21, 2013. The EEO Plan was reviewed and approved by the Equal Opportunity Contracting Office as of November 6, 2013. Lastly, updated information regarding the RFP for the Fire Boat is included in the Report to Council.

Kommi/Chadwick

Primary Contact\Phone: Jyothi Pantulu\619-236-6917

Secondary Contact\Phone: Dave Onate\619-236-6946

City Attorney Contact: Will, Brant C.

ADOPTION AGENDA, DISCUSSION, OTHER LEGISLATIVE ITEMS
RESOLUTIONS:

ITEM-617: Appointment of Mary Lewis as the Chief Financial Officer.

COUNCIL PRESIDENT GLORIA'S RECOMMENDATION:

Adopt the following resolution:

(R-2014-282)

Council confirmation of the appointment by the Council President, in his capacity under Charter Section 265(i), of Mary Lewis as Chief Financial Officer for the City of San Diego, effective on December 2, 2013.

ITEM-618: Approve Certain Actions Related to Due Diligence Review of Successor Agency's Non-Housing Assets, Including: (1) City's Transfer, and Successor Agency's Acceptance of Loan Proceeds of \$21,066,770; and, (2) Successor Agency's Payment of \$165,900,262, Plus Accrued Interest Thereon, to County Auditor in Response to State's Demand for Payment of Funds. (Districts 1-9.)

ITEM DESCRIPTION:

The Successor Agency is in the process of winding down the operations of the former Redevelopment Agency of the City of San Diego ("Former RDA") in accordance with Assembly Bill x1 26 ("AB 26"), enacted in June 2011, and Assembly Bill 1484 ("AB 1484"), enacted in June 2012 (collectively, the "Dissolution Laws"). One provision in the Dissolution Laws, California Health and Safety Code ("Code") Section 34179.5, requires the Successor Agency to hire an independent, licensed accounting firm to prepare two reports related to a due diligence review ("DDR") of the Former RDA's assets – one report pertaining to housing assets ("Housing DDR"), and the other report pertaining to non-housing assets ("Non-Housing DDR"). The two-part DDR process determines the amount of unencumbered funds available for transfer to the San Diego County Auditor-Controller ("County Auditor") for pro rata distribution to local taxing entities. The Housing DDR has been completed, and the Successor Agency made the Housing DDR payment of approximately \$13.3 million in May 2013. More recently, the Non-Housing DDR has been completed, and the DOF has determined that the Successor Agency owes the amount of \$165,900,292, plus accrued interest thereon, to the County Auditor. This staff report explains the steps necessary to make this payment to the County Auditor.

STAFF'S RECOMMENDATION:

Adopt the following resolutions:

Subitem-A: (R-2014-299)

Approving the Loan Agreement, which provides for the City's disbursement to the Successor Agency of the Loan Amount not to exceed \$21,066,770 to cover the portion of the Non-Housing DDR Demand Amount attributable to the State Department of Finance (DOF's) compelled reversal of payments previously made by the Redevelopment Agency of the City of San Diego (Former RDA) to the City or related entities during the time period from January 1, 2011, through January 31, 2012;

Authorizing and directing the Mayor, or designee, to execute the Loan Agreement, on the City's behalf, and to carry out the City's obligations under the Loan Agreement;

Authorizing and directing the Chief Financial Officer to appropriate \$21,066,770 of the City's General Fund Reserves for the purpose of allowing the City to disburse loan funds to the Successor Agency under the Loan Agreement at the earliest opportunity;

Authorizing and directing the Chief Financial Officer to cause the disbursement of the Loan Amount from the City to the Successor Agency in an amount not to exceed \$21,066,770 in accordance with the Loan Agreement at the earliest opportunity.

Subitem-B: (R-2014-300)

This item is being presented to the Council in its capacity as the board of the local redevelopment successor agency, officially known as "the City of San Diego, solely in its capacity as the designated successor agency of the Redevelopment Agency of the City of San Diego, a former public body, corporate and politic" (Successor Agency).

Approving the Loan Agreement, which provides for the City's disbursement to the Successor Agency of the Loan Amount not to exceed \$21,066,770 to cover the portion of the Non-Housing DDR Demand Amount attributable to the DOF's compelled reversal of payments previously made by the Former RDA to the City of San Diego (City) or related entities during the time period from January 1, 2011, through January 31, 2012;

Authorizing and directing the Mayor, or designee, to execute the Loan Agreement, on the Successor Agency's behalf, and to carry out the Successor Agency's obligations under the Loan Agreement;

Authorizing and directing the City Comptroller to accept the City's disbursement to the Successor Agency of funds under the Loan Agreement up to the Loan Amount;

Authorizing and directing the Successor Agency staff to include the Successor Agency's repayment to the City of the total amount of disbursed funds under the Loan Agreement, plus accrued interest, as an enforceable obligation line item in Recognized Obligation Payment Schedule (ROPS) 14-15A and any successive ROPS in order to allow repayment of the Loan Amount to the City during the second half of calendar year 2014 or the earliest opportunity thereafter.

Authorizing and directing the Chief Financial Officer to cause the disbursement of funds from the Successor Agency to the City for repayment of the Loan Amount, provided that the Oversight Board and the DOF have first approved such loan repayment under the applicable ROPS;

Authorizing and directing the Chief Financial Officer, acting on the Successor Agency's behalf, to appropriate and remit the Non-Housing DDR Demand Amount of \$165,900,262 (plus any accrued interest thereon, presently estimated at \$1,348,563) to the San Diego County Auditor-Controller, utilizing Non-Housing Funds held by the Successor Agency or funds otherwise available to the Successor Agency, including the Loan Amount, and contingent upon the City Comptroller's certification that sufficient funds are available. The Successor Agency's remittance of the Non-Housing DDR Demand Amount to the County Auditor shall be made under protest and with a full reservation of rights.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

As described above, the DOF's determination of the Non-Housing DDR Demand Amount is \$165,900,262, plus any accrued interest. To the extent that the Successor Agency pays the Non-Housing DDR Demand Amount to the County Auditor, it is expected that the City will receive nearly 21%, or approximately \$34.9 million, of this payment back within five business days when the County Auditor distributes this payment to the Taxing Entities as general property taxes on a pro rata basis. The net benefit to the City, after taking into account the City's loan of approximately \$21.1 million to the Successor Agency to address the claw-back aspect of the Non-Housing DDR, will be approximately \$13.8 million.

As described above, the Loan Agreement requires the City to disburse the Loan Amount, in the approximate amount of \$21.1 million, to the Successor Agency in order to allow payment of a portion of the Non-Housing DDR Demand Amount. The source of the City's loan funds will be the City's General Fund; however, as noted above, the City's General Fund should receive a net surplus of approximately \$13.8 million as a result of the Non-Housing DDR payment.

If the Successor Agency does not pay the full Non-Housing DDR Demand Amount to the County Auditor promptly, then it is anticipated that the DOF will cause the County Auditor to reduce the RPTTF distribution to the Successor Agency by the unpaid amount on or about January 1, 2014, or will withhold sales and use taxes or property taxes from the City, in order to collect the unpaid balance of the Non-Housing DDR Demand Amount. If the RPTTF distribution to the Successor Agency is reduced, then to avoid breaching obligations to third parties, the Successor Agency would need to seek a future loan from the City to pay for enforceable obligations and administrative costs during the ROPS13-14B period covering January through June 2014.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

- On January 10, 2012, the City Council designated the City to serve as the Successor Agency under the Dissolution Laws.

- On February 13, 2012, the City Council adopted a resolution establishing certain policies and procedures that govern operation of the Successor Agency.

- On April 25, 2012, the City Council, in its capacity as the Successor Agency, adopted the Third Amended and Restated EOPS, ROPS 1, and ROPS 2, as well as the ROPS 2 administrative budget.
- On July 31, 2012, the City Council, in its capacity as the Successor Agency, adopted ROPS 3 as well as the ROPS 3 administrative budget.
- On February 13, 2013, the City Council, in its capacity as the Successor Agency, adopted ROPS 4 (also known as ROPS 13-14A) as well as the ROPS 4 administrative budget.
- On April 8, 2013, the City Council, in its capacity as the Successor Agency, authorized the payment of the Housing DDR payment in the amount of \$13,244,908.
- On May 13, 2013, the City Council approved the issuance of a loan from the City to the Successor Agency in the amount of approximately \$2.3 million to cover a portion of the Housing DDR Payment.
- On September 9, 2013, the City Council, in its capacity as the Successor Agency, adopted ROPS 5 (also known as ROPS 13-14B) as well as the ROPS 5 administrative budget.

Phillips/Chadwick

Primary Contact\Phone: Andrew Phillips\619-533-7127, MS 51D
City Attorney Contact: Will, Brant C. and Reisch, Kevin

ITEM-619: Second Amendment to the Tourism Marketing District (TMD) Operating Agreement between the City and the San Diego Tourism Marketing District Corporation. (Citywide.)

ITEM DESCRIPTION:

This item is to approve a Second Amendment to the Tourism Marketing District Operating Agreement between the City and the San Diego Tourism Marketing District Corporation to provide updated guidance on implementing provisions of the Operating Agreement regarding timing for deployment of funds and retention of reserves and which supersedes the First Amendment and authorizes setting up appropriate accounting structures as needed for the retention of litigation reserves.

STAFF'S RECOMMENDATION:

Adopt the following resolution:

(R-2014-151)

Approving the Second Amendment to the Tourism Marketing District (TMD) Operating Agreement;

Authorizing and directing the Council President, in his capacity under Charter Section 265(i), or his designee, to execute the Second Amendment on behalf of the City.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

While Tourism Marketing District (TMD) assessments are already authorized to be levied, collected and expended and a budget was approved for FY14 there are uncertainties around current litigation. This item adjusts the potential timing of the deployment of funds and retention of reserves as outlined in the Second Amendment in order to support TMD activities to assist with generation of TOT and sales tax but also allow for retention of reserves for litigation and potential adverse outcomes.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

Council approved the Management Plan on September 25, 2012; renewed the District effective January 1, 2013, on November 26, 2012; and approved the Agreement on March 26, 2013, and the First Amendment on April 15, 2013.

Tomlinson/Chadwick

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City Attorney Contact: Wander, Adam R.

ADOPTION AGENDA, DISCUSSION, HEARINGS

NOTICED HEARINGS:

ITEM-620: Proposed Water Rate Increases. (Citywide.)

ITEM DESCRIPTION:

Through the City's Request for Proposal process, Black & Veatch Corporation was selected to develop a multi-year rate case and has completed a Water Cost of Service Study that was used to make the recommendations presented. The Public Hearing for City Council consideration of Water rate adjustments are based on recommendations of the Public Utilities' recently completed cost of service study. The Public Hearing for the City Council consideration of Water rate adjustments based on recommendations of the Public Utilities' recently completed cost of service study (COSS).

STAFF'S RECOMMENDATION:

Adopt the following resolutions:

Subitem A: (R-2014-230 Cor. Copy)

Adoption of a Resolution by the Council of the City of San Diego approving water rate increases in accordance with Proposition 218;

1. That the Council authorizes the proposed water rate adjustments set out in Report to City Council No. 13-081, increasing water rate system revenue by 7.25% effective January 1, 2014, and 7.5% effective January 1, 2015.
2. That the Council authorizes the proposed water base fee and commodity charge adjustments, consistent with the recommendations of the 2013 Water Cost of Service Study (COSS), to reflect a proportionate share of revenue between user classifications.
3. That the Council authorizes the proposed changes to the Single Family Residential Customers' Tier Structure based on the recommendations of the COSS.
4. That the Council authorizes the proposed adjustments to the monthly Private Fire Service Charge based on the recommendations of the COSS.
5. That the Council receives the Report to City Council No. 13-081, dated November 8, 2013, and on file with the City Clerk.

Subitem B: (R-2014-107)

Adoption of a Resolution by the Council of the City of San Diego, as follows:

1. That, based on the Report to the City Council, none of the revenue from the CWA pass through water rate increases will be used to fund capital projects for the expansion of the water system.
2. That the CWA pass through water rate increases will allow the City to maintain costs/revenue neutrality and to maintain consistency with the City's approved 2013 Water Cost of Service Study.
3. That, based on the foregoing findings, the Council of the City of San Diego finds that the water rate increases approved pursuant to the resolution are not subject to the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15060(c)(3) and 15378(b)(5) because this activity is an organizational or administrative activity of a government that will not result in direct or indirect physical changes in the environment.

STAFF SUPPORTING INFORMATION:

FISCAL CONSIDERATIONS:

The increase in revenue generated from the water rate adjustments will offset the increased costs of purchasing water from CWA, and maintain a targeted DSC ratio of 1.25x.

PREVIOUS COUNCIL AND/OR COMMITTEE ACTION:

The revenue requirement component of the Cost of Service study was presented to the Natural Resources and Culture Committee (NR&C) on June 12, 2013. The cost allocation and rate design components were presented to NR&C on July 10, 2013, wherein the Committee requested the Department to come back July 31, 2013, with a fourth rate option for Single Family residences and another tiered rate option for the Irrigation class. On September 10, 2013, the City Council approved the format of the Proposition 218 notice; and directed the Department to mail them to all water customers.

Sasaki\Chadwick\lj

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City Attorney Contact: Raymond C. Palmucci

ADJOURNMENT