

AGENDA REPORT

City Council

MEETING DATE: May 21, 2014

PREPARED BY: Gus Vina, City
Manager

DEPT. DIRECTOR: Tim Nash

Tim Nash, Finance
Director

DEPARTMENT: Finance

CITY MANAGER: Gus Vina

SUBJECT:

City Manager's Proposed FY14/15 Operating Budget and FY14/15 and FY15/16 Capital Improvement Budget and the six-year Financial Plan.

RECOMMENDED ACTION:

This report is the second of three related to the Proposed FY14/15 Operating and Capital budgets and six year Financial Plan presented to the City Council for their discussion and direction to staff.

In this budget report, staff recommends that the City Council provide: 1) an intent motion to approve the FY14/15 and FY15/16 Capital Improvement Budget, including any debt financing necessary for capital projects, 2) an intent motion for the funding of Strategic Plan initiatives, 3) direction to staff on city-owned assets, and 4) direction to staff on the concept of a pilot parking project with North County Transit District (NCTD).

STRATEGIC PLAN:

This report continues the City Council's budget discussions and is consistent with the City Council's "Organizational Effectiveness and Efficiencies" focus area of the Strategic Plan.

BACKGROUND:

The budget discussion calendar was presented at the May 14, 2014 City Council meeting. This schedule identified May 21, 2014 for a discussion on capital projects and related financing options. The discussion also includes a report back on the Marine Life Guard Tower, the City Hall sewer project, the Pavement Management Program, the Facility Deferred Maintenance report, and the purchase of Pacific View.

At the May 14, 2014 City Council meeting, the City Council directed staff to include the Strategic Plan Initiatives proposed for funding in the discussion of the Capital Improvement Program on May 21, 2014. Furthermore, the City Council directed that the May 7, 2014 Community Planning intent motions be included in the recommended strategic plan initiatives.

The Strategic Plan Initiatives include:

- Transportation (\$225,000)
 - \$100,000. Rail Corridor Vision document that incorporates quiet zones/way-side horns, coastal rail trail, parking, and pedestrian crossing solutions.
 - \$ 75,000. Active Transportation Plan.
 - \$ 50,000. Comprehensive Parking Study.
- Recreation (\$100,000)
 - Parks Master Plan that includes the evaluation of an artificial turf and lights at Leo Mullen and development of the Standard Pacific Park.
- Environment (\$10,000)
 - Alternative Fuel Study for City Fleet. (\$10,000)
 - Energy Efficiency and Water Conservation Plan for City facilities (Funded through Energy Roadmap Study – SANDAG and SDGE)
- Arts and Culture (\$40,000)
 - Arts and Culture update to the master plan. This should include the viability of using or activating the theater pad site, as well as a facility needs assessment and market analysis.
- Community Planning (\$105,000)
 - \$50,000 Urban Farming/Agriculture Ordinance
 - \$50,000 Update Inclusionary Ordinance
 - \$ 5,000 Gray Water System Educational Materials

FY14/15 and FY15/16 Capital Improvement Program (CIP)

On February 12, 2014 the City Council held a Capital Improvement Program (CIP) workshop. At this workshop the City Council approved, through intent motions, the FY14/15 and FY15/16 Capital Improvement Budget (Attachment 1). This two year capital budget was recommended in lieu of the traditional six year CIP to allow City Council the opportunity to discuss strategic plan initiatives that could require capital funding in the future. A listing of capital improvement projects that were identified in the previous six year CIP is included as Attachment 2.

Marine Life Guard Tower

Also at the February 12, 2014 CIP workshop the City Council directed staff to report back on the Marine Life Guard Tower project and to specifically address 1) an update or history of the original design, 2) what the Coastal Commission approval process would entail and time lines for such approvals, and 3) an explanation on the functionality required in the new tower and how this needs to be incorporated into the design of the facility. These issues will be presented by the Marine Life Guard division of the Fire Department. The presentation is included as Attachment 3.

Pavement Management Program and Facility Deferred Maintenance

As part of the CIP workshop and the transportation planning sessions, the City Council identified the need for more information regarding the Pavement Management Program and Facility Deferred Maintenance. Presentations for both of these issues will be provided by the Public Works/Engineering department director. The Pavement Management Program presentation is included as Attachment 4 and the Facility Deferred Maintenance as Attachment 5.

City Hall Sewer Project

One specific project identified in the Facility Condition Assessment is the replacement of the City Hall sewer line. The line is over 50 years old, has serious corrosion issues, is in very poor condition and has reached the end of its useful life. As the pipe has aged, there have been an increasing number of significant plumbing issues. Since 2008 the pipe has had to be professionally cleared over 74 times. There is an increasing likelihood of a serious failure which would impact all of City Hall. A consultant has prepared a Preliminary Design Report analyzing three alternatives for the rehabilitation/replacement of the sewer. The estimated construction costs of the alternatives range from \$688,000 to \$771,000. Including other project related costs, the total replacement cost of the sewer is \$932,303. Existing funding in the amount of \$200,000 has been designated for this project in the Civic Center Improvements account. An additional \$400,000 for this project was included in the proposed FY 14/15 CIP budget. In order to complete the project, an additional \$333,000 is required. The Facilities Condition Assessment report did include a construction cost estimate, including contingencies, of \$690,000. This estimate did not include design costs or construction support.

Pacific View

At a special meeting of the City Council on April 16, 2014 on a vote of 3-2 with Council Member Gaspar and Muir voting no, staff was directed to prepare Intent to Purchase Agreement for the Pacific View property located at 608 Third Street (former Pacific View School Site). The Intent to Purchase Agreement was signed on April 24, 2014 by both the City of Encinitas and the Encinitas Union School District and is included as Attachment 6.

In anticipation of ownership of this property, the FY14/15 Operating budget includes a one-time \$50,000 expense for cleaning up and securing the site and an \$18,000 on-going expense for maintenance has been included in the six year plan.

Other Financial Planning Considerations

The City Council requested a report back on the land assets the City owns and current status of each. Attachment 7 includes a presentation that staff will present to discuss city-owned facilities, parks, open space and other miscellaneous properties. Based on this discussion the City Council will be in a position to direct staff on next steps regarding status of these assets as desired by the City Council.

City staff has been working with the North County Transit District on some potential parking solutions along their right of way. Staffs are working on a potential memorandum of understanding that would describe long term opportunities for the

NCTD and City partnership; however, the short term opportunity involves the concept of paving and providing parking spots along NCTD right of way in the Leucadia highway 101 corridor as a pilot program (Attachment 8). These parking areas could be metered and the funding used for maintenance as well as providing public safety solutions along highway 101(i.e. pedestrian crossings, speed signs, illegal crossing of the railroad, etc.). Revenues from this project could potentially also support a Parking Enforcement Officer position dedicated to parking enforcement along Highway 101.

Staff is seeking City Council's direction on whether or not there is interest in further exploring this concept and bringing more information to the City Council in the near future.

ANALYSIS:

At the May 14, 2014 City Council meeting staff presented 1) FY14/15 Operating budget adjustments, 2) Organizational changes, and 3) Strategic Plan Initiatives. Staff was provided intent motions for the FY14/15 Operating budget adjustments and for the Organizational changes. City Council requested that staff include the discussion of the strategic plan initiatives with the discussion of the capital improvement program to be presented this evening.

For purposes of the May 14, 2014 discussion, staff presented the six year financial plan that included the base budget adjustments for FY14/15, the organizational changes, and the strategic plan initiatives. This six year financial plan will serve as the basis for financial options for City Council's discussion and direction to staff. The following are the financial scenarios that staff will present to the City Council on May 21, 2014:

Scenario 1: This plan includes the base budget adjustments for FY14/15, the on-going costs of the organizational changes, and the initial recommended funding level for the strategic plan initiatives.

Scenario 2: This plan includes all of the components of scenario 1 and adds the funding for the FY14/15 and FY15/16 capital improvement budgets that council approved during the February 12, 2014 workshop and the funding for strategic plan initiatives that includes council's direction to increase the funding by \$105,000 for the Community Planning intent motions identified on May 7, 2014.

Scenario 3: This plan includes all of the components of scenario 2 and adds funding for the City Hall sewer project and the Marine Life Guard Tower project (cash, no financing).

Scenario 4: This plan includes all of the components of scenario 2 and adds funding for the City Hall sewer project and the purchase of Pacific View and assumes a financing for the purchase. This does not include the Marine Life Guard Tower project.

Scenario 5: This plan includes all of the components of scenario 2 and adds funding for the City Hall sewer project and a financing for both the Marine Life Guard Tower and the purchase of Pacific View.

Six year financial plans for all of these scenarios are included in detail as Attachment 9. Below, under Fiscal Considerations, is a funding decision making matrix that depicts the fiscal impacts (in summary) for each of the five scenarios.

FISCAL CONSIDERATIONS:

Fiscal considerations and impacts will be presented in conjunction with the city's proposed six year Financial Plan. The proposed FY14/15 Operating Budget and the six year Financial Plan reflect balanced budgets and city reserve levels that meet established policy. The matrix below (also as Attachment 10) reflects potential decision points and their related fiscal impacts to the amount of funding available for capital improvement projects within the six year financial plan.

Decision Making Funding Matrix

Scenarios	Funding Scope	New Debt Service	Future CIP Funding
1	1. Base Budget 2. Organizational Changes 3. Strategic Plan	Not applicable	\$6.0 Million
2	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning	Not applicable	\$5.8 Million
3	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning 6. City Hall Sewer 7. Life Guard Tower	Not applicable	\$2.5 Million
4	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning 6. City Hall Sewer 7. Pacific View	\$564,000 annually	\$3.1 Million

5	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning 6. City Hall Sewer 7. Pacific View 8. Life Guard Tower	\$734,000 annually	\$2.4 Million
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Debt Management

The City Council's policy on debt management was included in the May 14, 2014 budget report as attachment 1. The policy generally describes the objectives for debt financing, debt affordability and authorization, debt management and CIP planning, borrowing guidelines as well as other debt management information. Pertinent to the financing discussion for the FY14/15 and FY15/16 CIP is that the policy requires that debt service on bonds not exceed 15 percent of the general fund budget of the City. With the current level of existing debt the City is below 10 percent and meets policy requirements. If the City Council were to approve either scenario 4 or 5 above, the City will continue to stay below 10 percent and meet the policy requirements. Attachment 11 is a graph that demonstrates our debt ratio.

ENVIRONMENTAL CONSIDERATIONS:

There are no environmental considerations associated with this agenda report.

ATTACHMENTS:

1. General Fund Approved Two Year CIP
2. Future Capital Project List
3. PowerPoint Presentation by Marine Life Guard Division
4. Pavement Management Program PowerPoint Presentation and Executive Summary
5. Facility Deferred Maintenance PowerPoint Presentation and Facility Condition Assessment Executive Summary
6. Intent to Enter into Purchase Agreement Memorandum of Understanding
7. City-owned Property PowerPoint Presentation
8. NCTD Linear Parking Lot
9. Six Year Financial Scenarios
10. Decision Making Funding Matrix
11. Debt Management Graphs

ATTACHMENT 1

General Fund Approved Two Year CIP

General Fund Approved Two Year CIP

FY 2014/15

Approved by City Council on 2-12-2014	
Civic Center Improvements	\$ 500,000
Park Improvements	210,000
Technology Replacement Project	145,200
Fee and other studies	100,000
Early MHCP Implementation Program	62,600
GIS Basemap Updates and Enhancements/Digital Topography	50,000
Housing Element Update	50,000
Green Building Incentive Program	20,000
Cityworks Server	10,000
Total	\$1,147,800

FY 2015/16

Approved by City Council on 2-12-2014	
Technology Replacement Project	\$ 268,500
Park Improvements	150,000
Civic Center Improvements	100,000
H.T.E Replacement	80,000
GIS Basemap Updates and Enhancements/Digital Topography	65,000
Cityworks Server	20,000
Green Building Incentive Program	20,000
Total	\$ 703,500

ATTACHMENT 2

Future Capital Project List

Future Capital Project List

Unfunded General Fund CIP FY 2016/17-FY 2018/19

Capital Projects

	Unfunded Cost
Park Improvements (recurring)	\$ 382,680
H.T.E Replacement	80,000
Cityworks Server	20,000
Storm Drain Repair (recurring)	600,000
Civic Center Improvements (recurring)	300,000
Technology Replacement Project (recurring)	681,000
Recreation Trails Development Fund	30,000
Annual Street Overlay Program	600,000
Early MHCP Implementation Program	187,800
Vehicle Replacement Program (Cityworks Server)	40,000
Category Subtotal	2,921,480

Work Projects/Studies

Agenda Automation	50,000
Downtown Encinitas Specific Plan Review	75,000
GIS Basemap Updates and Enhancements/Digital Topography (recurring)	95,000
North 101 Corridor Specific Plan Review	75,000
Green Building Incentive Program (recurring)	60,000
Category Subtotal	355,000

Unfunded Projects from last six year plan

Drainage

Leucadia Long-Term Drainage Improvements	90,000,000
Cardiff Town Center Storm Drain Replacement	800,000
4th Street Storm Drain	294,300
Cottonwood Creek/2nd St. Drainage Improvements	2,000,000
Cottonwood Creek Outfall Replacement	700,000
Category Subtotal	93,794,300

Facilities

Facilities Master Plan Implementation	TBD
Category Subtotal	-

Street and Rail Projects

North Coast Hwy. 101 Beautification Future Phases	12,614,000
El Camino Widening and Median Improvements (from Encinitas Boulevard to Mira Costa College)	5,425,000
I-5 Interchange @ Encinitas Boulevard Improvements	7,000,000
Encinitas Boulevard Widening Study & Design	550,000
Encinitas Boulevard Widening Construction	7,350,000
Encinitas Boulevard/El Camino Real Intersection Improvements	875,000
Leucadia Boulevard Phase Roundabout @ Hygeia	3,500,000
Vulcan Ave Sidewalks - Encinitas Blvd. to La Costa	3,000,000
Rail Quiet Zone at Chesterfield Avenue	800,000
Grade Separated Pedestrian Crossing at 2 Locations	TBD
Highway 101 Bridge Replacement	15,000,000
South Coast Highway 101 Sidewalk Improvements	100,000
Category Subtotal	56,214,000

Parks and Beaches

Standard Pacific Park Design & Development	1,587,940
Beacon's Beach Access	5,900,000
Category Subtotal	7,487,940
TOTAL	\$ 160,772,720

ATTACHMENT 3

PowerPoint Presentation by
Marine Life Guard Division

Marine Safety Center Rebuild



Potential Facility Layout

Existing Facility Overview

- 54 years old (built in 1960)
- Approx. ground floor footprint: **1,008 ft²**
- Approx. second floor footprint: **144 ft²**
- **Total building: 1,152 ft²**

6 Rooms Total

- First aid room
- Showers
- Lockers
- Wet Storage of PPE
- Dispatch & Observation Area
- Bathroom

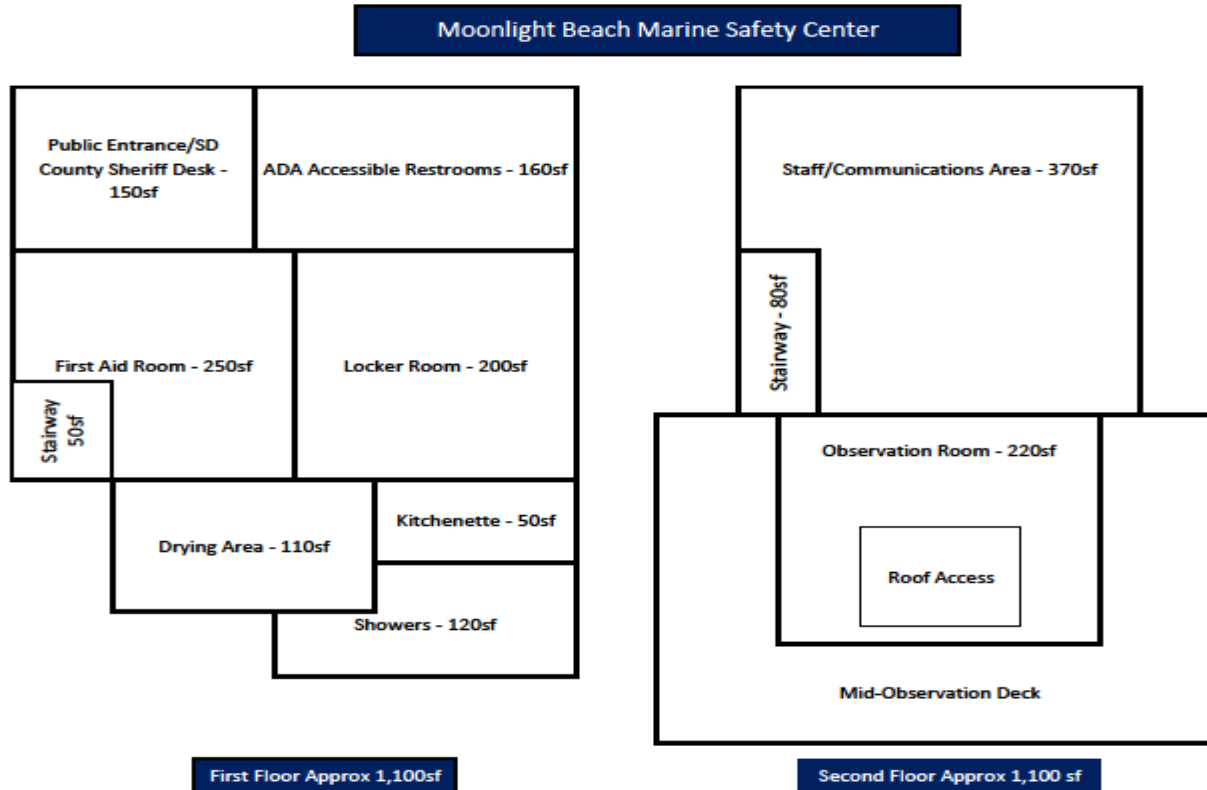
Moonlight Beach



Current Satellite View



Estimated Footprint



Proposed Facility Overview

- Estimated Final Square Footage: 2,200 ft²
- Estimated Cost: \$3.0 million
- Architect – Steven Dalton Architects
 - Existing architect from Moonlight Beach project
- Architectural Fees – not to exceed \$282,800
 - Included in overall estimated cost

Thank you

Questions?

ATTACHMENT 4

Pavement Management Program PowerPoint
Presentation and Executive Summary

Pavement Management Program

587.01.30

City of Encinitas

Pavement Management Program Implementation Executive Summary



Pavement Management Program

Pavement Condition Index

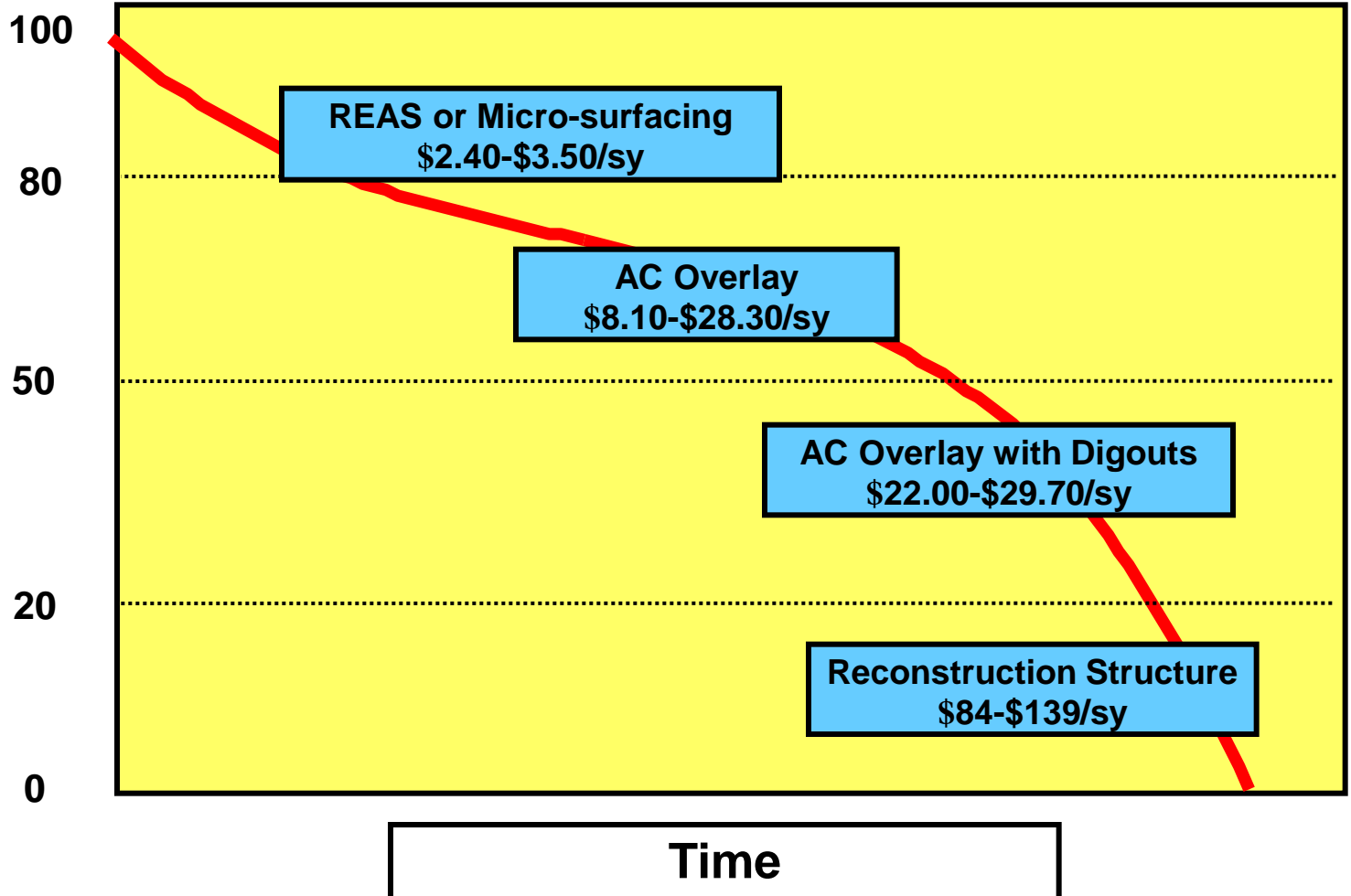
Condition Category	Pavement Condition	PCI Category
I	Good to Excellent	100-71
II/III	Fair	70-51
IV	Poor	50-26
V	Very Poor/Failed	0-25

Pavement Management Program



Pavement Management Program

Pavement Condition (PCI)



Pavement Management Program

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City of Encinitas

Pavement Management Program Implementation Executive Summary

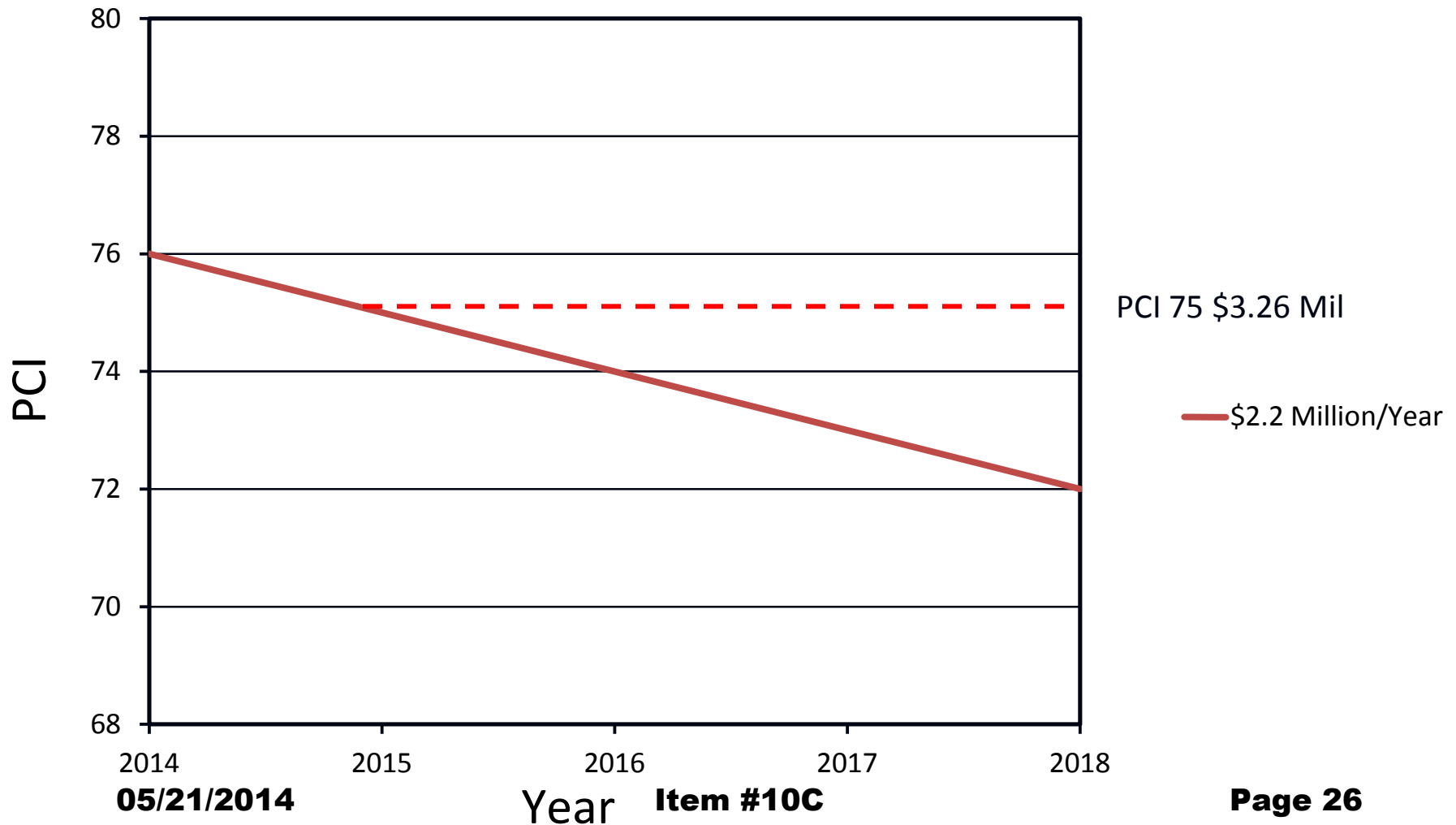


Pavement Management

- Pavement Management Program
 - Current Overall PCI – 75.1
 - Arterials PCI – 86.9
 - Collectors PCI – 75.7
 - Residential/Local PCI – 70.8
- Pavement Reevaluation
- Maintenance Backlog

Pavement Management

Projected PCI at Current Funding Levels



Pavement Management

Questions ?

City of Encinitas

Pavement Management Program
Update
Executive Summary



Submitted to:

City of Encinitas
Department of Public Works
505 S. Vulcan Avenue
Encinitas, CA 92024

May 2014

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Background

The City of Encinitas contracted with Nichols Consulting Engineers, Chtd. to implement a Pavement Management Program (PMP) in 2009. In March of 2014, the City entered into a contract with Harris and Associates to re-assess the pavement condition, and upload this information into the City's pavement management database. This update serves to reassess the condition of the City's maintained street network based on the same pavement rating criteria used in the original 2009 report. The standard of practice for Pavement Management is for the pavement to be reevaluated approximately every 5 years. It is during this reevaluation that modifications to the standardized deterioration curves are modified, as necessary, to more accurately reflect the rates at which the pavement is deteriorating. City staff has also modified the Maintenance Decision Trees (MDT) that serves as a framework in developing the PMP. The MDT defines the uses and lifespans of the preventative and rehabilitation strategies that are utilized by the City in the management of the PMP. These individual strategies can vary from a simple seal coat to the full restoration of a roadway.

The City has maintenance responsibility for approximately 167 centerline miles of pavement, of which 17.3 miles are arterial, 30.3 miles are collectors, and 119.5 miles are residential streets. The table below summarizes the pavement network based on functional class.

Table 1 - Breakdown of Street Network by Functional Class

Functional Class	Centerline Miles	Lane Miles	# of Sections
Arterial	17.3	82.9 (21%)	68
Collector	30.3	72.6 (18%)	160
Residential/Local	119.5	240.2 (61%)	909
Total	167.1	395.8	1137

The network replacement cost is estimated at \$294.7 million, which is a significant investment in the City's infrastructure.

Purpose

The purpose of this report is to inform policy makers, City Staff, and the public, of the current estimated pavement condition utilizing the recent pavement re-evaluations and the StreetSaver Pavement Management Program. Utilizing this information several potential funding scenarios have been investigated and the results are discussed later in the report. The StreetSaver Program is one tool the City utilizes in the management of its roadways. Utilizing StreetSaver, a list of potential roadway segments that are candidates for inclusion in the City's Annual Pavement Rehabilitation Project is developed. This list of candidate roadways is distributed to internal stakeholders as well as external agencies to determine if there are any potential conflicts. This distribution avoids the likelihood of a rehabilitated roadway being impacted by a near-term project. It also serves as a notice to external agencies to assist them in the scheduling of their projects. Staff also reviews the locations for prioritization based on roadway classification, adjacency to other candidate roadways, and rehabilitation strategy.

Specifically, this report links the StreetSaver recommended repair program costs to the City's projected budget alternatives to improve overall maintenance and rehabilitation strategies. This

report assesses the adequacy of projected revenues to meet the maintenance needs recommended by the PMP program. It also maximizes the return from expenditures by:

- (1) Implementing a multi-year road rehabilitation and maintenance program;
- (2) Developing a preventative maintenance program; and
- (3) Selecting the most cost effective repairs.

This report updates the overall condition of the road network based on the projects completed since the program began. These options are developed by conducting "what-if" analyses using the City of Encinitas pavement management system database. By varying the budget amounts available for pavement maintenance and repair, one can show how different funding strategies can generally impact the City's roads over the next five years. What StreetSaver does not do is address community needs related to pavement maintenance. StreetSaver is designed to provide the most cost effective program to preserve pavement condition. A cost effective program may not address the needs and desires of the City Council or the residents. The most cost effective pavement management program strives to keep the best pavement in the best condition. This preservation strategy comes at the expense of the poorer roadway sections. Since the rehabilitation or reconstruction of roadways is at a much higher cost, cities realize greater "bang for the buck" in utilizing pavement preservation strategies to implement their PMP.

Assessing Pavement Condition

The Pavement Condition Index, or PCI, is a measurement of pavement grade or state of repair and ranges from 0 to 100. A newly constructed road would have a PCI of 100, while a failed road would have a PCI of 10 or less. The process for establishing pavement condition begins with determining the roadway classification and the physical characteristics of the individual roadways. Traffic volumes, along with maintenance history, are also entered into the database for each roadway. Each individual roadway is split into practicable segments to allow for consistent evaluation. There are various factors, or defects, that are scored in the ratings of pavement. Roadways are inspected to determine the percentage of pavement area that has defects. The individual defect scores are subtracted from 100 to arrive at a final PCI. StreetSaver utilizes this base assessment in conjunction with standard pavement deterioration curves to estimate future roadway conditions. To assure that StreetSaver is correctly modeling the deterioration of the roadways, periodic pavement re-evaluations are necessary.

This year, in addition to re-evaluating pavement condition, Harris and Associates will be performing deflection testing on the City's arterial roadways. Deflection testing measures the structural adequacy of the underlying base material during loading. Pavement with limited deflection, or "give", has sufficient structural capacity and does not require full reconstruction. The rehabilitation of the roadway can be limited to addressing the condition of the asphalt concrete. Restoring the asphalt concrete can be done at a much lower cost than full reconstruction. A roadway with high deflection, or "give", has poor structural support and the underlying base material must be addressed to assure successful rehabilitation.

Current Pavement Condition

The average PCI of the entire network is 75.1, which is in the "good" category. Figure 1 illustrates the definitions of the pavement condition categories. The difference between

Category II and III is Category II is related to non-load related defects, while Category III is assessed on load related defects.

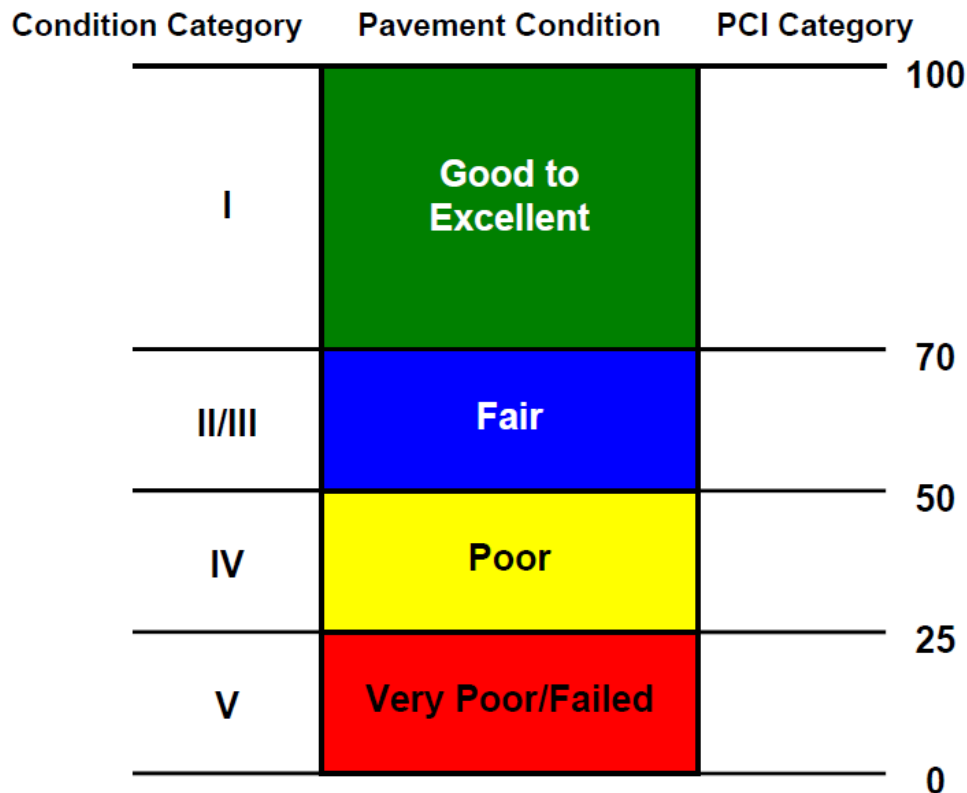


Figure 1. Pavement Condition Categories by PCI

Table 2 below summarizes the average condition of the road network by functional class. As may be noted, the City's arterials are in better condition, which is typical since they are the highest volume facilities.

Table 2 - Pavement Condition Summary by Functional Classification (2013)

Functional Class	Average PCI (Weighted by Area)	
	2014	2009
Arterial	86.9	79
Collector	75.7	74
Residential/Local	70.8	72
All	75.1	73

Approximately 68.6% of the City's pavement area is in the "good to excellent" condition category, with about 11.4% of the pavement area falls in the "poor or failed" category. Figure 2a depicts the condition summary as presented in the 2009 report, while Figure 2b depicts the current state of pavement.

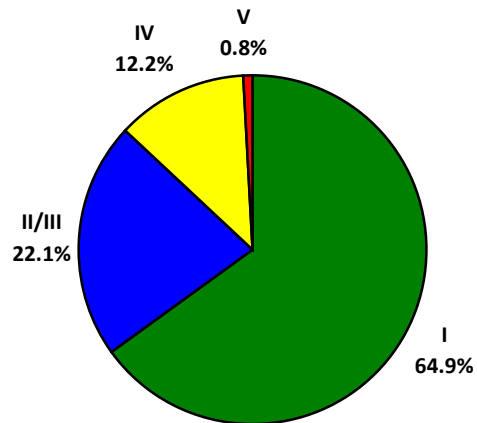


Figure 2a - Pavement Condition Summary by Condition Category (2009)

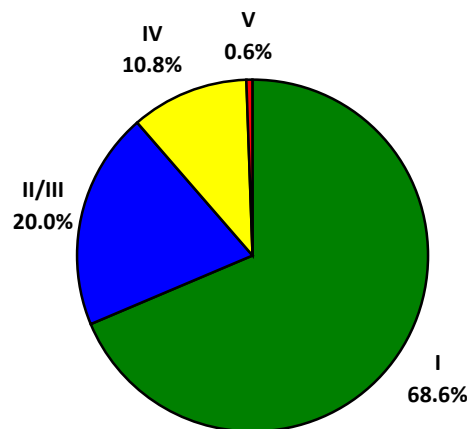


Figure 2b - Pavement Condition Summary by Condition Category (2014)

Maintenance Decision Trees

Based on the principle that it costs less to maintain roads in good condition than bad, the StreetSaver program strives to develop a maintenance strategy that will improve the overall condition of the network to an optimal PCI somewhere between the low and mid 80's. Although the average PCI of the roadway network is 75.1, which is in the "good to excellent" condition category, a significant portion of the network suffers from load-related distresses. If these issues are not addressed, the quality of the road network will inevitably decline. In order to correct these deficiencies, a cost-effective funding, maintenance, and rehabilitation strategy must be implemented.

The first process StreetSaver utilizes in developing a baseline model is to determine the "Budget Needs" of the pavement network based on the Maintenance Decision Trees. The Maintenance Decision Trees are a "schedule" of treatments and are not related to pavement condition. They simply state how often a certain preventative maintenance treatment would be applied and how many cycles of the application prior to the rehabilitation of the roadway. The results of this analysis represent the funding strategy to bring the pavement into the optimal condition. It's important to note that the baseline model does not take into account if the

proposed work is actually needed. Of course most municipalities have constrained budgets that do not allow for the unlimited funding of Capital Improvement Projects. Using the budget needs module, the cost of implementing the Maintenance Decision Trees over the next five years were estimated at approximately \$42.7 million. If the City follows the strategy recommended by the program, the average network PCI will increase to 85. The average annual reoccurring cost to maintain this strategy would be \$5.6 million. If, however, no maintenance is applied over the next five years, already distressed streets will continue to deteriorate, and the network PCI will drop to 67. The results of the budget needs analysis are summarized in Table 3a (2009) and Table 3b (2014) below.

Table 3a - Summary of Results from Needs Analysis (2009)

Year	2010	2011	2012	2013	2014	
PCI with treatment	84	84	84	83	84	
PCI without treatment	73	72	70	68	66	
						Totals
Rehabilitation (\$ millions)	14.1	6.1	4.5	3.6	8.1	36.9
Preventive Maint. (\$ millions)	3.68	0.95	0.57	0.21	1.33	6.2
Budget Needs (\$ Million)	17.8	7.0	5.1	3.8	9.4	43.1

Table 3b - Summary of Results from Needs Analysis (2014)

Year	2014	2015	2016	2017	2018	
PCI with treatment	85	85	85	85	85	
PCI without treatment	75	72	70	68	67	
						Totals
Rehabilitation (\$ millions)	15.7	5.2	5.1	4.3	5.9	36.2
Preventive Maint. (\$ millions)	4.5	1.0	0.7	0.1	0.2	6.5
Budget Needs (\$ Million)	20.2	6.2	5.8	4.4	6.0	42.7

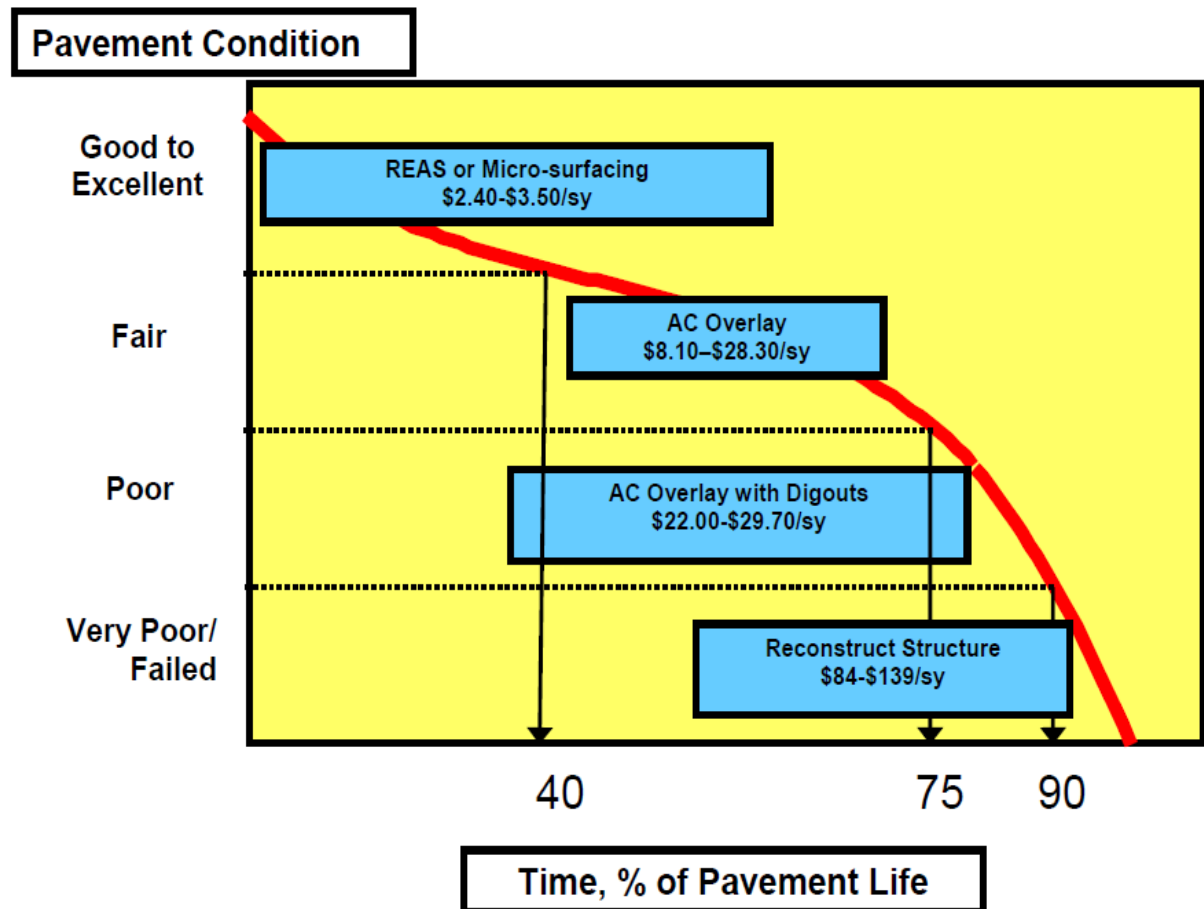
An analysis of implementing the Maintenance Decision Trees strategies result in \$42.7 million in effort to bring the roadway to a PCI of 85; approximately \$6.5 million (15.2%) is earmarked for preventative maintenance or life-extending treatments, while all the rest (84.8%) is allocated for more costly rehabilitation and reconstruction treatments. In the original 2009 report the breakdown was 14.3% preventative and 85.7% rehabilitation. The primary reason for this change in breakdown is a result of working from a “worst first” strategy. While this strategy eliminates the worst pavement the better performing pavements slowly move downward in condition.

Impacts of Projected Funding Levels

Using the PMS budget scenarios module the overall PCI for the pavement network can be evaluated for a given funding level over a period of time. By deferring maintenance and rehabilitation, not only does the frequency of citizens' complaints about the condition of the network increase, but also the cost to repair these roads rises as well. Figure 3 below demonstrates the old colloquial saying of "pay me now, or pay me later". History has shown that it costs less to maintain roads in good condition than to repair roads that have failed. By allowing pavements to deteriorate, roads that once cost only \$2.40 to \$3.50/square yard to

surface seal may soon cost \$8.10 to \$29.70/square yard to overlay and upwards of \$84 to \$139/square yard to reconstruct.

Figure 3. Cost to Maintain a Pavement Over Time



Budget Scenarios

StreetSaver utilizes the current condition of the roadway system to develop a cost-effective maintenance and rehabilitation strategy based on conducting what-if scenarios developed by the agency. Using StreetSaver's budget scenario module, the impacts of various budget "scenarios" can be evaluated. By examining the effects on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies become clear. The following scenarios were performed for this report.

Scenario 1 - Current Budget (\$2.2m/year) – The current annual budget, composed of TransNet and HUTA, is on average \$2.2 m/year. At this funding level the PCI will decrease to 72 in 5 years.

Scenario 2 - Maintain Current PCI at 75 (\$3.26m/year) – In order to maintain the current condition of the network at PCI of 75, \$3.26m/year will be needed.

Scenario 3 - Budget Needs Model (\$8.5m/year) – To implement the Maintenance Decision Trees the network PCI would increase to 85 and would be maintained for the following 4 years.

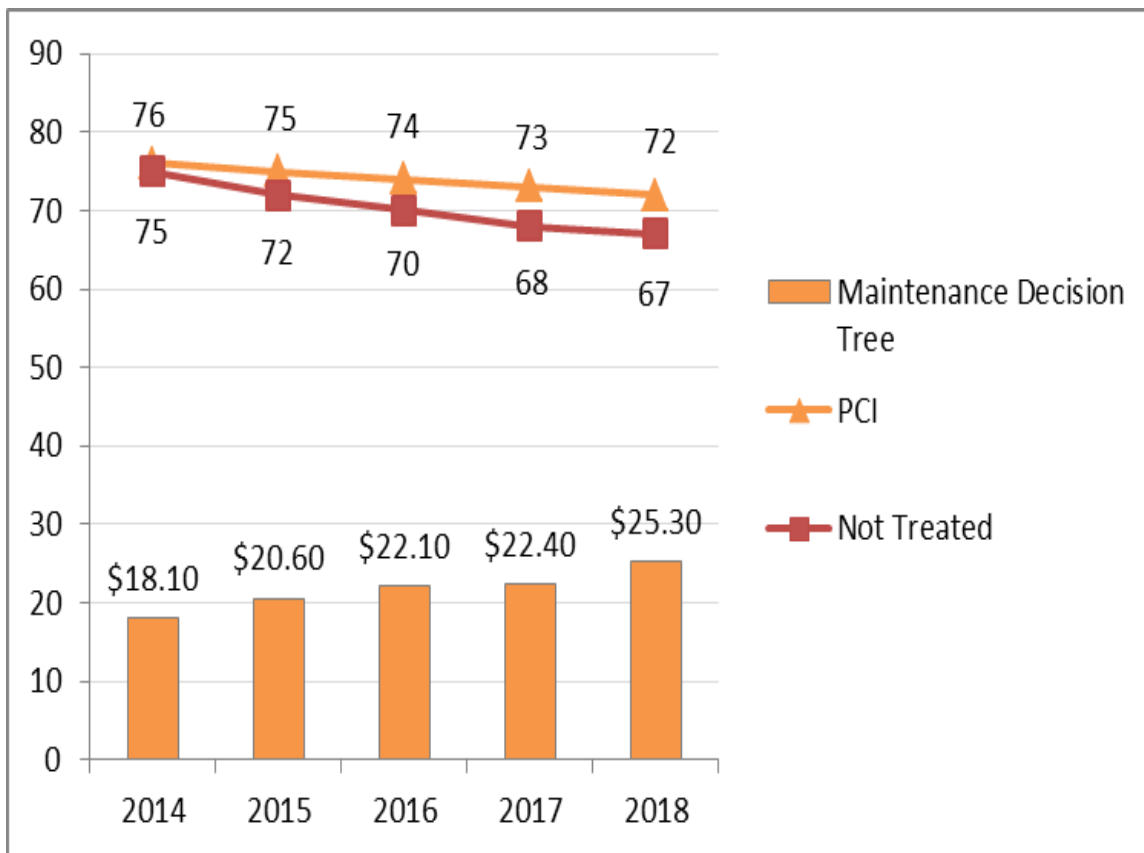
Scenario 1 - Proposed Budget (\$2.20m/year)

In this scenario, the City's existing funding level proposed in the 2014 Regional Transportation Improvement Program (RTIP) is approximately \$2.20m per year. The funded would be divided between Preventative Maintenance and Rehabilitation strategies as shown below. This scenario is not the most cost effective strategy. The most cost effective strategy is to keep the best pavement in the best condition. This strategy will continue to keep the best roads in the best conditions while addressing a portion of the streets in the failed condition. This funding level will see a long-term reduction of the current PCI by approximately 1 PCI point per year. The result after 5-years of funding at this level is a reduction in the overall PCI to 72.

Table 4 - Summary of Results Scenario 1

Year	2014	2015	2016	2017	2018
Budget (\$-Mil)	2.33	2.13	2.11	2.17	2.30
Rehab (\$-Mil)	0.83	0.63	0.61	0.67	0.80
Prevent (\$-Mil)	1.50	1.50	1.50	1.50	1.50
PCI with treatment	76	75	74	73	72
PCI without Treatment	75	72	70	68	67

Figure 4 – Scenario 1: Proposed Budget (\$2.2m/year)



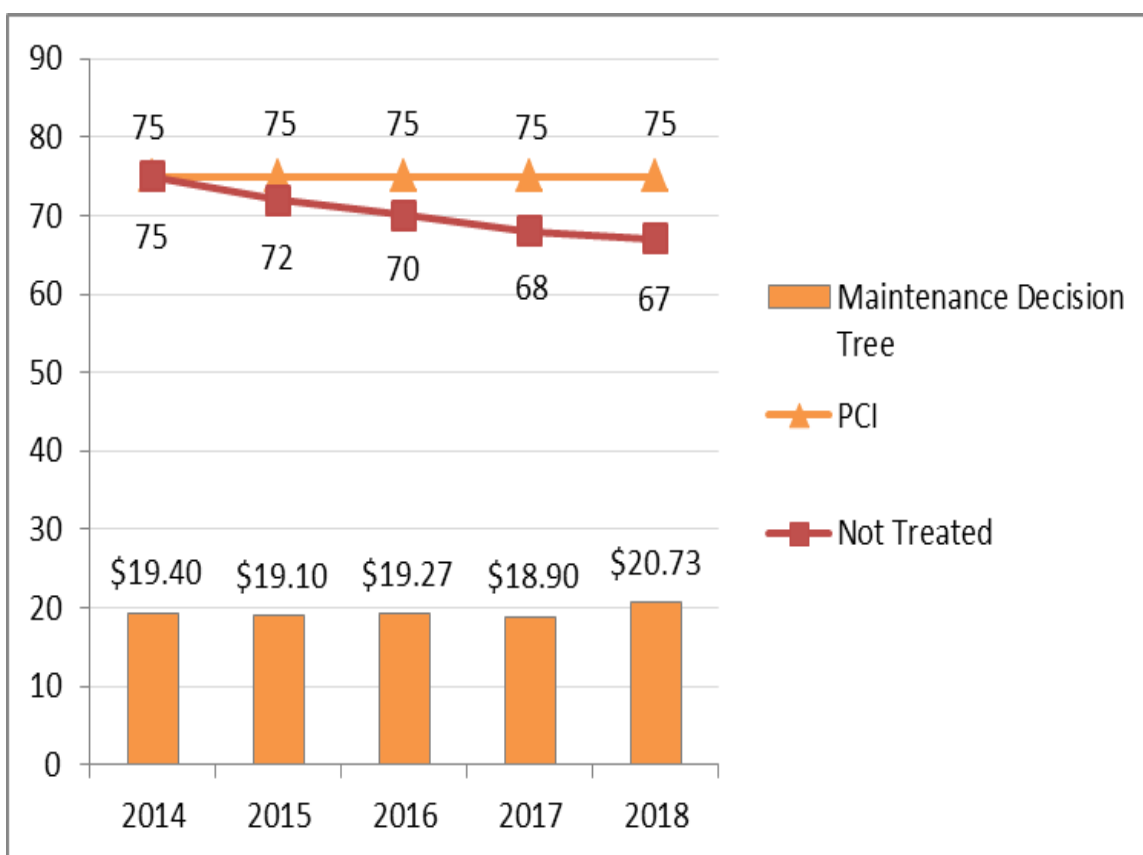
Scenario 2 - Maintain Current PCI at 75 (\$3.26m/year)

According to the Streetsaver program in order to maintain the current condition of the network at PCI of 75, \$3.26m/year will be needed. The work to bring the pavement into compliance with the Maintenance Decision Trees varies from a low of \$18.90 million in 2017 to \$20.73 million in 2018. Approximately 73.6% (currently 68.6%) of the network will be in the good or excellent condition category, with the “failed” category increasing from 0.6% to 4.2% at the end of the 5 year period.

Table 5 - Summary of Results Scenario 3

Year	2014	2015	2016	2017	2018
Budget (\$-Mil)	0.76	4.39	3.33	3.76	4.06
Rehab (\$-Mil)	0.03	0.68	2.20	3.15	3.79
Prevent (\$-Mil)	0.73	3.71	1.13	0.61	0.27
PCI with treatment	75	75	75	75	75
PCI without Treatment	75	72	70	68	67

Figure 5 – PCI vs. Deferred Maintenance for Scenario 2: Maintain Current PCI at 75 (\$3.26m/year)



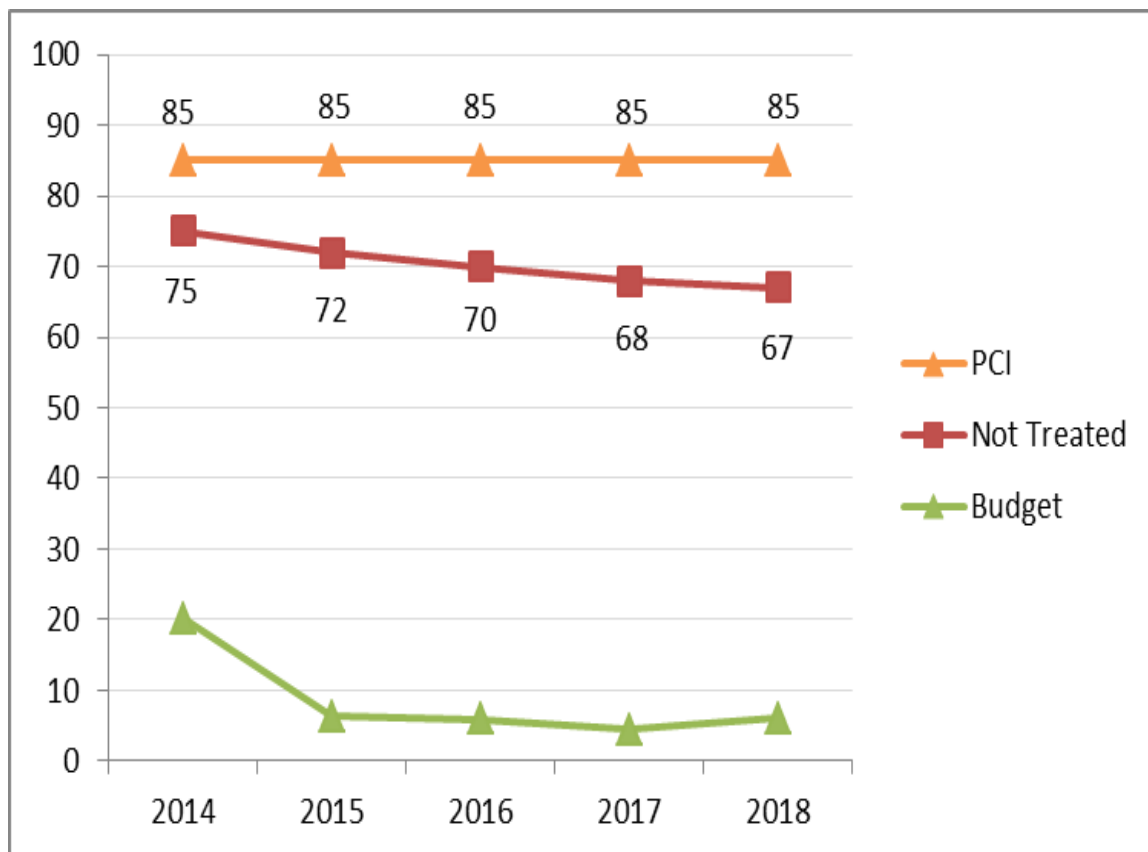
Scenario 3 – Budget Needs Model (\$8.5m/year)

As noted previously in this report, Streetsaver utilizes a Budget Needs assessment to analyze the costs of implementing the Maintenance Decision Trees. Based on fully implementing the maintenance decision trees the average annual cost would be \$8.5m. The initial investment of \$20.19 million would increase the PCI to 85 and sustain it at that level for the next 4 years. The continuing cost of sustaining a PCI of 85 would average \$5.6m/year.

Table 6 - Summary of Results Scenario 3

Year	2014	2015	2016	2017	2018
Budget (\$-Mil)	20.19	6.23	5.83	4.39	6.05
Rehab (\$-Mil)	15.72	5.23	5.11	4.27	5.87
Prevent (\$-Mil)	4.47	1.00	0.72	0.12	0.18
PCI with treatment	85	85	85	85	85
PCI without Treatment	75	72	70	68	67

Figure 6 – PCI vs. Deferred Maintenance for Scenario 3: Budget Needs Model (\$8.5m/year)



Discussion

Based on the re-evaluation of pavement condition by Harris and Associates the overall condition of the City's maintained road system is in good condition. There are several reasons for the overall condition of the City's roadways to have slightly increased with the pavement reassessment. In the last two years the City has been proactive in preserving several arterial streets including North Coast Highway 101, South El Camino Real, and a portion of North El Camino Real. This work significantly increased the PCI of a large proportion of the maintained system. The increase can also be attributed to the individual rater's determination of the pavement condition. Overall the rating of the pavement contributed to an average PCI increase of 2.8. Another factor in the increase in overall PCI is the rate of deterioration of the City's roadways is slower than predicted. The deterioration curves utilized by Streetsaver are based on an overall industry average. Since Encinitas has favorable weather year round with little overall precipitation our roadways tend to perform above average. The deterioration curves will be adjusted to address the revised assessments.

Based on the current projected average Pavement Rehabilitation budget of \$2.2m/year the pavement condition is predicted to remain in overall good condition over the next five year period. While it is always a goal to maintain roadways to the highest level possible, budget realities require municipalities to remain flexible in address the management of their pavement.

ATTACHMENT 5

Facility Deferred Maintenance PowerPoint Presentation and Facility Condition Assessment Executive Summary

FACILITY DEFERRED MAINTENANCE

Facility Assessment Report

WHY CONDUCT A FACILITY ASSESSMENT?

- Need for a comprehensive inventory of systems at each facility
- Facilities and various mechanical systems starting to show their age
- Maintenance cost rising as bigger ticket items starting to fail
- Create a 10 year capital plan for the orderly replacement of facility mechanical systems

PREPARING THE FACILITY ASSESSMENT REPORT

- July 2011 a Facilities Assessment/10 year Replacement RFP was sent out
- 7 firms submit proposals
- September 2011 the top four are interviewed
- Roy Jorgensen Associates chosen to produce the report
- May 2012 final report is delivered
- An updated report is prepared and delivered May 2014

WHAT FACILITIES WERE ASSESSED?

- Between the two reports 20 facilities have been assessed
- 10 Parks incl. Cardiff, Community Center, Paul Ecke Sports Park, Cottonwood Creek, Oak Crest, Leo Mullen, Moonlight Beach, Swami's & Tennis Court
- Other City facilities incl. Civic Center, Fire Stations 1,3,4,5, Library, PW Facility, Wastewater Office, Moonlight Beach Lifeguard Tower
- Identified and prioritized projects for all facilities and applied cost estimates to complete those projects

WHAT THE FACILITY ASSESSMENT REPORT HAD TO SAY

- Identified \$4.2M worth of City projects excluding Park & Rec projects
- Some of the major projects include
 1. Replace Civic Center Sewer
 2. Replace Civic Center Fire sprinkler system
 3. Replace Roof at PW Facility
- Identified over \$1.34M worth of Park & Rec projects
- Some of the major projects include
 1. Replace Environmental Controls at Community Center
 2. Renovate the Swami's Beach Restroom
 3. Replace the roof at the Community Center

SUMMARY TABLE

PRIORITIZED PROJECTS

Public Works	Funding Year	Total
1-Currently or potentially critical	1-3	\$ 2,436,000
2- Necessary, not yet critical	4-6	\$ 288,000
3-Long-Range Predicted	7-10	\$1,453,000
4-Recommended	Variable	\$ 18,000
Total Public Works		\$ 4,195,000
Parks & Rec	Funding Year	Total
1-Currently or potentially critical	1-3	\$ 288,000
2- Necessary, not yet critical	4-6	\$ 19,000
3-Long-Range Predicted	7-10	\$1,039,000
4-Recommended	Variable	\$ 276
Total Park & Rec		\$ 1,346,276



CITY OF ENCINITAS

MEMO

Date: 5/15/14

TO: Gus Vina

FROM: Bryce Wilson via Glenn Pruim

SUBJECT: Discussion of the 2014 Revised Facility Assessment Report. Consideration of using the replacement schedule referenced in the report may prove beneficial regarding deferred maintenance when budgeting in the future.

BACKGROUND:

Facility staff had become acutely aware that the aging infrastructures of the various public buildings within the City of Encinitas were starting to show their age in not only appearance but also in cost of maintenance. It became apparent that a comprehensive review of the building inventory was needed. As a first step, to address that need, a consultant would be needed to prepare a facilities condition assessment report. On July 22, 2011 the Public Works Department sent out a RFP for a Facilities Assessment/10 Year Replacement Plan. The assessment was to cover a total of 14 facilities including eight park facilities, four fire stations, City Hall, the library and the Public Works Facility.

On August 11, 2011, a mandatory pre-proposal meeting was held at the City's Public Works Facility. Twenty-one firms attended the meeting. On August 22, 2011, seven (7) eligible consultants submitted proposals. Of those seven, the four highest ranked were invited to come in for interviews. On September 27, 2011, an internal review team comprised of Public Works and Park & Recreation employees interviewed those consultants and the preferred firm was chosen. The rankings were based on cost, quality of proposal and presentation, ability to complete the project in a timely manner, and prior experience completing this type of assessment.

On September 27, 2011 the following consultants were interviewed; Roy Jorgensen Associates., EMG Corp., HB&A Architects and Griffin Structures, Incorporated. The estimated cost of each proposal is shown in the table below:

Roy Jorgenson Assoc.	\$26,872
EMG Corp	\$43,011
HB&A Arch	\$60,750
Griffin Structures	\$152,695

After the interviews, the top two proposers were (1) Roy Jorgensen Assoc., and (2) EMG Corp. Both firms have extensive experience in providing facility assessments for varied companies

and public agencies and both showed a clear understanding of what the City was asking for and provided a clear plan to provide that information in a timely manner. In FY 2012, Council appropriated \$65,000 in Facilities Masterplan (CF12B); these funds were used to award Roy Jorgenson Associates the project. Jorgenson delivered a final report in May of 2012, and are currently finalizing an updated report for delivery to the City by May 2014. The updated report will update estimated costs and include any projects that may have been completed after the original report was submitted.

ANALYSIS:

The Facility Condition Assessment Report provided a condition assessment rating for each rated facility based on a scale of one to five (1-5), with 1 being “bad” and 5 being “excellent”. These ratings were applied to 9 system elements that make up a facility which include site, roof, and plumbing all the way to interior finishes. The report’s primary objective was to prioritize potential projects into four prioritization categories (1-Currently or potentially critical, 2-Necessary, not yet critical, 3-Long-Range Predicted, 4-Recommended). Each facility evaluated had projects that fell into each category. The prioritized projects were consolidated and the approximate totals for each category can be seen in the following table

Public Works	Funding Year	Total
1-Currently or potentially critical	1-3	\$ 2,436,000
2-Necessary, not yet critical	4-6	\$ 288,000
3-Long-Range Predicted	7-10	\$1,453,000
4-Recommended	Variable	\$ 18,000
Total Public Works		\$ 4,195,000

Parks & Rec	Funding Year	Total
1-Currently or potentially critical	1-3	\$ 288,000
2-Necessary, not yet critical	4-6	\$ 19,000
3-Long-Range Predicted	7-10	\$1,039,000
4-Recommended	Variable	\$ 276
Total Park & Rec		\$ 1,346,276

Some of the major projects the report addressed were:

- Replacement of Moonlight Beach Tower
- Replace the sewer line at City Hall
- Roof replacement at Public Works Facility
- Replacement of the generators at Station 5 and City Hall
- Refurbish parking lots at City Hall and Public Works Facility

Some of the major Park & Rec projects the report addressed were:

- Replacement of environmental controls at Community and Senior Center
- Chiller replacement and the Community and Senior Center
- Renovating Swami’s Beach bathroom
- Replacing the roof at the Community and Senior Center
- Re-sealing the parking lot at Cardiff Park

It is important to note that the some of the report's estimates were derived from estimating the cost of replacing structures with a like structure, and only included construction costs. On some projects this could lead to estimates that seem unusually low, since there are not any design, permitting or other soft costs included that would be expected for these projects. Typically, project soft costs would be about 30-40 percent of the construction costs.

ATTACHMENTS:

1. The Executive Summary of the 2014 updated Facility Condition Assessment Report (the full 527 page report is available from Public Works upon request).



Section I – Executive Summary



Section I – Executive Summary

Between December of 2011 and March of 2012, Jorgensen conducted facility condition assessment data collection at the City of Encinitas, with a re-fresh of the data and select re-inspections conducted in March of 2014. The scope of the work encompassed 19 geographically-dispersed locations totaling approximately 136,000 square feet of facility space and 84 acres of site. The final report was presented to the City in 2012.

In March of 2014, the City requested that the Consultant 1) update the econometric modeling based on 2014 projections of accumulated deferred maintenance current replacement values of the facilities, 2) re-assess the condition of the Community and Senior Center, Fire Station #1, and Public Work, 3) assess the condition of Oak Crest Park, which was not included under the original scope of work, and 4) credit the 34 facility reinvestment projects completed since 2012 in the final report. The present report contains all of these additions. The present report further assumes that the reinvestment levels submitted to the Consultant in 2011 and 2012 remain unchanged and, concomitantly, that the econometric model as originally developed continues to approximate the profile of the City's facility assets with little effect resulting from the interim completion/commencement of 34 projects totaling some \$217,000. The detailed results of this FCA are contained in Sections III through V of the present report and, as requested by the City, have been segregated according to Public Works and Parks and Recreation. The executive summary that is provided herein summarizes these results, including high-level analyses, opinions of probable costs, and other interpretations based on first-hand observations.

Each of the City's facilities under the scope of work was assessed for deficiencies and the overall usability and reliability of the ten systems that comprise a facility. These systems are defined in the table below.

System Element	Systems Descriptions
SITE	<i>Site:</i> Landscaping, irrigation systems, site utilities (i.e., gas mains, water and sewer mains, electrical service), rail spurs, and pavements adjacent to and constructed as part of the facility (i.e., sidewalks, parking lots, access roads) security and site lighting.
STRUC	<i>Structure:</i> Wall and column foundations, superstructure, slabs and floors including pits and covers. Structural mezzanine framing and slabs. Basement walls and damp-proofing.
EXT	<i>Exterior:</i> Non-structural exterior wall construction, steel stud and dryvit, face brick veneer, stone veneer, siding (metal, fiberglass, etc.). Exterior coatings, and sealants, windows, and doors, louvers, grilles, screens, and awnings.
ROOF	<i>Roofing:</i> Insulation, vapor retarders, roof coverings, metal roofing, roof openings, skylights, gutters, and flashing.
HVAC	<i>HVAC Systems:</i> Heat, ventilating and air conditioning systems including controls; solar energy equipment, exhaust fans, or other mechanical equipment associated with indoor air quality.
PLUMB	<i>Plumbing Systems:</i> Water and sewer systems, including pumps and plumbing fixtures, fire protection piping and pumps, process piping systems (natural gas, compressed air, chilled water, medical gases, etc.).
CONV	<i>Conveyance Systems:</i> Elevators, escalators, cranes, hoists, wheelchair, dumbwaiter, turntable, or other lifting mechanisms.
INTF	<i>Interior Finishes:</i> Non-load bearing interior walls, all finishes on walls, ceilings, floors, stairways. Interior doors, windows, and millwork.
BUSE	<i>Business Unit Support Equipment:</i> Institutional and specialty equipment installed during construction (medical equipment, laboratory and kitchen equipment, vacuum tube delivery systems, trash compactors, incinerators, dock equipment, in ground lifts, walk-in freezers, grill hoods, etc.



The ten systems elements were each assigned an objectively-defined condition code (1-5) that reflects its overall condition and usability. These codes are defined in the table below.

Condition Code Definitions		
Rating	Status	Description
5	Excellent	Condition and appearance are as new with no defects; only normal scheduled maintenance is required.
4	Good	Superficial wear and tear, minor defects, minor signs of deterioration to surface finishes are present, but the unit or system does not require major maintenance. No major defects exist. System functions normally.
3	Fair	Some minor repairs and some infrequent larger repair may be required. The system is occasionally unable to function as intended. Deteriorated surface finishes require attention; services are functional, but deferred maintenance work may exist.
2	Poor	A significant number of major defects exists. Excessive wear and tear is clearly visible. The system is obsolete or does not fully functional or services are frequently failing. Repair parts are not easily obtainable. The unit or system may not meet all codes.
1	Bad	Major repair or replacement is required to restore function. System or asset has failed. Unsafe to use.

The application of these condition codes to the various systems elements within the Encinitas portfolio is presented in the table below. As the accompanying table further demonstrates, in addition to scoring each of the ten systems elements, the Consultant has provided an overall score for the facility as a whole. This overall score is not a simple average of each of the ten systems scores, but rather is derived from a parametric model that weights the system according to the percentage of the total replacement cost that each represents relative to the facility as a whole. Thus, for example, one facility may be associated with considerable acreage, while another is associated with very little. The condition score for "Site" would then be weighted proportionately greater in the former than in the latter.

The condition codes for most of the City's facilities fall into the range of 3.0-4.0 (fair-good). The score for each of these appear in the summary table below, segregated according to Public Works and Parks and Recreation.



Public Works

Building	Civic Center			Fire Station #1			Fire Station #3			Fire Station #4			Fire Station #5		
System	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score
SITE	3.0	0.13	0.39	2.5	0.08	0.20	4.0	0.08	0.32	3.0	0.08	0.24	3.5	0.08	0.28
STRUC	3.0	0.24	0.72	2.5	0.28	0.70	4.0	0.28	1.12	3.5	0.28	0.98	2.5	0.28	0.70
EXT	3.0	0.13	0.39	3.0	0.12	0.36	4.0	0.12	0.48	2.5	0.12	0.30	4.0	0.12	0.48
ROOF	3.5	0.03	0.11	3.0	0.07	0.21	4.0	0.07	0.28	3.5	0.07	0.25	3.0	0.07	0.21
HVAC	3.0	0.12	0.36	3.0	0.19	0.57	4.5	0.19	0.86	3.0	0.19	0.57	3.0	0.19	0.57
ELEC	3.5	0.10	0.35	3.0	0.12	0.36	4.5	0.12	0.54	3.0	0.12	0.36	3.5	0.12	0.42
PLUMB	1.5	0.06	0.09	2.5	0.06	0.15	4.0	0.06	0.24	3.0	0.06	0.18	3.5	0.06	0.21
CONV	4.0	0.04	0.16	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00
INTF	3.0	0.15	0.45	2.5	0.08	0.20	4.0	0.08	0.32	3.0	0.08	0.24	3.5	0.08	0.28
BUSE	N/A	0.00	0.00	3.5	0.00	0.00	4.0	0.00	0.00	3.0	0.00	0.00	3.5	0.00	0.00
Weighted Overall Score			3.0			2.8			4.2			3.1			3.2

Building	Library			Moonlight Tower			Public Works Yard			Swami's Tower			Wastewater Offices		
System	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score
SITE	4.0	0.21	0.84	3.5	0.12	0.42	2.5	0.05	0.13	4.0	0.45	1.80	3.5	0.05	0.18
STRUC	4.0	0.09	0.36	1.5	0.60	0.90	2.5	0.14	0.35	4.0	0.47	1.88	4.0	0.55	2.20
EXT	3.5	0.09	0.32	1.5	0.10	0.15	2.5	0.13	0.33	3.5	0.02	0.07	3.5	0.15	0.53
ROOF	4.0	0.08	0.32	1.5	0.10	0.15	2.5	0.02	0.05	4.0	0.02	0.08	4.0	0.10	0.40
HVAC	3.5	0.16	0.56	2.0	0.03	0.06	4.0	0.12	0.48	N/A	0.01	0.05	3.5	0.04	0.14
ELEC	3.5	0.16	0.56	2.0	0.03	0.06	3.5	0.16	0.56	N/A	0.01	0.05	3.5	0.06	0.21
PLUMB	3.5	0.08	0.28	2.0	0.01	0.02	3.5	0.06	0.21	N/A	0.01	0.05	3.5	0.01	0.04
CONV	N/A	0.00	0.00	N/A	0.00	0.00	4.0	0.09	0.36	N/A	0.00	0.00	N/A	0.00	0.00
INTF	3.5	0.13	0.46	2.5	0.01	0.03	3.5	0.23	0.81	N/A	0.01	0.05	3.5	0.04	0.14
BUSE	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00
Weighted Overall Score			3.7			1.8			3.3			4.0			3.8



Parks and Recreation

Building	Cardiff Sports Park			City Hall and Civic Center			Community/Senior Center			Cottonwood Creek Park			Ecke Sports Park		
System	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score
SITE	4.0	0.72	2.88	3.0	0.13	0.39	3.5	0.05	0.18	4.0	0.79	3.16	3.0	0.81	2.43
STRUC	3.5	0.17	0.60	3.0	0.24	0.72	3.5	0.11	0.39	3.5	0.11	0.39	3.0	0.06	0.18
EXT	3.5	0.01	0.04	3.0	0.13	0.39	3.5	0.11	0.39	3.5	0.01	0.04	3.0	0.01	0.03
ROOF	3.5	0.04	0.14	3.5	0.03	0.11	3.0	0.08	0.24	3.5	0.01	0.04	3.5	0.05	0.18
HVAC	N/A	0.01	0.05	3.0	0.12	0.36	3.0	0.16	0.48	N/A	0.01	0.05	3.0	0.01	0.03
ELEC	3.5	0.03	0.11	3.5	0.10	0.35	4.0	0.18	0.72	3.5	0.04	0.14	3.0	0.03	0.09
PLUMB	3.0	0.01	0.03	1.5	0.06	0.09	3.5	0.10	0.35	4.0	0.02	0.08	3.0	0.02	0.06
CONV	N/A	0.00	0.00	4.0	0.04	0.16	4.0	0.01	0.02	N/A	0.00	0.00	N/A	0.00	0.00
INTF	3.0	0.01	0.03	3.0	0.15	0.45	3.5	0.21	0.72	4.0	0.00	0.00	5.0	0.01	0.05
BUSE	N/A	0.00	0.00	N/A	0.00	0.00	4.0	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00
Weighted Overall Score			3.9			3.0			3.5			3.9			3.0

Building	Glen Park			Leo Mullen Sports Park			Moonlight Beach			Swami's Park		
System	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score
SITE	3.0	0.73	2.19	3.5	0.69	2.42	3.0	0.12	0.36	3.5	0.45	1.58
STRUC	3.0	0.14	0.42	3.5	0.20	0.70	2.0	0.60	1.20	2.0	0.47	0.94
EXT	3.0	0.01	0.03	3.5	0.01	0.04	2.0	0.10	0.20	3.0	0.02	0.06
ROOF	3.5	0.03	0.11	4.0	0.02	0.08	2.0	0.10	0.20	1.5	0.02	0.03
HVAC	4.0	0.01	0.04	N/A	0.01	0.05	1.0	0.03	0.03	N/A	0.01	0.05
ELEC	3.0	0.02	0.06	3.5	0.03	0.11	3.0	0.03	0.09	3.0	0.01	0.03
PLUMB	3.0	0.03	0.09	3.5	0.03	0.11	2.5	0.01	0.03	3.0	0.01	0.03
CONV	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00
INTF	3.0	0.03	0.09	3.5	0.01	0.04	3.0	0.01	0.03	3.0	0.01	0.03
BUSE	4.0	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.00	N/A	0.00	0.0
Weighted Overall Score			3.0			3.5			2.1			2.7



Building	Oakcrest Park			Park Tennis Courts		
System	Cond. Code	Weight	Wt. Score	Cond. Code	Weight	Wt. Score
SITE	3.5	0.45	1.58	2.0	0.90	1.80
STRUC	2.0	0.47	0.94	3.0	0.10	0.30
EXT	3.0	0.02	0.06			0.00
ROOF	1.5	0.02	0.03			0.00
HVAC	N/A	0.01	0.05			0.00
ELEC	3.0	0.01	0.03			0.00
PLUMB	3.0	0.01	0.03			0.00
CONV	N/A	0.00	0.00			0.00
INTF	3.0	0.01	0.03			0.00
BUSE	N/A	0.00	0.0			0.0
Weighted Overall Score			2.7			2.1

The identification of deficiencies resulted in the generation of some 232 projects that total \$5,539,477 in probable costs between those facilities under the management of the Public Works and Parks and Recreation departments. These projects have been further prioritized according to their urgency and have been assigned to suggested funding years 1-3 (\$2,723,519), 4-6 (\$306,590), and to outlying years 7-10 (\$2,491,216). As indicated in the opening paragraphs of the Executive Summary, since the main initial phase of the assessment, the City has completed 34 projects worth approximately \$217,000. These projects and their associated costs have been deducted from the above figures. A total of \$18,152 out of the total probable cost has been identified as "variable," relating to projects that represent sensible improvements, but that may not currently impact the usability of the facilities. These projects may, however, improve the overall reliability and ultimately slow the deterioration of the buildings. Though not currently critical and not assigned to any particular cohort of funding years, the \$18,152 allocation to this project work is recommended for consideration by the City.



The Consultant's opinions of these probable costs are based on a variety of methods that reflect the complex nature of the City's facilities, the environment of the City of Encinitas, and the local market conditions. Standard industry costing references often served as the starting point in developing budgetary estimates, though difficulty of access, and the generally high cost of contractor services all informed the final opinion of probable cost. The opinions of probable cost for many of these deficiencies generally follow a methodology that is based on key observable features.

The table that follows provides a summary of the opinions of probable costs associated with each of the priority-year cohorts according to Public Works and Parks and Recreation Departments.

Probable Cost Summary		
Priority Description	Funding Year	Total Main Campus
Public Works		
1 - Currently or Potentially Critical	1-3	\$ 2,435,943
2 - Necessary, Not Yet Critical	4-6	\$ 288,039
3 - Long-Range Predicted	7-10	\$ 1,452,513
4 - Recommended	Variable	\$ 17,876
Total Public Works		\$ 4,194,371
Parks and Recreation		
1 - Currently or Potentially Critical	1-3	\$ 287,576
2 - Necessary, Not Yet Critical	4-6	\$ 18,551
3 - Long-Range Predicted	7-10	\$ 1,038,703
4 - Recommended	Variable	\$ 276
Total Public Works		\$ 1,345,106

To facilitate the analysis of the financial data by City managers, the Consultant has broken out associated opinions of probable costs according to the broad organizational division of Public Works and Parks and Recreation. Moreover, these costs have been further segregated according to individual site and according to prioritization (years 1-3, 4-6, and 7-10) for greater granularity. A summary of these results appears on the following page.



Priority		Cardiff Park	Community & Senior Center	Ecke Sports Park	Glen Park	Leo Mullen Park	Oak Crest Park	Swami's Park	Grand Total
1	\$	35,123	\$ 109,831	\$ 941	\$ 22,952		\$ 52,498	\$ 66,232	\$ 287,576
2	\$	8,952	\$ 3,006		\$ 6,593				\$ 18,551
3	\$	3,050	\$ 1,030,478		\$ 5,175				\$ 1,038,703
4						\$ 276			\$ 276
Grand Total	\$	47,125	\$ 1,143,315	\$ 941	\$ 34,720	\$ 276	\$ 52,498	\$ 66,232	\$ 1,345,106

Priority		Civic Center	Fire Station #1	Fire Station #3	Fire Station #4	Fire Station #5	Library	Moonlight Tower	Public Works Yard	Swami's Tower	Wastewater Offices and Garage	Grand Total
1	\$	1,376,110	\$ 141,525		\$ 18,315	\$ 15,210	\$ 183	\$ 549,000	\$ 206,730		\$ 128,871	\$ 2,435,943
2	\$	122,231	\$ 61,292		\$ 17,931	\$ 17,957	\$ 9,553		\$ 55,626	\$ 3,450		\$ 288,039
3	\$	391,633	\$ 104,994	\$ 56,040	\$ 70,757	\$ 153,578	\$ 427,606		\$ 239,857		\$ 8,050	\$ 1,452,513
4			\$ 17,876									\$ 17,876
Grand Total	\$	1,889,973	\$ 325,686	\$ 56,040	\$ 107,003	\$ 186,745	\$ 437,342	\$ 549,000	\$ 502,212	\$ 3,450	\$ 136,921	\$ 4,194,371

Whereas a complete listing of all of the projects that make up these costs appears in *Section IV* of this report, major project work over the next ten years that is projected within these opinions of probable costs includes the following:

Public Works

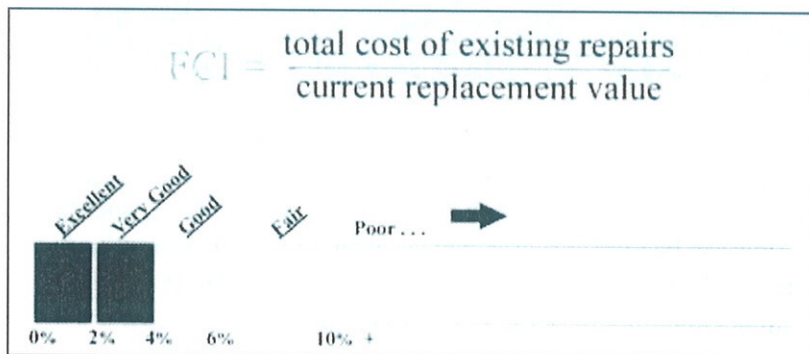
- ✓ Replacement of the Moonlight Beach tower (\$549,000)
- ✓ Replacement of the Civic Center fire sprinkler system (\$172,000)
- ✓ Replacement of the Civic Center sewer line (\$575,000)
- ✓ Re-surface the parking lot at the Wastewater Offices and Garage (\$121,000)
- ✓ Replace the flat and tiled roofs at the Public Works Yard buildings (\$189,000)
- ✓ Replace the central plant evaporative package chiller at the Library (\$115,000)
- ✓ Refurbish the Civic Center parking lot (\$111,000)
- ✓ Replace the built-up roof at the Library (\$99,000)
- ✓ Replace the KMC Building Automation System (BAS) in the Civic Center in year 10 (\$92,000)
- ✓ Repairs and restoration of the hose tower at Fire Station #1 (\$96,000)
- ✓ Partial replacement of the Civic Center carpeting (\$90,000)
- ✓ Refurbish the parking lot at the Public Works Yard (\$75,000)
- ✓ Replace air handling unit #3 at the Library (\$57,000)
- ✓ Replacement of six rooftop exhaust units at the Civic Center (\$53,000)
- ✓ Re-paint the interior of the Library (\$48,000)
- ✓ Replace the generator at the Civic Center (\$46,000)
- ✓ Replace the generator at Fire Station #5 (\$46,000)
- ✓ Replace the cooling tower at the Civic Center (\$46,000)



Parks and Recreation

- ✓ Replacement of the Johnson Controls BAS at the Community and Senior Center (\$92,000)
- ✓ Replace the roof of the Community and Senior Center (\$339,000)
- ✓ Partial Carpet Replacement at the Community and Senior Center (\$141,000)
- ✓ Chiller Replacement at the Community and Senior Center (\$115,000)
- ✓ Replacement of four (4) air handling units at the Community and Senior Center (\$210,000)
- ✓ Re-paint half of the interior of the Community and Senior Center (\$45,000)
- ✓ Clean and paint the standing-seam metal roof at the Community and Senior Center (\$30,000)
- ✓ Replace the VAV boxes throughout the Community and Senior Center (\$62,000)
- ✓ Renovation of the Swami's Beach restroom building (\$66,000)
- ✓ Re-Seal the parking lot at Cardiff Park (\$30,000)

The Facility Condition Index (FCI) represents a standard means of assessing the relative condition of buildings, systems, and assets among geographically-dispersed sites. The metric is a ratio of the accumulated deferred maintenance (ADM), as derived through a parametric model, to the building's current replacement value (CRV). The resulting percentage expresses the deficit (deferred repairs and maintenance) against the building's value. The lower the FCI, the better is the building's condition. As provided by the City, the CRV for the facilities within the scope of the project is \$98,337,077, of which \$48,077,643 is Parks and Recreation, and \$50,259,444 is Public Works.



As determined through a parametric model customized to the City of Encinitas facilities, the total value for the accumulated deferred maintenance (ADM) is \$6,792,624. The total of the opinions of probable cost, as laid out further above, typically represents a portion of the total ADM and provides the City with greater granularity into much of what comprises the ADM. The total calculated FCI (ADM/CRV) is

approximately 7%, which corresponds to "fair" on the FCI scale.

Viewed according to the City's departmental divisions, the overall portfolio-level FCI for Parks and Recreation is approximately 6% (good/fair), and that for Public Works is approximately 8% (fair). The chart below summarizes the FCI results according to departmental designation and then building within the City's portfolio.

City of Encinitas, California
Facility Condition Assessment – 2014



Building Name	SF	Acres	CRV	FCI
Parks and Recreation				
Community Center/Senior Center	38,386	21.67	\$ 15,578,502	4.20%
Cottonwood Creek Park	594,921	18.21	\$ 9,608,564	1.90%
Ecke Sports Park	303,504	9.29	\$ 4,901,898	11.90%
Glen Park		4.49	\$ 2,369,163	11.80%
Leo Mullen Sports Park	183,605	5.62	\$ 2,965,411	1.80%
Moonlight Beach Park	1,542	0.04	\$ 150,576	28.60%
Oak Crest Park	405,761		\$ 6,553,452	12.40%
Subtotal Parks and Rec			\$ 48,077,634	5.49%
Public Works				
Civic Center	47,709	5.03	\$ 19,395,577	12.20%
Fire Station #3	7,256	1.58	\$ 891,641	0.90%
Fire Station #4	3,500	0.55	\$ 2,559,634	7.70%
Fire Station #5	6,811	1.00	\$ 1,756,576	6.80%
Library	26,798	1.02	\$ 14,875,942	1.70%
Public Works Yard	20,135	4.46	\$ 5,573,678	6.50%
Swami's Tower	612		\$ 177,809	1.40%
Subtotal Public Works			\$50,259,444	7.82%
Total			2,019,297	84.5 \$ 98,337,078 6.68%

Given current industry-accepted spend rates and modeling scenarios for the City of Encinitas, an annual spend of 2% to 4% of the current replacement value (CRV) of the City's facilities is typically required. Based on the CRV of approximately \$98,337,077, the suggested annual spend should fall between approximately \$1,966,742 and \$3,933,483 under this approach for year 1. This can be further segregated according to Public Works and Parks and Recreation, respectively, as \$1,005,188 and \$961,552 for a low reinvestment, and \$2,020,376 and \$1,923,104 for high reinvestment. The accompanying table shows the spend per year and the changes in associated FCI.

Year	Budget Period	CRV (V)	ADM (B)	FCI	Renewal Funding (F _c)	Projected Funding (F _p)	Increase or Decrease in DM	F _p % of CRV	F _c Low	F _c High
N ₀	FY13/FY14	\$98,337,077	\$6,792,624	6.9%	\$1,966,742	\$1,180,045	\$786,697	1.20%	\$1,966,742	\$3,933,483
N ₁	FY14/FY15	\$101,188,852	\$10,991,020	10.9%	\$2,023,777	\$1,214,266	\$809,511	1.20%	\$2,023,777	\$4,047,554
N ₂	FY15/FY16	\$104,123,329	\$11,105,091	10.7%	\$2,082,467	\$1,249,480	\$832,987	1.20%	\$2,082,467	\$4,164,933
N ₃	FY16/FY17	\$107,142,905	\$11,222,470	10.5%	\$2,142,858	\$1,285,715	\$857,143	1.20%	\$2,142,858	\$4,285,716
N ₄	FY17/FY18	\$110,250,050	\$11,343,253	10.3%	\$2,205,001	\$1,323,001	\$882,000	1.20%	\$2,205,001	\$4,410,002
N ₅	FY18/FY19	\$113,888,301	\$11,494,709	10.1%	\$2,277,766	\$1,366,660	\$911,106	1.20%	\$2,277,766	\$4,555,532
N ₆	FY19/FY20	\$117,646,615	\$11,640,239	9.9%	\$2,352,932	\$1,411,759	\$941,173	1.20%	\$2,352,932	\$4,705,865
N ₇	FY20/FY21	\$121,528,954	\$11,790,572	9.7%	\$2,430,579	\$1,458,347	\$972,232	1.20%	\$2,430,579	\$4,861,158
N ₈	FY21/FY22	\$125,539,409	\$11,945,865	9.5%	\$2,510,788	\$1,506,473	\$1,004,315	1.20%	\$2,510,788	\$5,021,576
N ₉	FY22/FY23	\$129,682,209	\$12,106,284	9.3%	\$2,593,644	\$1,556,187	\$1,037,458	1.20%	\$2,593,644	\$5,187,288
N ₁₀	FY23/FY24	\$133,961,722	\$12,271,996	9.2%	\$2,679,234	\$1,607,541	\$1,071,694	1.20%	\$2,679,234	\$5,358,469



The Consultant has also provided the City with three alternate scenarios that target different forward average FCIs—both higher and lower averages that may hinge upon economics and the City's strategic financial goals. These are illustrated in the accompanying table.

S1 Funding	S1 Change in ADM	S1 ADM	S1 FCI	S2 Funding	S2 Change in ADM	S2 ADM	S2 FCI	S3 Funding	S3 Change in ADM	S3 ADM	S3 FCI
\$4,671,011		\$6,792,624	6.9%	\$4,916,854		\$6,792,624	6.9%	\$5,654,382		\$6,792,624	6.9%
\$4,806,470	-\$2,782,693	\$7,421,630	7.3%	\$5,059,443	-\$3,035,666	\$7,168,658	7.1%	\$5,818,359	-\$3,794,582	\$6,409,741	6.3%
\$4,945,858	-\$2,863,392	\$8,085,725	7.8%	\$5,206,166	-\$3,123,700	\$7,562,579	7.3%	\$5,987,091	-\$3,904,625	\$5,993,140	5.8%
\$5,089,288	-\$2,946,430	\$8,786,585	8.2%	\$5,357,145	-\$3,214,287	\$7,975,179	7.4%	\$6,160,717	-\$4,017,859	\$5,540,960	5.2%
\$5,236,877	-\$3,031,876	\$9,525,958	8.6%	\$5,512,502	-\$3,307,501	\$8,407,282	7.6%	\$6,339,378	-\$4,134,377	\$5,051,253	4.6%
\$5,409,694	-\$3,131,928	\$10,293,544	9.0%	\$5,694,415	-\$3,416,649	\$8,846,519	7.8%	\$6,548,577	-\$4,270,811	\$4,505,442	4.0%
\$5,588,214	-\$3,235,282	\$11,104,136	9.4%	\$5,882,331	-\$3,529,398	\$9,306,560	7.9%	\$6,764,680	-\$4,411,748	\$3,913,832	3.3%
\$5,772,625	-\$3,342,046	\$11,959,843	9.8%	\$6,076,448	-\$3,645,869	\$9,788,339	8.1%	\$6,987,915	-\$4,557,336	\$3,273,827	2.7%
\$5,963,122	-\$3,452,334	\$12,862,869	10.2%	\$6,276,970	-\$3,766,182	\$10,292,828	8.2%	\$7,218,516	-\$4,707,728	\$2,582,705	2.1%
\$6,159,905	-\$3,566,261	\$13,815,522	10.7%	\$6,484,110	-\$3,890,466	\$10,821,043	8.3%	\$7,456,727	-\$4,863,083	\$1,837,609	1.4%
\$6,363,182	-\$3,683,947	\$14,820,210	11.1%	\$6,698,086	-\$4,018,852	\$11,374,043	8.5%	\$7,702,799	-\$5,023,565	\$1,035,542	0.8%

Several general observations can be made as a result of the field assessment survey. Conditions of the exposed equipment and metal surfaces associated with the City's facilities are heavily impacted by the marine environment. Local conditions require regular inspection and treatment of surfaces in order to prolong the life of these features and equipment elements. HVAC control equipment also presents issues that impact the usability of the facilities, as well as the efficiency of their operation. Repairs, replacement, and proper commissioning of BAS equipment will help in the control of energy consumption provide a greater level of sustainability and user comfort.

The furniture systems as well as other user property are not typically included within a Facility Condition Assessment. The Library furniture, however, was originally valued at \$533,875 (2007). The City of Encinitas property schedule from January 2012 identifies the "contents value" of the Library at \$533,875, though the current replacement value is estimated at approximately \$569,491, and the accepted service life for library furniture is 8 to 10 years. Assuming a slightly more liberal approach, the Consultant has assumed a 10-year service life and the furniture system, without any significant renewal plan or information concerning significant renewals, would be half-way through the nominal service life of 10 years. At a minimum the backlog of deferred furniture renewal would be approximately \$74,033. Although the entire furniture system was not examined during the course of the FCA, the overall condition Code for the subsystem element would be 3.5: "Some minor repairs and some infrequent larger repair may be required. The system is occasionally unable to function as intended. Deteriorated surface finishes require attention; services are functional, but deferred maintenance work may exist."



The Consultant has also provided the City with three alternate scenarios that target different forward average FCIs—both higher and lower averages that may hinge upon economics and the City's strategic financial goals. These are illustrated in the accompanying table.

S1 Funding	S1 Change in ADM	S1 ADM	S1 FCI	S2 Funding	S2 Change in ADM	S2 ADM	S2 FCI	S3 Funding	S3 Change in ADM	S3 ADM	S3 FCI
\$4,671,011		\$6,792,624	6.9%	\$4,916,854		\$6,792,624	6.9%	\$5,654,382		\$6,792,624	6.9%
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\$5,409,694	-\$3,131,928	\$10,293,544	9.0%	\$5,694,415	-\$3,416,649	\$8,846,519	7.8%	\$6,548,577	-\$4,270,811	\$4,505,442	4.0%
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\$5,963,122	-\$3,452,334	\$12,862,869	10.2%	\$6,276,970	-\$3,766,182	\$10,292,828	8.2%	\$7,218,516	-\$4,707,728	\$2,582,705	2.1%
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Several general observations can be made as a result of the field assessment survey. Conditions of the exposed equipment and metal surfaces associated with the City's facilities are heavily impacted by the marine environment. Local conditions require regular inspection and treatment of surfaces in order to prolong the life of these features and equipment elements. HVAC control equipment also presents issues that impact the usability of the facilities, as well as the efficiency of their operation. Repairs, replacement, and proper commissioning of BAS equipment will help in the control of energy consumption provide a greater level of sustainability and user comfort.

The furniture systems as well as other user property are not typically included within a Facility Condition Assessment. The Library furniture, however, was originally valued at \$533,875 (2007). The City of Encinitas property schedule from January 2012 identifies the "contents value" of the Library at \$533,875, though the current replacement value is estimated at approximately \$569,491, and the accepted service life for library furniture is 8 to 10 years. Assuming a slightly more liberal approach, the Consultant has assumed a 10-year service life and the furniture system, without any significant renewal plan or information concerning significant renewals, would be half-way through the nominal service life of 10 years. At a minimum the backlog of deferred furniture renewal would be approximately \$74,033. Although the entire furniture system was not examined during the course of the FCA, the overall condition Code for the subsystem element would be 3.5: "Some minor repairs and some infrequent larger repair may be required. The system is occasionally unable to function as intended. Deteriorated surface finishes require attention; services are functional, but deferred maintenance work may exist."



The Consultant recommends the following in this regard:

- Adjust the Property Schedule contents value for the Community Library to a more accurate value.
- Establish a Furniture Renewal Plan for the Library and for other City facilities (such as the Community and Senior Center) with a high public exposure that reflects the City's appearance and functionality standards. The Furniture Renewal Plan should generally coincide with the nominal service life assumption. The renewal plan would typically reflect the replacement value for items not covered by manufacturer's warranties in the early years, increasing to a value sufficient to replace approximately 12% to 15% of the CRV from the service life mid-point.

Corresponding plans should be developed and implemented for the other "public eye" systems such as interior finishes, signage, and floor finishes. The carpeting system in the Library should be developed concurrent with the furniture plan, with emphasis on floor finishes in high traffic areas. Other interior finish subsystem elements typically have a nominal service life of 7 to 10 years.

Finally, a Tier I ADA survey was also conducted as part of the FCA project. The results of this study appear as Appendix C.

ATTACHMENT 6

Intent to Enter into Purchase Agreement
Memorandum of Understanding

MEMORANDUM OF UNDERSTANDING REGARDING INTENT TO ENTER INTO PURCHASE AGREEMENT

City of Encinitas ("Buyer") and the Encinitas Union School District ("Seller") desire to enter into this Memorandum of Understanding Regarding their Intent to enter into a Purchase Agreement ("MOU") for the purchase of the former Pacific View School Site. The purpose of this MOU is to set forth the current intent of the parties with respect to the general terms and conditions to be included in the final Purchase and Sale Agreement to be entered into between Buyer and Seller ("Purchase Agreement").

RECITALS

WHEREAS, the Buyer and Seller have entered into negotiations regarding the Buyer's proposed purchase of the former Pacific View School Site, consisting of approximately 2.8 acres located at 608 Third Street, Encinitas, California APN 258-115-122 ("Property") from the Seller; and

WHEREAS, the Buyer and Seller desire to enter into this MOU in order to memorialize the current status of such negotiations as well as the good faith deposit and other actions to be taken in advance of the parties development and execution of a final Purchase Agreement;

TERMS

1. Terms

The parties have mutually agreed upon the following terms and conditions relative to their negotiations and the basic terms to be included in the final Purchase Agreement for the Property:

- a. The purchase price for the Property, in its as-is condition, shall be Ten Million Dollars (\$10,000,000) due at the close of escrow.
- b. The Buyer will agree not to sell the Property for ten (10) years from the date of the close of escrow, except as set forth herein. If the Buyer decides to sell the property before this ten (10) year period elapses, Buyer must first offer the Property back to the Seller for re-purchase for the original \$10 Million purchase price (plus the reasonable value of any improvements made to the Property by Buyer). After this ten (10) year period, the Buyer may dispose of the Property in any manner it chooses.
- c. The Old Schoolhouse will remain on the Property forever.
- d. Upon approval and execution of this MOU, and in advance of the finalization of Purchase Agreement, Buyer will immediately make a non-refundable deposit (credited to the purchase price) payment to the Seller in the amount of Fifty thousand dollars (\$50,000). This deposit shall not be refundable except as described below in paragraphs (e) and (f).
- e. Upon approval and execution of this MOU, and in advance of the finalization of the Purchase Agreement, Seller will provide Buyer and its consultants access to the Property for the purpose of inspecting the Property and conducting environmental testing of the soils underlying the Property. In the event such inspection reveals subsidence issues rendering all or a portion of the Property unsuitable for development or testing reveals contaminants in the soil, then Seller shall either remedy the same or else refund the Buyer's deposit described above. At the same time, Buyer shall also review the preliminary title report and ensure that the Property is unencumbered by any title

exceptions effecting the Seller's ability to transfer unencumbered fee title to the Buyer. In the event any such title exceptions are identified, then Seller shall either remove such exception or else refund the Buyer's deposit described above.

- f. The parties shall use reasonable efforts to enter into the Purchase Agreement on or before May 31, 2014. Seller shall not enter into or conduct any discussions with any other person or entity with respect to the sale or disposition of the Property prior to such date. During this time period, the Buyer shall use all reasonable efforts to obtain the municipal bond financing necessary to secure the funds for the purchase price prior to the Close of Escrow. If Buyer cannot secure such financing, then Buyer and Seller shall mutually agree to an alternative financing plan for the purchase price, or else Seller shall refund Buyer's deposit described above.
- g. It is expressly understood that the terms of this MOU do not constitute a binding obligation on the parties to enter into a Purchase Agreement for the Property. Neither party shall be finally bound to buy or sell the Property unless and until the Purchase Agreement is executed by the parties and delivered to each other. It is contemplated that the Agreement shall contain such other terms, covenants, conditions, warranties and representations as are customary or appropriate in transactions of this nature.

2. **Laws:** This MOU shall be governed by the laws of the State of California.
3. **Interpretation:** In interpreting this MOU, it shall be deemed that it was prepared jointly by the Parties with full access to legal counsel of their own. No ambiguity shall be resolved against any party on the premise that it or its attorneys were solely responsible for drafting this MOU or any provision thereof.
4. **Severability:** The unenforceability, invalidity or illegality of any provision(s) of this MOU shall not render the other provisions unenforceable, invalid, or illegal.
5. **Integration:** This MOU represents the entire understanding of the Parties as to those matters contained herein, and supersedes and cancels any prior oral or written understanding, promises or representations with respect to those matters covered hereunder. This MOU may not be modified or altered except in writing signed by both parties hereto. This is an integrated document.
6. **Counterparts:** This MOU may be executed in counterparts, each of which shall constitute an original and all of which shall constitute one agreement.

IN WITNESS THEREOF, the parties hereto have executed this Memorandum of Understanding on the date written above:

SELLER

BUYER

ENCINITAS UNION SCHOOL DISTRICT

CITY OF ENCINITAS

By: _____

By: _____

Date: _____

Date: _____

ATTACHMENT 7

City-owned Property PowerPoint Presentation

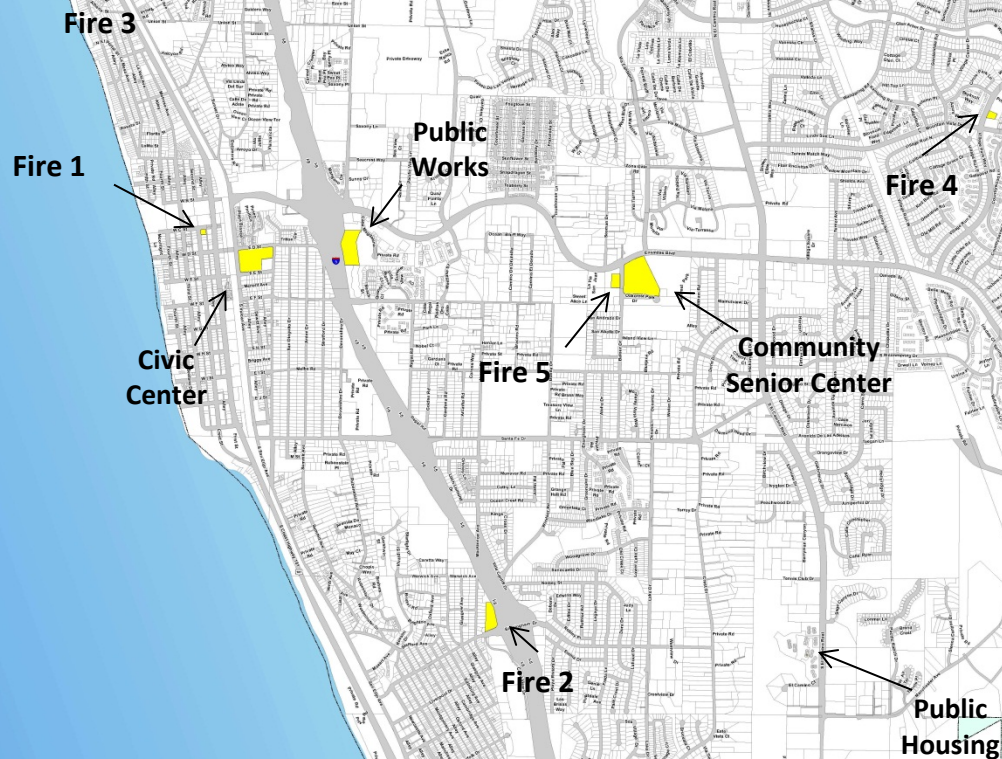
City-Owned Property

- **City-Owned Facilities and Housing**
- **City Parks**
- **City-Owned Open Space**
- **Other City-Owned Properties**

A detailed map of a coastal city area, likely San Diego, showing city-owned property highlighted in red. The map includes a grid of streets, a coastline on the left, and various geographical features like lagoons and parks. A large green area in the upper right represents a park or undeveloped land. The text 'City-Owned Property' is overlaid in a white box in the upper right. The date '05/21/2014' is in the bottom left, 'Item #10C' is in the bottom center, and 'Page 69' is in the bottom right.

City-Owned Property

City-Owned Facilities and Housing



City-Owned Facilities and Housing

Facilities

APN	Function	Address
2581122800	Public Works Facility	160 Calle Magdalena
2580841500	Fire Station #1	415 Second Street
2603171100	Fire Station #2	618 Birmingham Drive
2561214100	Fire Station #3	801 Orpheus Avenue
2570507000	Fire Station #4	2011 Village Park Way
2593110900	Fire Station #5	540 Balour Drive
2593201000	Community & Senior Center	1140 Oakcrest Park Drive
2580904300	City Hall	505 South Vulcan Avenue
2580904300	Library	540 Cornish Drive

Owned Housing

APN	Use	Inventory	Address
various	public housing	(16) Pacific Pines Condominiums	1650-1810 S. El Camino Real

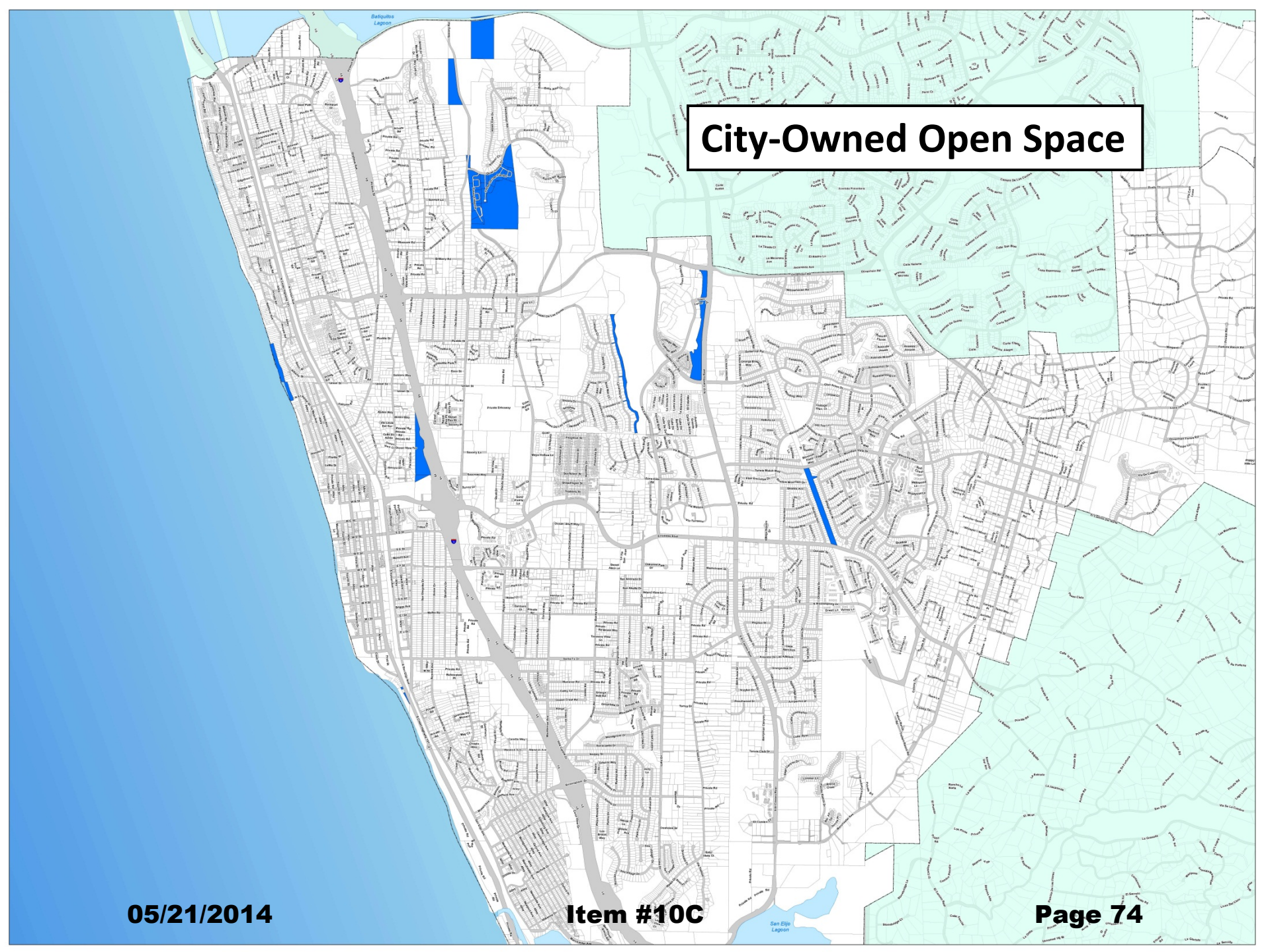
A detailed map of a coastal city, likely San Diego, showing the coastline on the left and San Diego Bay at the bottom. The map features a grid of streets and various green-shaded areas representing parks. A legend box in the upper right corner is titled "City Parks".

City Parks

City Parks

APN	Name	Address
2604301300	Cardiff Sports Park	1601-1735 Lake Drive
2580902000	Cottonwood Creek Park	95 Vulcan Avenue North
2580731900	E St Viewpoint	E Street Coastal Bluff
2601833100	Encinitas Community Park	Santa Fe Drive / Somerset Avenue
2580903500	Encinitas Viewpoint Park	56 East D Street
2610430100	Glen Park	2149 Orinda Drive
2546300700	Hawk View Park	Swallowtail Road & Blue Heron Avenue
2546630400	Las Verdes Park	Paseo de las Verdes & Quail Gardens Drive
2575011700	Leo Mullen Park	951 Via Cantebria
2546804800	Leucadia Oaks Park	1511 Vulcan Avenue North
2560130100	Leucadia Roadside Park	860 North Coast Highway 101
2641544600	Little Oaks Equestrian Park	2879 Lone Jack Road
2583211700	Mildred Macpherson Park	1045 Vulcan Avenue South
2593201100	Oakcrest Park	1219 Encinitas Boulevard
2563010500	Orpheus Park	482 Orpheus Avenue
2552211400	Scott Valley Park	1602 Willowhaven Road
2544115400	Standard Pacific Park	Piraeus Street & Olympus Street
2551225300	Sun Vista Park	Avenida La Posta & Rancho Santa Fe Road
2600212800	Swami's Park	1298 South Coast Highway 101
2655002100	Wiro Park	2232 El Camino del Norte

City-Owned Open Space



City-Owned Open Space

APN	Zoning *	Inventory Name	Address/Location
2600302500	er/os/pk	Swami's Bluffs	1400 South Coast Highway 101
2600302600	er/os/pk	Swami's Bluffs	1430 South Coast Highway 101
2560510100	er/os/pk	Stone Steps Bluffs	Bluffs west of 532-724 Neptune Avenue
2562611000	er/os/pk	Stone Steps Bluffs	Bluffs west of 470-522 Neptune Avenue
2161101400	RR1	Open Space	Saxony Road (7.63 acres)
2161104200	RR1	Open Space	La Costa Avenue (17.0 acres)
2571300600	er/os/pk	Mountain Vista Trail	322 Village Run West / between Encinitas Bl & Mountain Vista Dr
2545736400	R3	Indian Head Canyon	Saxony Road & Quail Hollow Drive (52.81 acres)
2546905400	R3	Encinitas Ranch Lot 15	above Via Cantabria, above Garden View Road
2563402600	p/sp	Cottonwood Creek Park Unimproved	10 acres adjacent to Interstate 5
2575001400	er/os/pk	El Camino Real "riparian area"	west side of North El Camino Real between Garden View Rd & Leucadia Bl / east of Encinitas Town Center

* Zoning: er/os/pk = ecological reserve/open space/park
 RR1 = residential rural 1 unit/acre
 R3 = residential 3 units/acre
 p/sp = public use

Other City-Owned Properties

Specimen House

I-5/
Union St

Leased to
Heritage
Museum

Quail Gardens
Tentative Map

Leased to
SD Botanic

1000 Blk
Santa Fe Dr

Former
Fire
Station

Other City-Owned Properties

APN	Zoning *	Inventory	Address
2602122600	RR1	1000 Block Santa Fe Drive	1000 Block Santa Fe Drive
2603170700	p/sp	Former Fire Station #2	1867 Mackinnon Avenue
2563120900	R3	I-5/Union St	Union Street west of I-5
2546630300	p/sp	leased to SD Botanic Garden	300 Quail Gardens Drive
2546630700	p/sp	leased to SD Heritage Museum	450 Quail Gardens Drive
2570111700	RR1	Quail Gardens Site / 10-parcel Tentative Map	634 Quail Gardens Drive
2543621200	R3	Specimen House	750 Leucadia Boulevard

* Zoning: RR1 = residential rural 1 unit/acre
R3 = residential 3 units/acre
p/sp = public/semi-public

Vacant Parcel 1000 Block Santa Fe Drive (1)

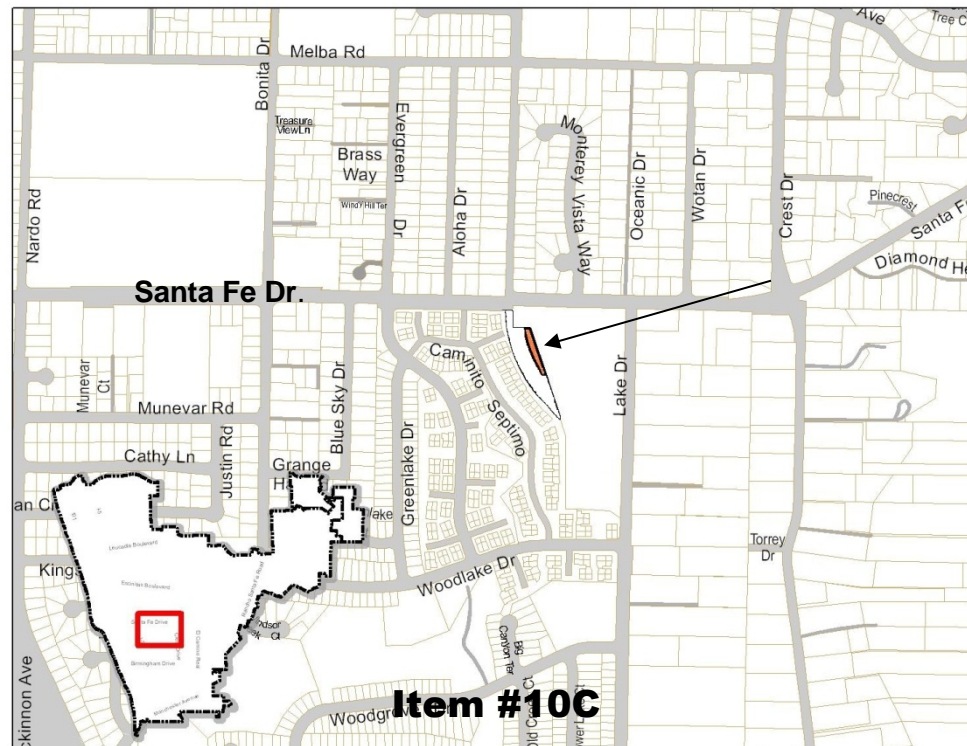
APN: 260-212-2600 **Acreage:** 0.15 Acres

Zoning: Residential Rural 1

BACKGROUND:

Planning Commission adopted Resolution PC 2013-04 stating the city's sale of this property is consistent with the General Plan.

Status: The City is in negotiations to sell the parcel.



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Former Fire Station (2)

APN: 260-317-0700

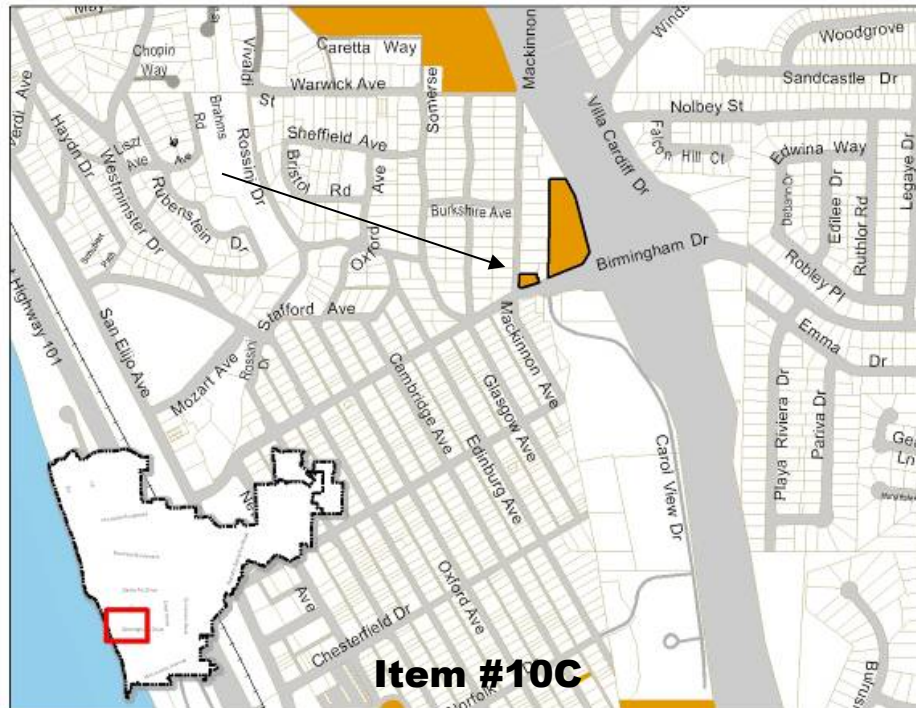
Acreage: 0.17 Acres

Zoning: Public/Semi-Public

BACKGROUND:

Located on the northeast corner of Mackinnon & Birmingham in Cardiff, former Fire Station 2 was replaced by a new station built at 618 Birmingham, just east of the old facility.

Status: This property is now vacant. Public/Semi-Public zoning limits the market value. There are no planned uses for the old station at this time although the City has received inquiries for use as residential and as commercial.





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I-5 / UNION STREET (3)

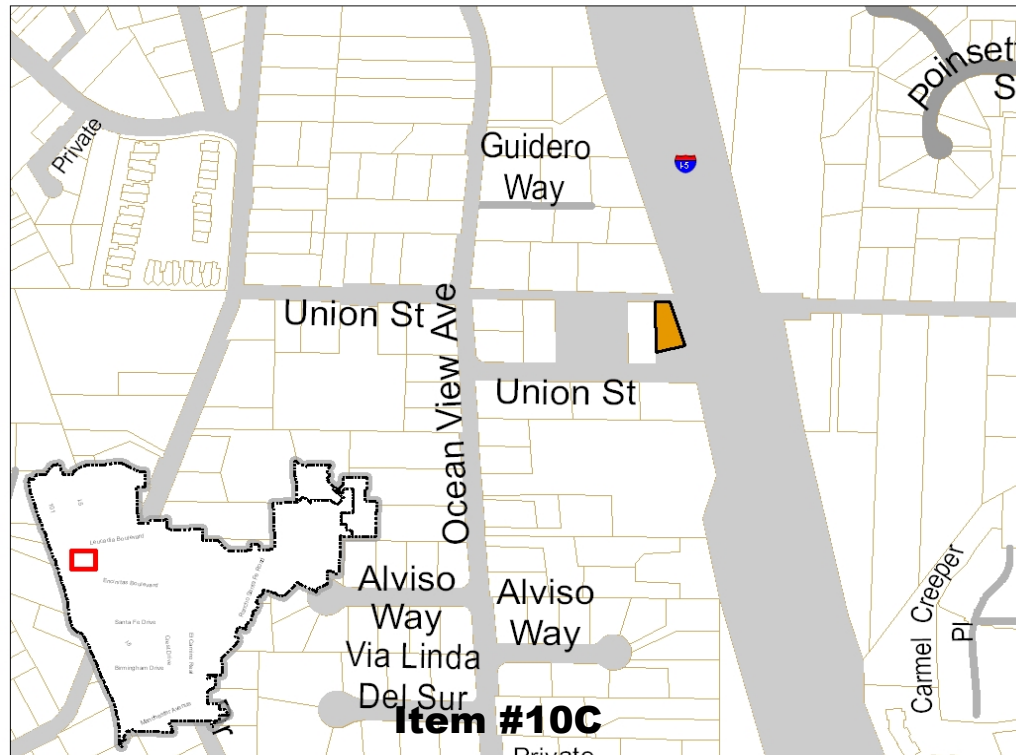
APN: 256-312-0900

Acreage: 0.19 Acres

Zoning: R-3

BACKGROUND:

I-5 / Union Street – from County in 1991. Property at end of cul-de-sac next to Interstate 5.





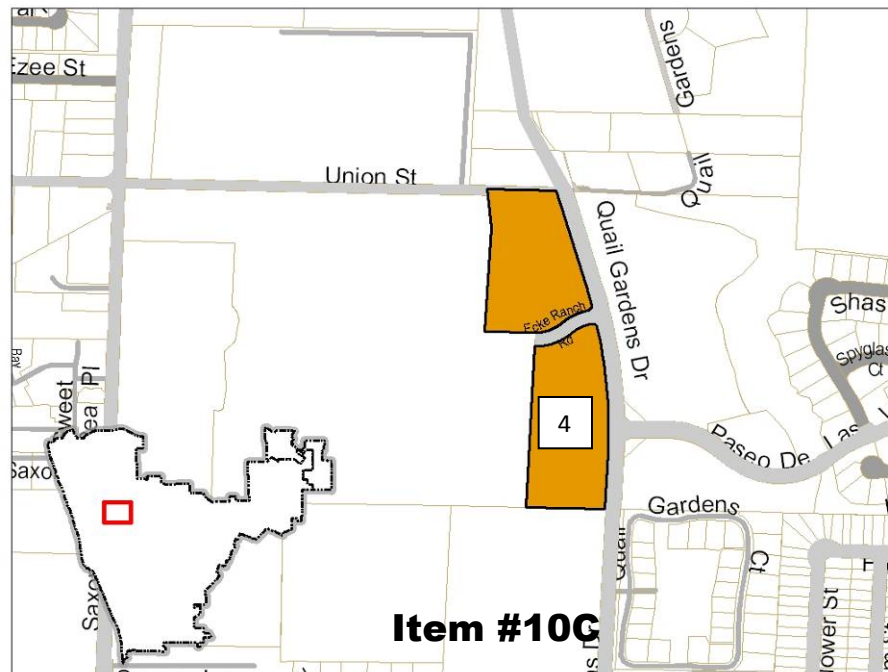
ENCINITAS RANCH COMMUNITY USE SITE

Leased to San Diego Botanical Gardens (4)

APN: 254-663-0300 **Acreage:** 4.8 Acres **Zoning:** Public/Semi-Public

BACKGROUND:

This site was dedicated to the City through the Encinitas Ranch Specific Plan. San Diego Botanical Gardens has a lease agreement to use this property, south of Ecke Ranch Road, as a children's garden and parking at 300 Quail Gardens Dr.





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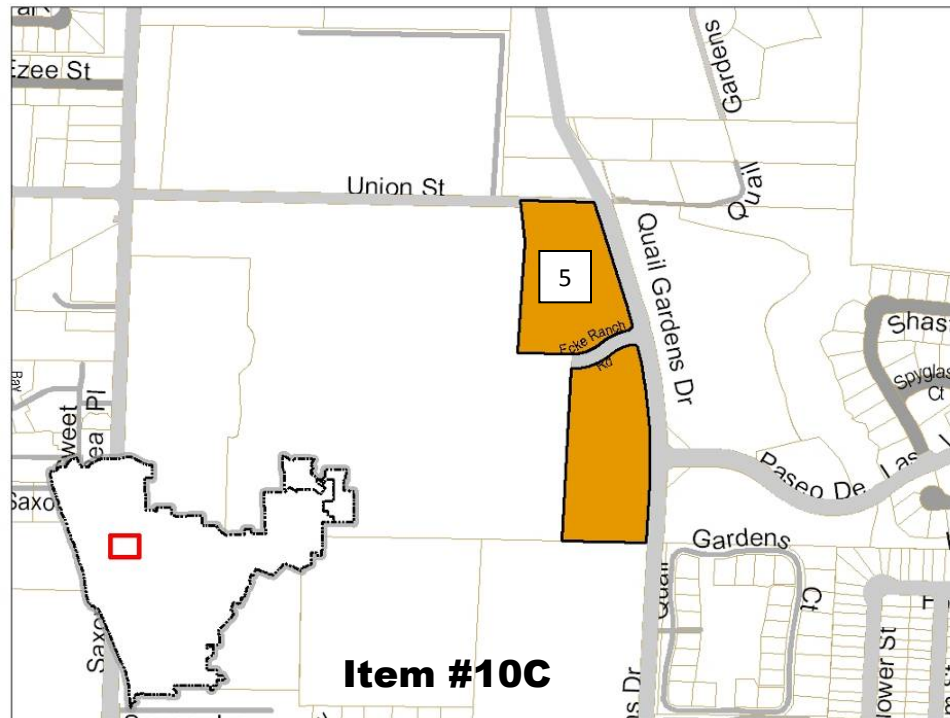
ENCINITAS RANCH COMMUNITY USE SITE

Leased to San Dieguito Heritage Museum (5)

APN: 254-663- 0700 **Acreage:** 4.6 Acres **Zoning:** Public/Semi-Public

BACKGROUND:

This site was dedicated to the City through the Encinitas Ranch Specific Plan. The San Dieguito Heritage Museum has a lease agreement to use this property, north of Ecke Ranch Road at 450 Quail Gardens Dr.





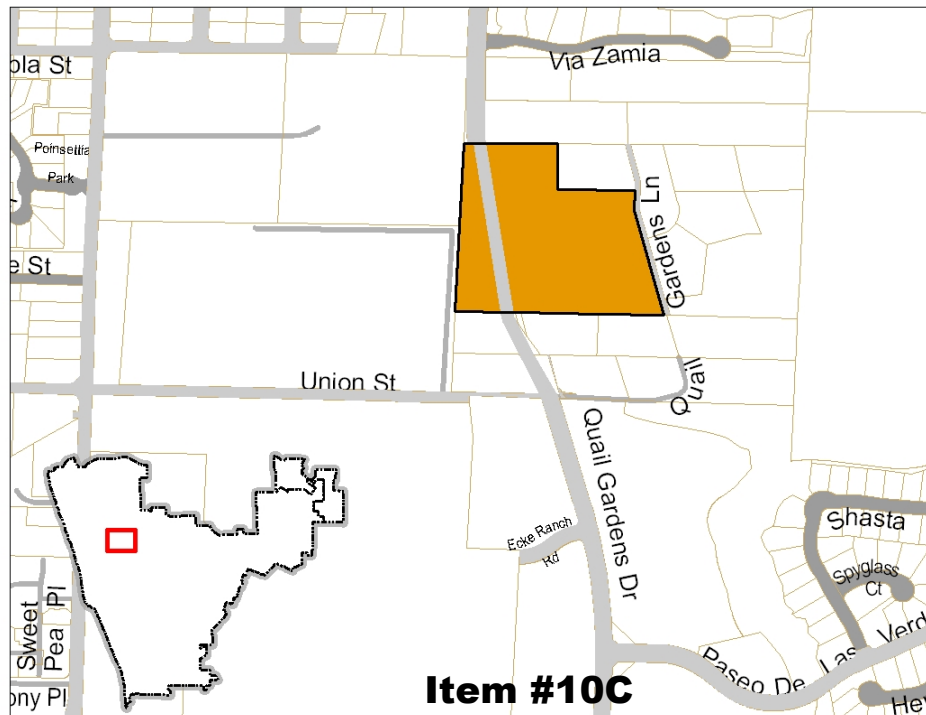
Existing 10-lot Tentative Map Site on Quail Gardens Drive (6)

APN: 257-011-1700 **Acreage:** 9.46 Acres **Zoning:** Residential Rural 1

BACKGROUND:

This property was purchased by the City in 1998 with General funds.

Status: There is a ten (10) lot tentative map currently on the property. The City has received inquiries regarding the sale of this property.





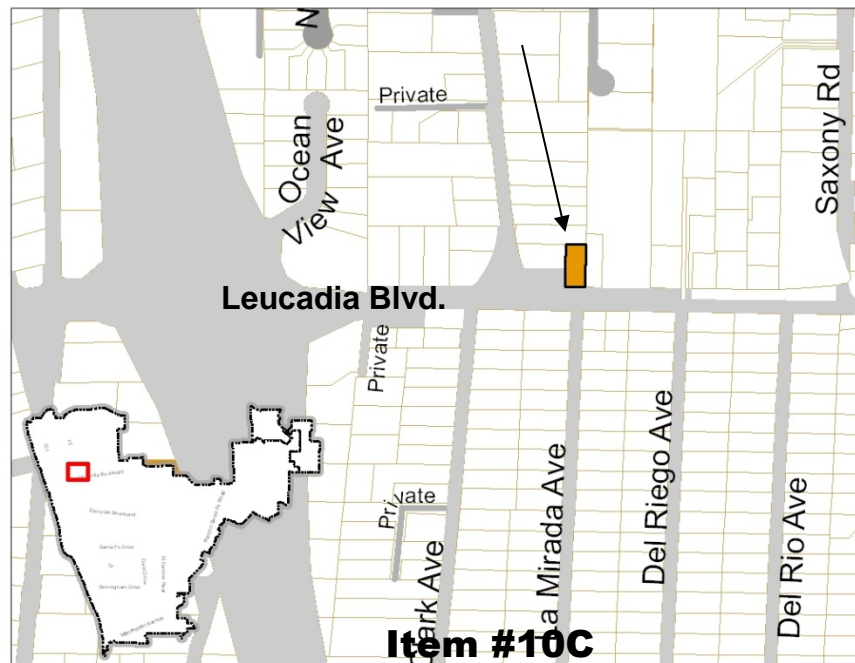
750 Leucadia Blvd. (7)

APN: 254-362-1200 **Acreage:** 0.19 Acres **Zoning:** Residential 3

BACKGROUND:

This parcel is currently being leased to Specimen House, an agricultural business. A greenhouse, office and loading dock are on the site.

Status: Property has been leased to Specimen House for more than fifteen years and is currently on a month-to-month lease. Adjacent right-of-way is used for ingress, egress and parking.





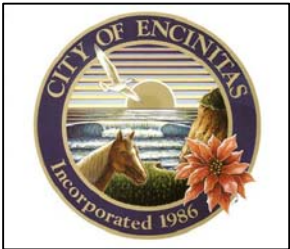


Summary of Other City-Owned Properties

Property	Name	Acreage	Zone	Status
1	1000 Blk Santa Fe	0.15	RR 1	Negotiating
2	Old Fire Station 2	0.17	P/SP	Not Used
3	Union/I5	0.19	R-3	Vacant lot
4	Ranch Com Use Site	4.80	P/SP	Leased to SD Botanical
5	Ranch Com Use Site	4.60	P/SP	Leased to Heritage Museum
6	Quail Gardens TM	9.46	RR 1	10-unit Tentative Map
7	750 Leucadia Blvd	0.19	R-3	Leased to Specimen House

ATTACHMENT 8

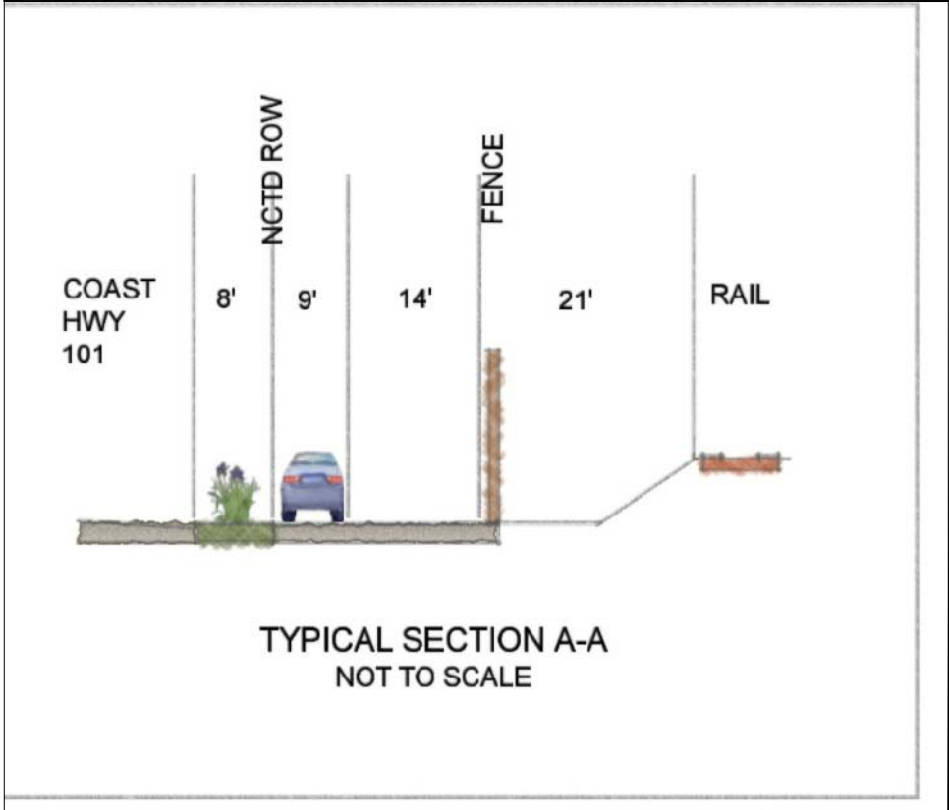
NCTD Linear Parking Lot

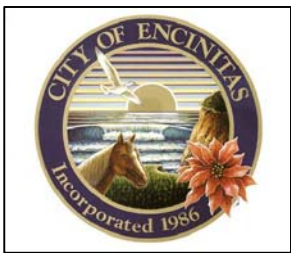


NCTD LINEAR PARKING LOT

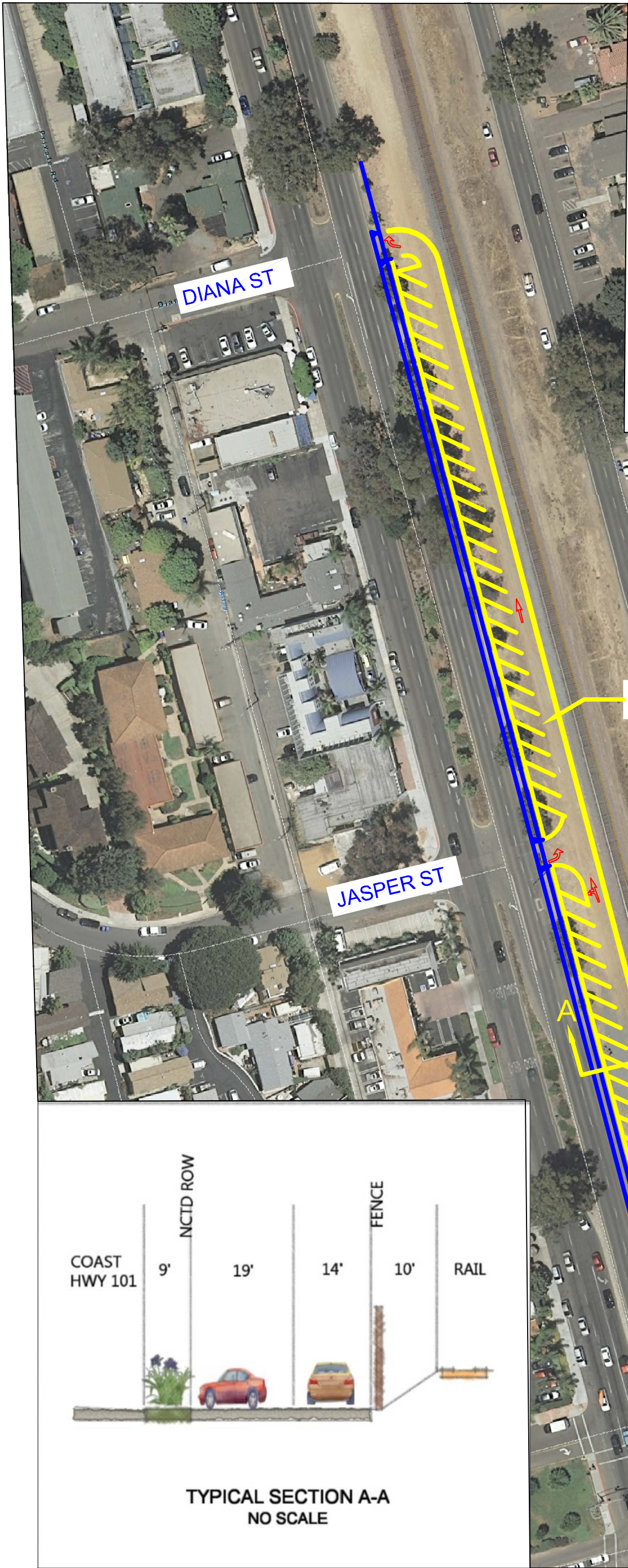


Option A - Parallel Parking	
No. of Spaces	33
Project Cost:	\$458,940
Construction Cost:	\$382,450

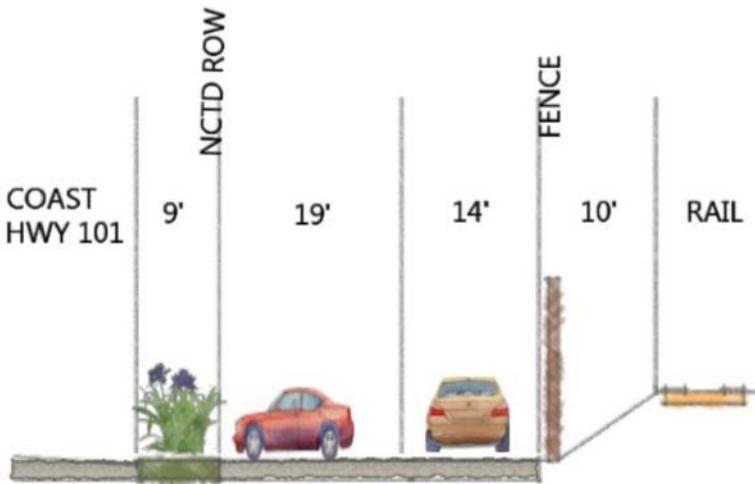




NCTD LINEAR PARKING LOT



Option B - Angle Parking	
No. of Spaces	43
Project Cost:	\$537,990
Construction Cost:	\$448,325



TYPICAL SECTION A-A
NO SCALE

ATTACHMENT 9

Six Year Financial Scenarios

Scenario 1

Attachment 9

Funding Source: General Fund

Fund Number: 101

Scenario 1: FY 14/15 Base Budget with Operating Revisions

	Approved FY 2013/14	Proposed FY 2014/15	Proposed FY 2015/16	Proposed FY 2016/17	Proposed FY 2017/18	Proposed FY 2018/19
Cashflow						
1 Beginning Fund Balance	20,245,154	19,103,228	19,116,471	18,952,323	18,710,371	19,235,758
2 Revenue & Transfers In	56,212,826	58,970,557	60,928,852	63,062,868	65,390,219	67,719,353
3 Expenditures & Trans. Out	(55,967,986)	(58,105,717)	(60,620,142)	(62,831,346)	(64,390,741)	(65,726,312)
4 Current Year Net Inc. (Dec.)	244,840	864,840	308,710	231,522	999,478	1,993,041
5 Organizational Changes	-	(476,597)	(472,858)	(473,474)	(474,091)	(474,708)
6 Projected Net Inc. (Dec.)	244,840	388,243	(164,148)	(241,952)	525,387	1,518,333
7 Ending Fund Balance before CIP	20,489,994	19,491,471	18,952,323	18,710,371	19,235,758	20,754,091
8 Strategic Planning Initiatives	-	(375,000)	-	-	-	-
9 Capital Projects	(1,386,766)	-	-	-	-	-
10 Ending Fund Balance	19,103,228	19,116,471	18,952,323	18,710,371	19,235,758	20,754,091
Available Ending Fund Balance Calculation						
11 Ending Fund Balance	19,103,228	19,116,471	18,952,323	18,710,371	19,235,758	20,754,091
12 Contingency Reserve	(10,113,602)	(10,705,344)	(11,122,554)	(11,543,834)	(11,965,007)	(12,302,763)
13 Budget Stabilization Reserve	(1,103,295)	(1,158,134)	(1,197,026)	(1,239,421)	(1,285,675)	(1,331,840)
14 Available Fund Balance	7,886,331	7,252,993	6,632,743	5,927,116	5,985,076	7,119,488

Scenario 2

Funding Source: General Fund

Fund Number: 101

Scenario 2: FY 14/15 Revised Budget with Approved Capital Projects

	Approved FY 2013/14	Proposed FY 2014/15	Proposed FY 2015/16	Proposed FY 2016/17	Proposed FY 2017/18	Proposed FY 2018/19
Cashflow						
1 Beginning Fund Balance	20,245,154	19,103,228	19,732,609	18,864,961	18,623,009	19,148,396
2 Revenue & Transfers In	56,212,826	58,970,557	60,928,852	63,062,868	65,390,219	67,719,353
3 Expenditures & Trans. Out	(55,967,986)	(58,105,717)	(60,620,142)	(62,831,346)	(64,390,741)	(65,726,312)
4 Current Year Net Inc. (Dec.)	244,840	864,840	308,710	231,522	999,478	1,993,041
5 Organizational Changes	-	(476,597)	(472,858)	(473,474)	(474,091)	(474,708)
6 Projected Net Inc. (Dec.)	244,840	388,243	(164,148)	(241,952)	525,387	1,518,333
7 Ending Fund Balance before CIP	20,489,994	19,491,471	19,568,461	18,623,009	19,148,396	20,666,729
8 Capital Project Scrubbing		1,868,938				
9 Strategic Planning Initiatives	-	(480,000)	-	-	-	-
10 Capital Projects	(1,386,766)	(1,147,800)	(703,500)	-	-	-
11 Ending Fund Balance	19,103,228	19,732,609	18,864,961	18,623,009	19,148,396	20,666,729
Available Ending Fund Balance Calculation						
12 Ending Fund Balance	19,103,228	19,732,609	18,864,961	18,623,009	19,148,396	20,666,729
13 Contingency Reserve	(10,113,602)	(10,726,344)	(11,122,554)	(11,543,834)	(11,965,007)	(12,302,763)
14 Budget Stabilization Reserve	(1,103,295)	(1,158,134)	(1,197,026)	(1,239,421)	(1,285,675)	(1,331,840)
15 Available Fund Balance	7,886,331	7,848,131	6,545,381	5,839,754	5,897,714	7,032,126

Scenario 3

Funding Source: General Fund

Fund Number: 101

Scenario 3: FY 14/15 Revised Budget with Approved Capital Projects and Moonlight Beach Lifeguard Tower

	Approved FY 2013/14	Proposed FY 2014/15	Proposed FY 2015/16	Proposed FY 2016/17	Proposed FY 2017/18	Proposed FY 2018/19
Cashflow						
1 Beginning Fund Balance	20,245,154	19,103,228	16,399,609	15,531,961	15,290,009	15,815,396
2 Revenue & Transfers In	56,212,826	58,970,557	60,928,852	63,062,868	65,390,219	67,719,353
3 Expenditures & Trans. Out	(55,967,986)	(58,105,717)	(60,620,142)	(62,831,346)	(64,390,741)	(65,726,312)
4 Current Year Net Inc. (Dec.)	244,840	864,840	308,710	231,522	999,478	1,993,041
5 Organizational Changes	-	(476,597)	(472,858)	(473,474)	(474,091)	(474,708)
6 Projected Net Inc. (Dec.)	244,840	388,243	(164,148)	(241,952)	525,387	1,518,333
7 Ending Fund Balance before CIP	20,489,994	19,491,471	16,235,461	15,290,009	15,815,396	17,333,729
8 Capital Project Scrubbing		1,868,938				
9 Strategic Planning Initiatives	-	(480,000)	-	-	-	-
10 Capital Projects	(1,386,766)	(1,147,800)	(703,500)	-	-	-
11 Moonlight Beach Lifeguard Tower		(3,000,000)				
12 Civic Center Sewer Line		(333,000)				
13 Ending Fund Balance	19,103,228	16,399,609	15,531,961	15,290,009	15,815,396	17,333,729
Available Ending Fund Balance Calculation						
14 Ending Fund Balance	19,103,228	16,399,609	15,531,961	15,290,009	15,815,396	17,333,729
15 Contingency Reserve	(10,113,602)	(10,726,344)	(11,122,554)	(11,543,834)	(11,965,007)	(12,302,763)
16 Budget Stabilization Reserve	(1,103,295)	(1,158,134)	(1,197,026)	(1,239,421)	(1,285,675)	(1,331,840)
17 Available Fund Balance	7,886,331	4,515,131	3,212,381	2,506,754	2,564,714	3,699,126

Scenario 4

Funding Source: General Fund

Fund Number: 101

Scenario 4: FY 14/15 Revised Budget with Approved Capital Projects and Financed Pacific View Purchase

	Approved FY 2013/14	Proposed FY 2014/15	Proposed FY 2015/16	Proposed FY 2016/17	Proposed FY 2017/18	Proposed FY 2018/19
Cashflow						
1 Beginning Fund Balance	20,245,154	19,103,228	18,785,269	17,303,280	16,446,988	16,358,034
2 Revenue & Transfers In	56,212,826	58,970,557	60,928,852	63,062,868	65,390,219	67,719,353
3 Expenditures & Trans. Out	(55,967,986)	(58,105,717)	(60,620,142)	(62,831,346)	(64,390,741)	(65,726,312)
4 Current Year Net Inc. (Dec.)	244,840	864,840	308,710	231,522	999,478	1,993,041
5 Organizational Changes	-	(476,597)	(472,858)	(473,474)	(474,091)	(474,708)
6 New Debt Service		(564,340)	(564,340)	(564,340)	(564,340)	(564,340)
7 Pacific View Operating Cost		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
8 Projected Net Inc. (Dec.)	244,840	(226,097)	(778,489)	(856,292)	(88,953)	903,993
9 Ending Fund Balance before CIP	20,489,994	18,877,131	18,006,780	16,446,988	16,358,034	17,262,027
10 Capital Project Scrubbing		1,868,938				
11 Bond Issue Proceeds		10,000,000				
12 Strategic Planning Initiatives		(480,000)				
13 Capital Projects	(1,386,766)	(1,147,800)	(703,500)			
14 Civic Center Sewer Line		(333,000)				
15 Pacific View Land Purchase		(10,000,000)				
16 Ending Fund Balance	19,103,228	18,785,269	17,303,280	16,446,988	16,358,034	17,262,027
Available Ending Fund Balance Calculation						
17 Ending Fund Balance	19,103,228	18,785,269	17,303,280	16,446,988	16,358,034	17,262,027
18 Contingency Reserve	(10,113,602)	(10,736,344)	(11,132,554)	(11,553,834)	(11,975,007)	(12,312,763)
19 Budget Stabilization Reserve	(1,103,295)	(1,158,134)	(1,197,026)	(1,239,421)	(1,285,675)	(1,331,840)
20 Available Fund Balance	7,886,331	6,890,791	4,973,701	3,653,733	3,097,353	3,617,424

Scenario 5

Funding Source: General Fund

Fund Number: 101

Scenario 5: FY 14/15 Revised Budget with Approved Capital Projects, Financed Pacific View Purchase and Moonlight Beach Lifeguard Tower

	Approved FY 2013/14	Proposed FY 2014/15	Proposed FY 2015/16	Proposed FY 2016/17	Proposed FY 2017/18	Proposed FY 2018/19
Cashflow						
1 Beginning Fund Balance	20,245,154	19,103,228	18,615,966	16,964,676	15,939,081	15,680,826
2 Revenue & Transfers In	56,212,826	58,970,557	60,928,852	63,062,868	65,390,219	67,719,353
3 Expenditures & Trans. Out	(55,967,986)	(58,105,717)	(60,620,142)	(62,831,346)	(64,390,741)	(65,726,312)
4 Current Year Net Inc. (Dec.)	244,840	864,840	308,710	231,522	999,478	1,993,041
5 Organizational Changes		(476,597)	(472,858)	(473,474)	(474,091)	(474,708)
6 New Debt Service		(733,643)	(733,643)	(733,643)	(733,643)	(733,643)
7 Pacific View Operating Cost		(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
8 Projected Net Inc. (Dec.)	244,840	(395,400)	(947,791)	(1,025,594)	(258,255)	734,691
9 Ending Fund Balance before CIP	20,489,994	18,707,828	17,668,176	15,939,081	15,680,826	16,415,517
10 Capital Project Scrubbing		1,868,938				
11 Bond Issue Proceeds		13,000,000				
12 Strategic Planning Initiatives	-	(480,000)	-	-	-	-
13 Capital Projects	(1,386,766)	(1,147,800)	(703,500)	-	-	-
14 Civic Center Sewer Line		(333,000)				
15 Pacific View Land Purchase		(10,000,000)				
16 Moonlight Beach Life Guard Tower		(3,000,000)				
17 Ending Fund Balance	19,103,228	18,615,966	16,964,676	15,939,081	15,680,826	16,415,517
Available Ending Fund Balance Calculation						
18 Ending Fund Balance	19,103,228	18,615,966	16,964,676	15,939,081	15,680,826	16,415,517
19 Contingency Reserve	(10,113,602)	(10,736,344)	(11,132,554)	(11,553,834)	(11,975,007)	(12,312,763)
20 Budget Stabilization Reserve	(1,103,295)	(1,158,134)	(1,197,026)	(1,239,421)	(1,285,675)	(1,331,840)
21 Available Fund Balance	7,886,331	6,721,489	4,635,096	3,145,827	2,420,144	2,770,913

ATTACHMENT 10

Decision Making Funding Matrix

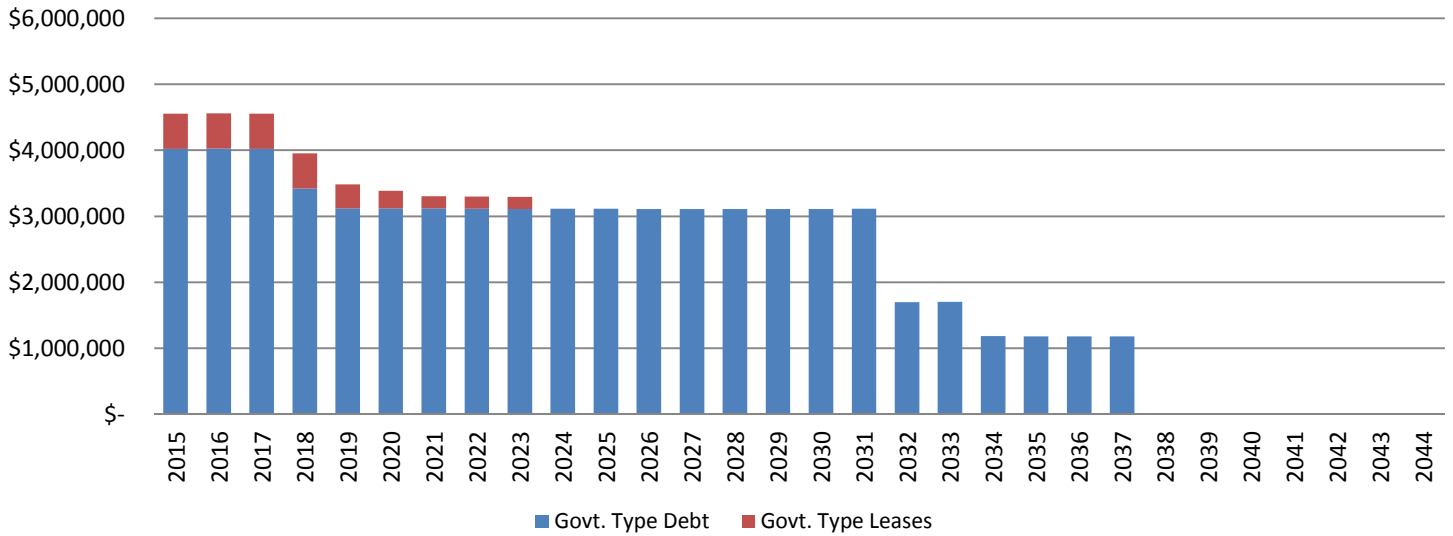
Decision Making Funding Matrix

Scenarios	Funding Scope	New Debt Service	Future CIP Funding
1	1. Base Budget 2. Organizational Changes 3. Strategic Plan	Not applicable	\$6.0 Million
2	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning	Not applicable	\$5.8 Million
3	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning 6. City Hall Sewer 7. Life Guard Tower	Not applicable	\$2.5 Million
4	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning 6. City Hall Sewer 7. Pacific View	\$564,000 annually	\$3.1 Million
5	1. Base Budget 2. Organizational Changes 3. Strategic Plan 4. 2 Year CIP 5. Adds \$105,000 for Community Planning 6. City Hall Sewer 7. Pacific View 8. Life Guard Tower	\$734,000 annually	\$2.4 Million

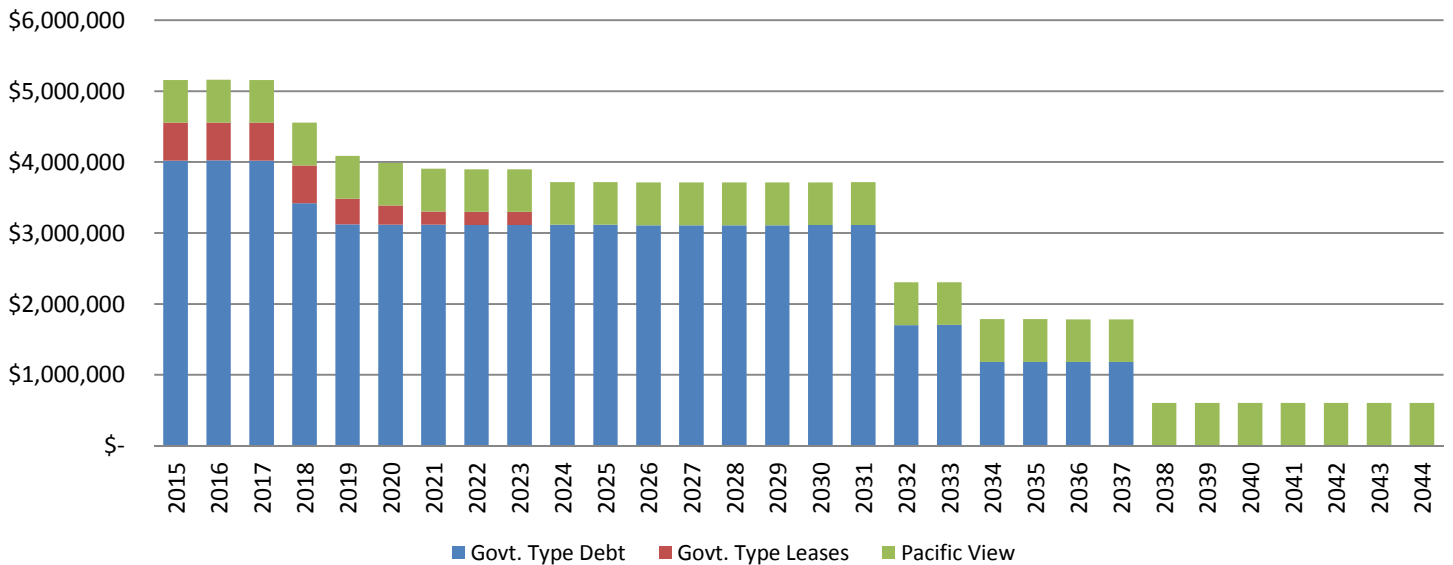
ATTACHMENT 11

Debt Management Graphs

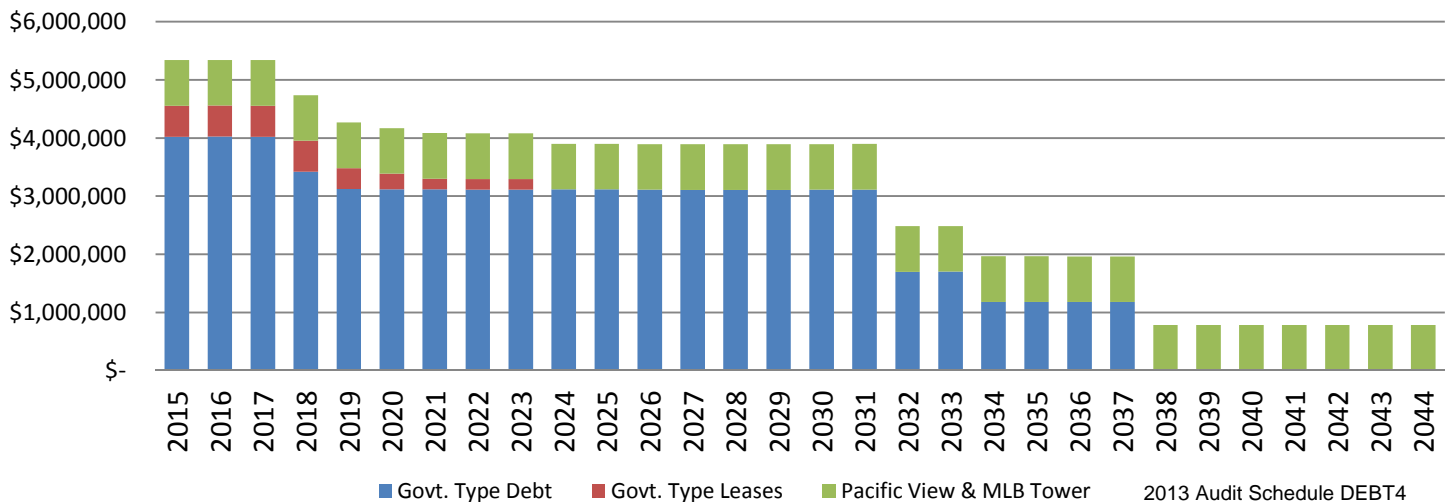
Existing Debt Service



Debt Service with Pacific View



Debt Service with Pacific View & MLB Tower



Debt Ratio

