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City of Santee
Regular Meeting Agenda

Santee City Council
CDC Successor Agency
Santee Public Financing Authority

Council Chamber – Building 2
10601 Magnolia Avenue
Santee, CA 92071

September 14, 2016
7:00 PM

ROLL CALL: Mayor Randy Voepel
Vice Mayor Jack E. Dale
Council Members Ronn Hall, Rob McNelis and John W. Minto

LEGISLATIVE INVOCATION \ PLEDGE OF ALLEGIANCE:

PRESENTATION: **Jack E. Dale Cup presentation: Varsity football game between Santana & West Hills High Schools**

PRESENTATION: **Dedication of 2016 Pierce Fire Engine**

PROCLAMATION: **Prostate Cancer Awareness Month is September 2016**

PROCLAMATION: **Storm Water Awareness Week September 26-30, 2016: Clean Water, Healthy Community**

ITEMS TO BE ADDED, DELETED OR RE-ORDERED ON AGENDA:

1. CONSENT CALENDAR:

Consent Calendar items are considered routine and will be approved by one motion, with no separate discussion prior to voting. Council Members, staff or public may request specific items be removed from the Consent Calendar for separate discussion or action. Speaker slips for this category must be presented to the City Clerk before the meeting is called to order. Speakers are limited to 3 minutes.

(A) Approval of reading by title only and waiver of reading in full of Ordinances and Resolutions on the agenda.

(B) Approval of meeting minutes of the Santee City Council, the CDC Successor Agency and the Santee Public Financing Authority for the Regular Meetings of August 24, 2016.

(C) Approval of Payment of Demands as presented.

(D) Adoption of a Resolution amending the City's Conflict of Interest Code pursuant to the Political Reform Act of 1974.

2. PUBLIC HEARING: None

3. ORDINANCES: None

4. CITY COUNCIL ITEMS AND REPORTS:

(A) Request for a waiver of fees associated with the processing of an application for a Conditional Use Permit submitted by Post 9327 of the Veterans of Foreign Wars (VFW). (Voepel)

Recommendation:
Consider the request and provide direction to staff.

5. CONTINUED BUSINESS: None

6. NEW BUSINESS:

(A) Resolution authorizing the extension of the professional services agreement with Dokken Engineering for "as needed" engineering services on capital improvement and land development projects.

Recommendation:
Adopt the Resolution authorizing the City Manager to execute a 2-year extension to the professional services agreement with Dokken Engineering for "as needed" engineering services on capital improvement and land development projects not to exceed $700,000 per fiscal year and authorizing the Director of Development Services to negotiate and issue task orders to complete the desired work.

(B) State Route 52 Corridor Study.

Recommendation:
Receive and accept the State Route 52 Corridor Study.

(C) Authorize payment to the County of San Diego for the City's share of the Next Generation Regional Communication System (NextGen RCS).

Recommendation:
Authorize payment to the County of San Diego for the City's share of the Next Generation Regional Communication System.

(D) Authorize the City Manager to execute an agreement with Grossmont Union High School District for cost sharing of two School Resource Officers at Santana and West Hills High Schools.

Recommendation:
Authorize the City Manager to execute an agreement with Grossmont Union High School District for cost sharing of two School Resource Officers at Santana and West Hills High Schools.

7. COMMUNICATION FROM THE PUBLIC:

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

8. CITY MANAGER REPORTS:

9. CDC SUCCESSOR AGENCY:

(Note: Minutes appear as Item 1(B))

(A) Resolution confirming the issuance of refunding bonds in order to refund certain outstanding bonds of the former Community Development Commission of the City of Santee, approving the execution and delivery of a bond purchase agreement, continuing disclosure certificate and preliminary and final official statements relating thereto, designating officers, and providing for other matters properly relating thereto.

Recommendation:
Adopt the Resolution confirming the issuance of refunding bonds and approving the execution and delivery of a bond purchase agreement, continuing disclosure certificate and preliminary and final official statements relating thereto, designating officers, and providing for other matters properly relating thereto.

10. SANTEE PUBLIC FINANCING AUTHORITY:

(Note: Minutes appear as Item 1(B))

11. CITY ATTORNEY REPORTS:

12. CLOSED SESSION:

(A) CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)
Agency Designated Representative: City Manager
Employee Organization: Santee Firefighters' Association

(B) CONFERENCE WITH LABOR NEGOTIATORS
(Government Code Section 54957.6)
Agency Designated Representative: Mayor
Unrepresented Employee: City Treasurer

(C) CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
(Government Code section 54956.9)
Consideration pursuant to Government Code section 54956.9(d)(4) of whether to initiate litigation: One case involving the County of San Diego's compliance with the California Environmental Quality Act in connection with the proposed development of an Assessor/Recorder/County Clerk's Branch Office and Archives on County-owned property located at approximately 10135 Mission Gorge Road.

13. ADJOURNMENT:

September & October Meetings

Sep	01	SPARC	Civic Center Building 7
Sep	12	Community Oriented Policing Committee	Council Chamber
Sep	14	City Council Meeting	Council Chamber
Sep	15	Manufactured Home Fair Practices Commission	Council Chamber
Sep	28	City Council Meeting	Council Chamber
Oct	06	SPARC	Civic Center Building 7
Oct	10	Community Oriented Policing Committee	Council Chamber
Oct	12	City Council Meeting	Council Chamber
Oct	26	City Council Meeting	Council Chamber

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

For your convenience, a complete Agenda Packet is available for public review at City Hall and on the City's website at www.CityofSanteeCA.gov.

The City of Santee complies with the Americans with Disabilities Act. Upon request, this agenda will be made available in appropriate alternative formats to persons with disabilities, as required by Section 202 of the American with Disabilities Act of 1990. Any person with a disability who requires a modification or accommodation in order to participate in a meeting should direct such request to the City Clerk's Office at (619) 258-4100, ext. 112 at least 48 hours before the meeting, if possible.

State of California }
County of San Diego } ss.
City of Santee }

AFFIDAVIT OF POSTING AGENDA

I, Patsy Bell, CMC, City Clerk of the City of Santee, hereby declare, under penalty of perjury, that a copy of this Agenda was posted in accordance with the Brown Act and Santee Resolution 61-2003 on September 9, 2016, at 4:30 p.m.

Signature _____ Date 09/09/16

City of Santee

COUNCIL AGENDA STATEMENT

PRES

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE JACK E. DALE CUP PRESENTATION: VARSITY FOOTBALL GAME BETWEEN SANTANA AND WEST HILLS HIGH SCHOOLS

DIRECTOR/DEPARTMENT Randy Voepel, Mayor

SUMMARY

Begun in 1990, the Jack E. Dale Cup reflects Council's acknowledgement of our outstanding high schools and promotes the friendly competition between their varsity football teams.

The Jack E. Dale Cup has been designed as a perpetual trophy.

This year's game, held at Santana High School on Friday, September 2, 2016, was won by West Hills High School.

In addition to signifying the City's support of both schools and their student bodies, it is hoped that this presentation will reinforce positive values such as teamwork, community spirit, and striving for excellence.

FINANCIAL STATEMENT

N/A

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

RECOMMENDATION

N/A

ATTACHMENTS (Listed Below)

N/A

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City of Santee

COUNCIL AGENDA STATEMENT

PRES

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE DEDICATION OF 2016 PIERCE FIRE ENGINE

DIRECTOR/DEPARTMENT Fire Chief Richard Smith

SUMMARY

A brief ceremony will be held outside City Hall dedicating the City's newest fire apparatus, a 2016 Pierce Arrow XT Triple Combination Pumper.

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

FINANCIAL STATEMENT

N/A

RECOMMENDATION

N/A

ATTACHMENTS (Listed Below)

None

Printed on recycled paper

PROC

City of Santee

COUNCIL AGENDA STATEMENT

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **PROCLAMATION: PROSTATE CANCER AWARENESS MONTH**

DIRECTOR/DEPARTMENT Randy Voepel, Mayor

SUMMARY

There are more than 2.9 million men alive in the USA with a history of prostate cancer. Prostate cancer is the most diagnosed cancer in men today, second only to skin cancer. After lung cancer, prostate cancer is also the number one cause of cancer death in men. The American Cancer Society estimates that 1 in 7 men will develop prostate cancer in their lifetime. Early detection is the key to prostate cancer survival. The early stages of prostate cancer usually show no symptoms and there are no self-tests for this disease. The 5-year survival rate for prostate cancer approached 100% if the disease is treated early.

More men are diagnosed with prostate cancer in California than any other state. California also has the highest number of deaths from this disease. It is estimated that this year in the state, 17,240 men will be diagnosed and 3,050 men will die from this disease.

Each year the President of the United States, the United States Senate, Governors of many States and numerous counties and cities across the country recognize Prostate Cancer Awareness Month in September. In support of this effort a Proclamation has been prepared and will be accepted by Santee resident Chad Little.

FINANCIAL STATEMENT

N/A

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

RECOMMENDATION

Present the proclamation to Chad Little.

ATTACHMENTS

Proclamation

Printed on recycled paper

City of Santee, California

Proclamation

WHEREAS, prostate cancer is the most frequently diagnosed cancer in men aside from skin cancer, and it is estimated 1 in 7 men will develop this disease in their lifetime; and

WHEREAS, the American Cancer Society estimates there will be 180,890 new cases of prostate cancer in the USA in 2016, resulting in an estimated 26,120 deaths; and

WHEREAS, African American men have the highest prostate cancer incidence rates in the world and their prostate cancer death rate in the USA is more than twice that of any other ethnic group of men; and

WHEREAS, early prostate cancer usually has no symptoms and studies suggest strong familial predisposition may be responsible for 5% to 10% of the disease cases; and

WHEREAS, the California Prostate Cancer Coalition and the American Cancer Society recommends that men should have an opportunity to make an informed decision about whether to be tested for prostate cancer based on their personal values and preferences, and

WHEREAS, the City of Santee joins communities across our nation to increase the awareness about the importance for men to make an informed decision with their health care provider about early detection and testing for prostate cancer.

NOW, THEREFORE, I, Randy Voepel, Mayor of the City of Santee, on behalf of the City Council, do hereby proclaim the month of September, 2016 as

PROSTATE CANCER AWARENESS MONTH

in the city of Santee and urge all members of our community to join in recognizing the importance of increase awareness.

IN WITNESS WHEREOF, I have hereunto set my hand this fourteenth day of September, two thousand sixteen, and have caused the Official Seal of the City of Santee to be affixed.

Mayor Randy Voepel

City of Santee
COUNCIL AGENDA STATEMENT

PROC

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **PROCLAMATION: STORM WATER AWARENESS WEEK SEPTEMBER 26-30, 2016: CLEAN WATER, HEALTHY COMMUNITY**

DIRECTOR/DEPARTMENT Randy Voepel, Mayor

SUMMARY

Storm Water Awareness Week began 5 years ago through the collaborative efforts of Storm Water Professionals and State and Local Agencies. During this week, storm water education seminars are presented online at no cost, and public outreach is conducted to help us all remember the reasons why we protect water quality.

The San Diego River, which originates in the mountains of Julian and terminates at the Pacific Ocean, at Ocean Beach, manages and receives both natural water flow, and engineered water flows. The health of the river can be affected by polluted water runoff which occurs due to the use and generation of pollutants during our daily activities, from outdoor water use, and as a result of our infrastructure which is designed to send water away from structures to prevent flood damage. The Storm Water Program makes it a priority to prevent pollution through education and community outreach, routine inspections, and water quality monitoring and investigation.

The San Diego River provides opportunity for hiking and running trails, fishing, bird watching, and spaces for families and children to play in and explore. Recognizing the many values of the river, the City strives to prevent non-storm water runoff, and maintain the natural condition of the river. By providing opportunities for runoff to naturally infiltrate into soils and be cleaned by natural biological processes, clean water can be achieved without costly water treatment systems.

To date, the City has identified and acted on numerous opportunities for water quality improvement through the restoration and rehabilitation of both existing and new development. A few of these projects include the improvements made to Town Center Parkway and Prospect Avenue. These roadways now direct water runoff through curb cuts and into bioswales. Both Woodlglen Vista and Forester Creek were restored in recent years to provide natural – open bottom channels with native vegetation which can infiltrate and treat water.

ENVIRONMENTAL REVIEW

N/A

FINANCIAL STATEMENT

N/A

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

RECOMMENDATION Present proclamation to Storm Water staff.

ATTACHMENTS:

Proclamation.

City of Santee, California

Proclamation

WHEREAS, clean water is essential for all life; and

WHEREAS, the San Diego River runs through the center of Santee, bringing diverse wildlife, recreational opportunities, and water into the heart of the City; and

WHEREAS, the City strives to protect the river by preventing non-storm water runoff, thereby maintaining the natural conditions of all waterways; and

WHEREAS, polluted water runoff occurs due to pollutants that are generated during our daily activities, from outdoor water use, and as a result of our storm drain infrastructure which is designed to send water away from structures to prevent flood damages; and

WHEREAS, the City's Storm Water Program is dedicated to achieving clean water and a healthy environment for all citizens by promoting easy and straightforward pollution prevention practices; and

WHEREAS, the City of Santee recognizes that water is essential to quality of life and acknowledges the importance of educating the public about the value of water by recognizing Storm Water Awareness Week.

NOW, THEREFORE, I, Randy Voepel, Mayor of the City of Santee, on behalf of the City Council do hereby proclaim September 26-30, 2016 as

"STORM WATER AWARENESS WEEK"

in the City of Santee to help raise awareness of this important cause led by a collaborative effort between state and local agencies and Storm Water Professionals.

IN WITNESS WHEREOF, I have hereunto set my hand this fourteenth day of September, two thousand sixteen, and have caused the Official Seal of the City of Santee to be affixed.

Mayor Randy Voepel

City of Santee
COUNCIL AGENDA STATEMENT

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **APPROVAL OF MEETING MINUTES OF THE SANTEE CITY COUNCIL, THE CDC SUCCESSOR AGENCY AND THE SANTEE PUBLIC FINANCING AUTHORITY REGULAR MEETINGS OF AUGUST 24, 2016.**

DIRECTOR/DEPARTMENT Patsy Bell, CMC, City Clerk PB

SUMMARY

Submitted for your consideration and approval are the minutes of the above meetings.

FINANCIAL STATEMENT N/A

CITY ATTORNEY REVIEW ☑ N/A ☐ Completed

RECOMMENDATION
Approve Minutes as presented.

ATTACHMENTS
August 24, 2016 Minutes

Minutes

Draft

Santee City Council
CDC Successor Agency
Santee Public Financing Authority

Council Chambers
10601 Magnolia Avenue
Santee, California
August 24, 2016

This Regular Meeting of the Santee City Council, the CDC Successor Agency and the Santee Public Financing Authority was called to order by Vice Mayor/Vice Chair Jack E. Dale at 7:00 p.m.

Council Members present were: Vice Mayor/Vice Chair Jack E. Dale and Council/Authority Members Ronn Hall, Rob McNelis and John Minto. Mayor/Chair Randy Voepel was absent.

Officers present were: City Manager/Authority Secretary Marlene Best, City/Authority Attorney Shawn Hagerty and City Clerk Patsy Bell.

(Note: Hereinafter the titles Mayor, Vice Mayor, Council Member, City Manager, and City Attorney shall be used to indicate Mayor/Chair, Vice Mayor/Vice Chair, Council/Authority Member, City Manager/Authority Secretary, and City/Authority Attorney.)

The **INVOCATION** was given by Pastor Gary Lawton of Calvary Chapel of Santee, and the **PLEDGE OF ALLEGIANCE** was led by Santee resident Jean Emmons.

ITEMS TO BE ADDED, DELETED OR RE-ORDERED ON AGENDA: None

1. CONSENT CALENDAR

(A) Approval of reading by title only and waiver of reading in full of Ordinances on agenda.

(B) Approval of Meeting Minutes of the Santee City Council, the CDC Successor Agency and the Santee Public Financing Authority for the Regular and Special Meetings of July 6, July 11, July 13, July 27 and August 10, 2016.

(C) Approval of Payment of Demands as presented.

(D) Approval of the expenditure of $67,290.47 for July 2016 Legal Services and related costs.

Draft

(E) Adoption of a Resolution awarding the construction contract for the Citywide Slurry Seal & Roadway Maintenance Project (CIP 2016-05) to American Asphalt South, Inc. for a total amount of $136,967.23, authorizing the City Manager to execute the contract and the Director of Development Services to approve change orders in an amount not to exceed $34,240.00, approving a categorical exemption pursuant to section 15301(c) of the California Environmental Quality Act and appropriating State Proposition 1B funds in the amount of $15,725.00. (Reso 087-2016)

(F) Approval of Regional Communications System service charge expenditures totaling $69,960 for Fiscal Year 2016-17.

(G) Adoption of a Resolution supporting the San Diego River Trash Removal and Water Quality Enhancement Project and authorizing an application for the California Proposition 1 grant funds to the San Diego River Conservancy for the project and the City Manager to execute the documents. (Reso 088-2016)

(H) Approval of first amendment to the contract with Benchmark Landscape Services for Landscape Maintenance Services – Area 2 Medians and Right-of-Ways to add additional work for Prospect Avenue for an amount of $21,600 thus increasing the FY 2016-17 contract amount from $180,699.92 to $202,299.92 and authorization for the City Manager to execute the amendment.

ACTION: On motion of Council Member Minto, seconded by Council Member McNelis, the Agenda and Consent Calendar were approved as presented with all voting aye, except Mayor Voepel who was absent.

2. PUBLIC HEARING: None

3. ORDINANCES: None

4. CITY COUNCIL ITEMS AND REPORTS:

(A) Community Oriented Policing Committee annual report. (Minto)

Council Member Minto gave an overview of the projects and accomplishments of the committee over the past year. By Council concurrence, the report was noted and filed.

5. CONTINUED BUSINESS: None

Draft

6. NEW BUSINESS:

(A) Accept and appropriate federal grant funds from the Cooperative Endangered Species Conservation Fund (Section 6 of the Endangered Species Act) Nontraditional Habitat Conservation Planning Assistance Program for Santee's Multiple Species Conservation Program (MSCP).

Director of Development Services Kush provided a brief staff report and answered Council's questions.

ACTION: On motion of Council Member Hall, seconded by Council Member Minto, the Section 6 Grant from the California Department of Fish & Wildlife was accepted and funds were appropriated, and the Director of Development Services was authorized to execute grant related documents with all voting aye, except Mayor Voepel who was absent.

7. COMMUNICATION FROM THE PUBLIC: None

8. CITY MANAGER REPORTS:

City Manager Best spoke regarding upcoming community events and introduced the new Director of Human Resources/Risk Management, Jessie Bishop.

9. CDC SUCCESSOR AGENCY:

(Note: Minutes appear as Item 1B)

10. SANTEE PUBLIC FINANCING AUTHORITY:

(Note: Minutes appear as Item 1B)

11. CITY ATTORNEY REPORTS: None

Council Members recessed at 7:11 p.m. and convened in Closed Session at 7:15 p.m. with all Members present, except Mayor Voepel who was absent.

Draft

12. CLOSED SESSION:

(A) CONFERENCE WITH LABOR NEGOTIATORS

(Government Code Section 54957.6)
Agency Designated Representative: City Manager
Employee Organization: Santee Firefighters' Association

(B) CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

(Government Code Section 54956.9(d)(4))
Initiation of litigation (one case): Lisa Duniphan, 9445 Prospect Avenue

Council Members reconvened in Open Session at 7:32 p.m. with all Members present, except Mayor Voepel who was absent. Vice Mayor Dale reported that for Item 12(A), direction was given to the negotiator and for Item 12(B), direction was given to initiate the receivership process.

13. ADJOURNMENT:

There being no further business, the meeting was adjourned at 7:33 p.m.

Date Approved: September 14, 2016

_____

Patsy Bell, CMC, City Clerk and for
Authority Secretary Marlene Best

City of Santee
COUNCIL AGENDA STATEMENT

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE PAYMENT OF DEMANDS

DIRECTOR/DEPARTMENT Tim K. McDermott, Director of Finance

SUMMARY

A listing of checks that have been disbursed since the last Council meeting is submitted herewith for approval by the City Council.

FINANCIAL STATEMENT

Adequate budgeted funds are available for the payment of demands per the attached listing.

CITY ATTORNEY REVIEW ☒ N/A ☐ Completed

RECOMMENDATION

Approval of the payment of demands as presented.

ATTACHMENTS (Listed Below)

1) Payment of Demands-Summary of Checks Issued
2) Disbursement Journal

Payment of Demands
Summary of Payments Issued

Date	Description	Amount
08/17/16	Retiree Medical	$ 11,104.06
08/17/16	Accounts Payable	75,947.66
08/17/16	Accounts Payable	267,174.98
08/18/16	Payroll	335,965.42
08/18/16	Accounts Payable	138,523.28
08/22/16	Accounts Payable	107,881.11
08/24/16	Accounts Payable	582,078.57
08/24/16	Accounts Payable	2,348.75
09/01/16	Retiree Medical	5,460.00
09/01/16	Payroll	329,890.15
09/01/16	Accounts Payable	547,169.19
09/01/16	Accounts Payable	339,091.08
09/06/16	Accounts Payable	101,481.75
	TOTAL	$ 2,844,116.00

I hereby certify to the best of my knowledge and belief that the foregoing demands listing is correct, just, conforms to the approved budget, and funds are available to pay said demands.

for Tim K. McDermott, Director of Finance

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112879	8/17/2016	10001 US BANK	070316		SANTEE SALUTES	53.73
			000013		VEHICLE SUPPLIES	270.00
			0037		REFUND-INCORRECT CHARGE	-10.50
			005335		PARKING	12.00
			012251		DAY CAMP TRIP PARKING	15.00
			012842		MEMBERSHIP DUES	50.00
			013904		QAL PREP COURSE	225.00
			014341		DAY CAMP FIELD TRIP	1,286.00
			0175328 2016/17		GFOA ANNUAL MEMBERSHIPS	595.00
			02579		SUPPLIES	37.16
			02606		MAINTENANCE SUPPLIES	32.34
			030703		POSTAGE	4.24
			04034		DAY CAMP MATERIALS	21.50
			04035		TEEN CENTER MATERIALS	14.26
			051845		DAY CAMP SUPPLIES	8.29
			054043		QAL PREP COURSE - PAPA	225.00
			057381		GENERAL SPECIAL EVENTS	25.76
			06161261		PLAQUES	85.33
			063216		MEETING SUPPLIES	14.13
			070616		COUNCIL SUPPLIES	50.98
			071116		COUNCIL SUPPLIES	11.07
			071916		ELECTION SUPPLIES	8.10
			087909		MEETING SUPPLIES	54.00
			09540		TEEN CENTER SUPPLIES	30.75
			10056		BORDER FIRE	55.78
			10645		KEN COLLIER PARK PLAQUE	428.76
			11102-403999		VEHICLE REPAIR PARTS	45.78
			11102-404224		VEHICLE REPAIR PARTS	58.52
			11102-404231		VEHICLE REPAIR PARTS	133.96
			114-5081166-8097846		TRAINING MATERIALS	297.84
			12043-83273-895		SANTEE BLUEGRASS FESTIVAL	59.00
			12767		HAND TOOLS - CONCRETE WORK	37.78
			128		LEAGUE EXECUTIVE FORUM	34.00
			1480		LEAGUE EXECUTIVE FORUM	601.37
			148244		MEETING SUPPLIES	57.07
			15275249		COLLIER PARK SIGN	14.99

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112879	8/17/2016	10001 US BANK	(Continued)			
			1674		SPARC LUNCH MEETING	68.38
			17251		TRAINING EQUIPMENT	362.95
			17341		POWER WINDOWS FOR V-172	376.92
			191		MASTER PLAN - FOCUS GROUP	8.58
			20035635224		REGISTRATION FEE	80.00
			20043944307		REGISTRATION FEE	100.00
			202766		LUNCH - JR LEADER TRAINING	23.49
			2041		MATERIALS FOR DAY CAMPERS	54.71
			205501		STORM WATER WORKSHOP	68.98
			2074814		SUPPLIES	25.86
			23006		SANTEE SALUTES	29.13
			2418906		PARK SIGN MATERIALS	32.31
			28725101		EMERGENCY RENTAL	705.23
			31240		PUBLIC WKS GREENBOOK	128.20
			3226		MASTERPLAN- FOCUS GROUP	40.86
			3316		FOOD SUPPLIES FOR DAY CAMP	10.87
			339		SANTEE SALUTES	28.04
			3531		FACEBOOK BOOST - SUMMER	20.00
			39893		SUPPLIES	85.97
			40312374		STATION EQUIPMENT	431.99
			405239		MASTERPLAN- FOCUS GROUP	35.51
			41447A		WHITE CIRCLE TABS	112.00
			41458		VEHICLE REPAIR PARTS	540.00
			438743		EQUIPMENT REPAIR PART	65.39
			4611617177416		STATION SUPPLIES	16.19
			46272		SUPPLIES	80.02
			47494		PULL CART FOR DAY CAMP	97.17
			56572		SANTEE SALUTES	46.09
			5751		SUPPLIES	86.13
			5765		TEEN CENTER SUPPLIES	15.12
			5801-9464		FLEET SUPPLIES	53.89
			6021		FIRST AID SUPPLIES	9.94
			61570560-001		EQUIPMENT RENTAL	278.42
			61739622-001		EUQIPMENT RENTAL	141.16
			61929705-001		EQUIPMENT RENTAL	141.97
			63061		PARK MAINTENANCE SUPPLIES	48.75

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112879	8/17/2016	10001 US BANK	(Continued)			
			633989		EMS SUPPLIES	151.18
			66409		SANTEE SALUTES	28.04
			679911		PARKING	8.75
			7536		WATER BALLOONS FOR DAY CAMF	9.72
			756623-6016		CREDIT - EQUIPMENT RENTAL	-67.50
			7611		GENERAL SUPPLIES	30.23
			776432001		REGISTRATION FEE	27.37
			7820		FIRE INCIDENT #2016-071706	30.20
			8315		APPARATUS INSPECTION	23.32
			84354		INTL ANNUAL ITE MEETING	250.00
			87123		REFUND - ASPHALT MATERIALS	-1,446.79
			966601		REGISTRATION FEE	35.00
			9679440		ID CARD SUPPLIES	157.68
			979708		LEAGUE EXECUTIVE FORUM	608.28
			BFELWW-b		LEAGUE EX FORUM	25.00
			BFELWW-c		LEAGUE EX FORUM	25.00
			BFELWW-d		LEAGUE EXECUTIVE FORUM	50.00
			CE051912-1		MISC SUPPLIES	206.31
			E922862		DISHWASHER PARTS	46.80
			PARTS-4199		DRINKING FOUNTAIN PARTS	642.98
			S2450586.001		HVAC REPAIRS	72.15
			S33379		VEHICLE REPAIR PARTS	691.24
			SI61218		VEHICLE REPAIR PART	104.89
					Total :	**11,104.06**

1 Vouchers for bank code : ubgen **Bank total : 11,104.06**

1 Vouchers in this report **Total vouchers : 11,104.06**

Prepared by: _____
Date: 8-17-16

Approved by: _____
Date: 8-17-16

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112880	8/17/2016	11139 ACE UNIFORMS AND ACCESSORIES	307528	51394	CLASS A UNIFORM	742.96
			307560	51394	CLASS A UNIFORM	742.96
					Total :	**1,485.92**
112881	8/17/2016	10190 AUDIO ASSOCIATES OF SAN DIEGO	11566		VIDEO SYSTEM REPAIR	979.16
			11567		AUDIO SYSTEM REPAIR	743.60
					Total :	**1,722.76**
112882	8/17/2016	10018 BENCHMARK LANDSCAPE SVCS INC	127948	51257	AREA 3 - LANDSCAPE MAINTENAN	550.00
			127949	51257	LANDSCAPE SVCS EXTRA WORK	1,496.00
			127950	51257	LANDSCAPE SVCS EXTRA WORK	1,089.00
			127962	51257	LANDSCAPE SVCS EXTRA WORK	776.00
			127963	51257	AREA 3 - LANDSCAPE MAINTENAN	3,750.00
			127964	51257	LANDSCAPE SVCS EXTRA WORK	764.00
					Total :	**8,425.00**
112883	8/17/2016	12439 CALIFORNIA PARKS AND	UTAD		ADVERTISEMENT UNION TRIBUNE	332.50
					Total :	**332.50**
112884	8/17/2016	12442 COUNTY OF SAN DIEGO	16TPR020		CLAIM SETTLEMENT	1,004.68
					Total :	**1,004.68**
112885	8/17/2016	10040 COUNTYWIDE MECHANICAL SYSTEMS	H16062479	51194	HVAC REPAIRS	628.40
			H16065341	51194	HVAC REPAIRS	259.21
			P16065042	51231	PLUMBING REPAIRS CITY HALL	180.00
					Total :	**1,067.61**
112886	8/17/2016	12251 CSAC EXPRESS INSURANCE	17400888		CSAC CYBER LIABILITY	258.00
					Total :	**258.00**
112887	8/17/2016	11168 CTE INC CLARK TELECOM AND	00003062	51236	STREET LIGHT REPAIR	1,473.73
			00003063	51236	STREET LIGHT REPAIR	2,348.36
			00003064	51236	STREET LIGHT REPAIR	1,939.32
			00003095	51236	STREET LIGHT MAINTENANCE	491.66
			00003096	51236	STREET LIGHT REPAIR	871.75
			00003097	51236	STREET LIGHT MAINTENANCE	1,228.54

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112887	8/17/2016	11168 CTE INC CLARK TELECOM AND	(Continued)			
			00003098	51237	TRAFFIC SIGNAL MAINT	2,655.00
			00003099	51237	TRAFFIC SIGNAL REPAIR	1,710.53
			00003100	51237	DIG ALERT MARK-OUTS	825.00
			00003122	51236	STREET LIGHT REPAIR	951.05
			00003123	51236	STREET LIGHT REPAIR	2,420.67
					Total :	**16,915.61**
112888	8/17/2016	10045 DIAMOND ENVIRONMENTAL SERVICES	000795452		RENTAL FENCE	277.50
					Total :	**277.50**
112889	8/17/2016	11295 DOKKEN ENGINEERING	30389	50583	CONSTRUCTION INSPECTION	18,826.00
					Total :	**18,826.00**
112890	8/17/2016	11724 ICF JONES & STOKES INC	0115422	50890	CIRCULATION ELEMENT CEQA	600.00
					Total :	**600.00**
112891	8/17/2016	11783 MINTO, JOHN	06212016		TRAVEL REIMBURSEMENT	274.20
					Total :	**274.20**
112892	8/17/2016	10085 NATIONAL SAFETY COMPLIANCE INC	65815		DOT CERTIFIED TESTING	127.34
					Total :	**127.34**
112893	8/17/2016	11682 NEWMAN-CHANEY, VIVIAN M	2016WINSPRG		INSTRUCTOR PAYMENT	2,385.00
					Total :	**2,385.00**
112894	8/17/2016	10442 PAYCO SPECIALTIES	1227-06-2016-1	51239	STRIPING & MARKING	20,050.82
					Total :	**20,050.82**
112895	8/17/2016	11056 STANDARD ELECTRONICS	24369	51175	ALARM MONITORING	1,348.75
					Total :	**1,348.75**
112896	8/17/2016	10534 STATE CONTROLLER'S OFFICE	FYE2016StCntrlrAudit		FYE 2016 AUDIT INFO	100.00
					Total :	**100.00**
112897	8/17/2016	11372 VISTA PAINT CORPORATION	2016-846259-00	51347	PLAYGROUND SURFACING REPAIF	670.37
					Total :	**670.37**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112898	8/17/2016	10326 WESCO INC	185271		ELECTRICAL LIGHT BULBS	75.60
					Total :	**75.60**

19 Vouchers for bank code : ubgen

Bank total : **75,947.66**

19 Vouchers in this report

Total vouchers : **75,947.66**

Prepared by: Mike S
Date: 8-17-16

Approved by: Donna Goldsmith
Date: 8-17-16

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112899	8/17/2016	12408 ADM CONSULTING	Ref000034427		LI Refund Cst #17033	37.00
					Total :	**37.00**
112900	8/17/2016	10018 BENCHMARK LANDSCAPE SVCS INC	128019		PROSPECT AVE SIDEWALKS	1,650.00
					Total :	**1,650.00**
112901	8/17/2016	10021 BOUND TREE MEDICAL LLC	82222449	51486	EMS SUPPLIES	546.67
			82222450	51486	EMS SUPPLIES	16.82
			82222451	51516	PHARMACEUTICALS	25.56
					Total :	**589.05**
112902	8/17/2016	10260 CALIFORNIA PARK & RECREATION	002926		CSD MEMBERSHIP RENEWAL CPR	1,395.00
					Total :	**1,395.00**
112903	8/17/2016	12439 CALIFORNIA PARKS AND	GPGF2016		DAY CAMP FIELD TRIP	400.00
					Total :	**400.00**
112904	8/17/2016	10299 CARQUEST AUTO PARTS	11102-406480	51488	VEHICLE REPAIR PARTS	433.56
			11102-406826	51488	VEHICLE REPAIR PARTS	52.30
			11102-406945	51488	VEHICLE REPAIR PART	56.76
			11102-406948	51488	VEHICLE REPAIR PARTS	114.06
					Total :	**656.68**
112905	8/17/2016	10032 CINTAS CORPORATION #694	694238271	51489	UNIFORM/PARTS CLEANER RNTL	60.17
					Total :	**60.17**
112906	8/17/2016	11330 CLEANSTREET	82897	51591	STREET SWEEPING JULY 4	200.00
					Total :	**200.00**
112907	8/17/2016	10845 CONTROLLED ENTRY SPECIALISTS	828572	51568	APPARATUS DOOR SERVICE	1,448.00
					Total :	**1,448.00**
112908	8/17/2016	10171 COUNTY OF SAN DIEGO AUDITOR &	07/2016 AGENCY REV		07/16 AGENCY PARK CITE REPT	42.50
			07/2016 DMV REVENUE		07/16 DMV PARK CITE REPT	127.50
			07/2016 PHOENIX REV		07/16 PHOENIX CITE REV REPT	295.00
					Total :	**465.00**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112909	8/17/2016	12422 COURTESY CHEVROLET CENTER	8943587	51570	VEHICLE REPAIR	1,333.50
					Total :	**1,333.50**
112910	8/17/2016	10333 COX COMMUNICATIONS	052335901		8950 COTTONWOOD AVE	262.41
					Total :	**262.41**
112911	8/17/2016	10595 CUTTER'S EDGE INDUSTRIES INC	072516-3	51468	EQUIPMENT MAINTENANCE	240.65
					Total :	**240.65**
112912	8/17/2016	10045 DIAMOND ENVIRONMENTAL SERVICES	0000740036	51462	SANTEE SALUTES	1,473.60
					Total :	**1,473.60**
112913	8/17/2016	10197 DRAEGER SAFETY INC	919866214	51523	TRAINING REGISTRATION FEE	340.00
					Total :	**340.00**
112914	8/17/2016	10057 ESGIL CORPORATION	08/01/16-08/05/16		SHARE OF FEES	23,397.76
					Total :	**23,397.76**
112915	8/17/2016	10251 FEDERAL EXPRESS	5-503-92044		SHIPPING CHARGES	29.12
					Total :	**29.12**
112916	8/17/2016	10009 FIRE ETC	92047	51474	EQUIPMENT REPAIR	269.04
					Total :	**269.04**
112917	8/17/2016	10065 GLOBAL POWER GROUP INC	44632	51567	ELECTRICAL REPAIRS	773.46
			44715	51567	FS #4 ELECTRICAL WORK	393.49
					Total :	**1,166.95**
112918	8/17/2016	10144 HDL COREN & CONE	0022900-IN	51576	PROPERTY TAX AUDIT	4,625.00
					Total :	**4,625.00**
112919	8/17/2016	10256 HOME DEPOT CREDIT SERVICES	2151308	51514	STATION SUPPLIES	164.51
					Total :	**164.51**
112920	8/17/2016	10246 HUDSON SAFETY T LITE RENTALS	00038044	51438	TRAFFIC SIGNS/MATS/SUPPLIES	84.63
					Total :	**84.63**
112921	8/17/2016	11233 JIMMIE JOHNSON'S KEARNY MESA	432762	51526	VEHICLE REPAIR PARTS	232.62

Bank code : ubgen

Voucher	Date	Vendor		Invoice	PO #	Description/Account	Amount
112921	8/17/2016	11233	11233 JIMMIE JOHNSON'S KEARNY MESA (Continued)				
						Total :	232.62
112922	8/17/2016	10357	LAWCX	LAWCX 2017 - 027		EXCESS WORKERS' COMPENSATI(	123,902.00
						Total :	123,902.00
112923	8/17/2016	10079	MEDICO PROFESSIONAL	1840321	51497	MEDICAL LINEN SERVICE	20.02
				1840322	51497	MEDICAL LINEN SERVICE	8.16
						Total :	28.18
112924	8/17/2016	10306	MOTOROLA SOLUTIONS INC	13120617	51542	RADIO EQUIP FOR NEW TRK 4	1,131.84
						Total :	1,131.84
112925	8/17/2016	10105	MYERS & SONS HI-WAY SAFETY INC	47907	51442	TRAFFIC SIGNS/SUPPLIES	1,392.10
						Total :	1,392.10
112926	8/17/2016	10218	OFFICE DEPOT	1962010586	51550	OFFICE SUPPLIES	33.73
						Total :	33.73
112927	8/17/2016	10308	O'REILLY AUTO PARTS	2968-489334	51476	VEHICLE REPAIR PARTS	12.30
						Total :	12.30
112928	8/17/2016	10344	PADRE DAM MUNICIPAL WATER DIST	24206565		10580 PROSPECT AVE	96.00
				24206698		10541 PROSPECT AVE	134.82
				24218157		10054 PROSPECT AVE	236.79
				24218344		10027 PROSPECT AVE	456.98
				90000366		GROUP BILL	45,859.07
						Total :	46,783.66
112929	8/17/2016	11888	PENSKE FORD	10094176	51478	VEHICLE REPAIR PARTS	115.24
				10094197	51478	VEHICLE REPAIR PARTS	101.66
						Total :	216.90
112930	8/17/2016	10446	PLAY WELL TEKNOLOGIES	DB10451		INSTRUCTOR PAYMENT	920.00
						Total :	920.00
112931	8/17/2016	10521	PNC EQUIPMENT FINANCE LLC	5663153		FIRE ENGINE LEASE PYMNT #12	40,881.46
						Total :	40,881.46

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112932	8/17/2016	10221 QUALITY CODE PUBLISHING LLC	2016-271	51592	SUPPLEMENT PUB/WEBSITE SVCS	1,051.79
					Total :	**1,051.79**
112933	8/17/2016	10095 RASA	4998	51589	MAP CHECK	335.00
			4999	51589	MAP CHECK	2,540.00
					Total :	**2,875.00**
112934	8/17/2016	10311 ROADONE	A629705	51481	TOW CHARGE	120.00
					Total :	**120.00**
112935	8/17/2016	12051 SAN DIEGO BURN INSTITUTE	FY1617		ANNUAL MEMBERSHIP DUES	50.00
					Total :	**50.00**
112936	8/17/2016	10437 SANTEE RAVENS YOUTH FOOTBALL	1009		SANTEE SALUTES	700.00
					Total :	**700.00**
112937	8/17/2016	10212 SANTEE SCHOOL DISTRICT	JULY 2016	51539	SUMMER TRANSPORTATION	1,282.00
					Total :	**1,282.00**
112938	8/17/2016	10110 SECTRAN SECURITY INC	16080326	51501	TRANSPORT SERVICES	110.78
					Total :	**110.78**
112939	8/17/2016	10585 SHARP REES-STEALY MEDICAL	298080585		MEDICAL SERVICES	52.00
			298951992	51452	DMV EXAM	59.00
			298952250	51452	DMV EXAM	59.00
			298991456	51452	DMV EXAM	59.00
					Total :	**229.00**
112940	8/17/2016	12223 SITEONE LANDSCAPE SUPPLY LLC	76805122	51557	IRRIGATION SUPPLIES	251.83
					Total :	**251.83**
112941	8/17/2016	10314 SOUTH COAST EMERGENCY VEHICLE	480881	51502	VEHICLE REPAIR PARTS	413.53
					Total :	**413.53**
112942	8/17/2016	10217 STAPLES BUSINESS ADVANTAGE	3308982022	51575	OFFICE SUPPLIES	45.68
			3308982023	51555	OFFICE SUPPLIES	192.57
			3308982024	51555	OFFICE SUPPLIES	4.95
			3309171887	51575	OFFICE SUPPLIES	19.43

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112942	8/17/2016	10217 STAPLES BUSINESS ADVANTAGE	(Continued)			
			3309171891	51504	OFFICE SUPPLIES	136.83
			3309311502	51504	OFFICE SUPPLIES	171.70
					Total :	**571.16**
112943	8/17/2016	10467 THE EPOCH TIMES IN SAN DIEGO	SD056201607		NOTICE OF ELECTION	120.00
					Total :	**120.00**
112944	8/17/2016	10158 THE SOCO GROUP INC	CL76488	51505	FLEET CARD FUELING	980.26
					Total :	**980.26**
112945	8/17/2016	10479 TIRE CENTERS LLC	8720171124	51520	TIRES	2,364.02
					Total :	**2,364.02**
112946	8/17/2016	11194 USAFACT INC	6073015		BACKGROUND CHECK	10.00
					Total :	**10.00**
112947	8/17/2016	10318 ZOLL MEDICAL CORPORATION	2405281	51521	EMS SUPPLIES	222.75
					Total :	**222.75**

49 Vouchers for bank code : ubgen **Bank total :** **267,174.98**

49 Vouchers in this report **Total vouchers :** **267,174.98**

Prepared by: [signature]
Date: 8-17-16

Approved by: [signature]
Date: 8-18-19

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor		Invoice	PO #	Description/Account	Amount
112948	8/18/2016	10780	COUNTY OF SAN DIEGO SHERIFF	PPE 08/10/16		DISBURSEMENT FEE	12.00
				PPE 08/10/16 W/O		WITHHOLDING ORDER	471.48
						Total :	**483.48**
112949	8/18/2016	10508	LIFE INSURANCE COMPANY OF	August 2016		LIFE INSURANCE	2,698.99
						Total :	**2,698.99**
112950	8/18/2016	10779	NATIONAL BENEFIT SERVICES LLC	PPE 08/10/16		FLEXIBLE SPENDING ACCOUNT	2,048.73
						Total :	**2,048.73**
112951	8/18/2016	10784	NATIONAL UNION FIRE INSURANCE	August 2016		VOLUNTARY AD&D	117.86
						Total :	**117.86**
112952	8/18/2016	10353	PERS	08 16 3		RETIREMENT PAYMENT	95,441.78
						Total :	**95,441.78**
112953	8/18/2016	10335	SAN DIEGO FIREFIGHTERS FEDERAL	August 2016		LONG TERM DISABILITY-SAFETY	1,078.00
						Total :	**1,078.00**
112954	8/18/2016	10424	SANTEE FIREFIGHTERS	PPE 08/10/16		DUES/PEC/BENEVOLENT/BC EXP	2,268.99
						Total :	**2,268.99**
112955	8/18/2016	10776	STATE OF CALIFORNIA	PPE 08/10/16		WITHHOLDING ORDER	267.69
						Total :	**267.69**
112956	8/18/2016	10783	UNITED WAY OF SAN DIEGO COUNTY	August 2016		UNITED WAY	72.00
						Total :	**72.00**
112957	8/18/2016	10001	US BANK	PPE 08/10/16		PARS RETIREMENT	1,191.16
						Total :	**1,191.16**
112958	8/18/2016	10959	VANTAGE TRANSFER AGENT/457	PPE 08/10/16		ICMA - 457	29,568.61
						Total :	**29,568.61**
112959	8/18/2016	10782	VANTAGEPOINT TRNSFR AGT/801801	PPE 08/10/16		RETIREE HEALTH SAVINGS ACCOU	3,285.99
						Total :	**3,285.99**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
12	Vouchers for bank code : ubgen				Bank total :	138,523.28
12	Vouchers in this report				Total vouchers :	138,523.28

Prepared by: Mike S
Date: 8-18-16

Approved by: Donna Goldsmith
Date: 8-18-16

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
83645	8/22/2016	10955 DEPARTMENT OF THE TREASURY	PPE 08/10/16		FEDERAL WITHHOLDING AND MED	83,297.12
					Total :	**83,297.12**
83681	8/22/2016	10956 FRANCHISE TAX BOARD	PPE 08/10/16		CA STATE TAX WITHHELD	24,583.99
					Total :	**24,583.99**

2 Vouchers for bank code : ubgen

Bank total : 107,881.11

2 Vouchers in this report

Total vouchers : 107,881.11

Prepared by: Moore
Date: 8-22-16

Approved by: Donna L. Adams
Date: 8-22-16

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112960	8/24/2016	11445 AMERICAN MESSAGING	L1072898QH		FD PAGER SERVICE	145.01
					Total :	**145.01**
112961	8/24/2016	10006 AMERICAN PLANNING ASSOCIATION	087214-1673		APA MEMBERSHIP - M. KUSH	670.00
					Total :	**670.00**
112962	8/24/2016	12083 ANIMAL PEST MANAGEMENT	162820	51537	PEST CONTROL	640.00
					Total :	**640.00**
112963	8/24/2016	10018 BENCHMARK LANDSCAPE SVCS INC	126741	51586	LANDSCAPE SVCS EXTRA WORK	6,250.00
			126748	51586	LANDSCAPE SVCS EXTRA WORK	5,500.00
			127431	51586	LANDSCAPE MAINT AREA 2	12,249.16
			127946	51586	LANDSCAPE SVCS EXTRA WORK	448.00
			128017	51586	LANDSCAPE SVCS EXTRA WORK	1,905.00
			128018	51586	LANDSCAPE SVCS EXTRA WORK	1,260.00
					Total :	**27,612.16**
112964	8/24/2016	10020 BEST BEST & KRIEGER LLP	LEGAL JUL 2016		LEGAL SERVICES JULY 2016	67,290.47
					Total :	**67,290.47**
112965	8/24/2016	10021 BOUND TREE MEDICAL LLC	82223720	51486	EMS SUPPLIES	610.80
					Total :	**610.80**
112966	8/24/2016	10098 BURNER, RONALD	73016	51560	ATHLETIC FIELD COORDINATION	2,083.34
					Total :	**2,083.34**
112967	8/24/2016	11169 CALIFORNIA WATERS LLC	16411	51522	FOUNTAIN MAINT/REPAIRS	2,474.00
					Total :	**2,474.00**
112968	8/24/2016	10876 CANON SOLUTIONS AMERICA INC	988719088	51549	PLOTTER MAINT & USAGE	55.40
			988719089	51549	SCANNER MAINTENANCE	60.09
					Total :	**115.49**
112969	8/24/2016	10299 CARQUEST AUTO PARTS	11102-407374	51488	VEHICLE REPAIR PARTS	588.12
			11102-407600	51488	VEHICLE SUPPLIES	51.55
					Total :	**639.67**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112970	8/24/2016	10032 CINTAS CORPORATION #694	694240754	51489	UNIFORM/PARTS CLEANER RNTL	60.17
					Total :	**60.17**
112971	8/24/2016	10033 CITY ELECTRIC SUPPLY COMPANY	STE/034996	51397	ELECTRICAL SUPPLIES	810.00
					Total :	**810.00**
112972	8/24/2016	10050 HCFA	HCA0000154		1ST QTR MEMBER ASSESSMENT	119,961.00
					Total :	**119,961.00**
112973	8/24/2016	11330 CLEANSTREET	83056	51591	STREET SWEEPING JULY 2016	14,876.64
					Total :	**14,876.64**
112974	8/24/2016	10268 COOPER, JACKIE	AUGUST 1, 2016		RETIREE HEALTH PAYMENT	91.00
					Total :	**91.00**
112975	8/24/2016	12153 CORODATA RECORDS	RS4254393		DOCUMENT RETRIEVAL	114.44
					Total :	**114.44**
112976	8/24/2016	10358 COUNTY OF SAN DIEGO	17CTOFSAN01		SHERIFF RADIOS	4,345.00
					Total :	**4,345.00**
112977	8/24/2016	10358 COUNTY OF SAN DIEGO	17CTOFSASN01		800 MHZ ACCESS (FIRE/PS)	1,485.00
					Total :	**1,485.00**
112978	8/24/2016	10486 COUNTY OF SAN DIEGO	201600548		COPY OF COUNTY MAP	2.00
			CIP2016-05		RECORDED DOCUMENTS	50.00
					Total :	**52.00**
112979	8/24/2016	10040 COUNTYWIDE MECHANICAL SYSTEMS	4277	51580	CITY HALL HVAC REPLACEMENT	153,674.07
			4277R		RETENTION	-7,683.70
					Total :	**145,990.37**
112980	8/24/2016	12422 COURTESY CHEVROLET CENTER	8943935	51569	VEHICLE REPAIR	677.92
			8944025	51569	TOW CHARGE	125.00
					Total :	**802.92**
112981	8/24/2016	11090 CSE SECURITY INC	2347		SUMMER CONCERT SERIES	54.00

Bank code : ubgen

Voucher	Date	Vendor		Invoice	PO #	Description/Account	Amount
112981	8/24/2016	11090	11090 CSE SECURITY INC	(Continued)			
						Total :	54.00
112982	8/24/2016	10043	D & D SERVICES INC	25155	51556	DEAD ANIMAL REMOVAL	1,235.00
						Total :	1,235.00
112983	8/24/2016	12165	DEPARTMENT OF MOTOR	Lic#1383883		REGISTRATION CARD COPY	20.00
						Total :	20.00
112984	8/24/2016	10045	DIAMOND ENVIRONMENTAL SERVICES	0000795453		FENCING - KABOOM PLAYGROUNI	277.50
						Total :	277.50
112985	8/24/2016	12438	DIESEL PRINT CO, LLC	8817		SPECIAL EVENTS	120.96
						Total :	120.96
112986	8/24/2016	10057	ESGIL CORPORATION	07164721		FIRE INSPECTIONS -07/16	83.00
				08/08/16-08/12/16		SHARE OF FEES	19,923.38
						Total :	20,006.38
112987	8/24/2016	10058	ETS PRODUCTIONS INC	11937	51538	SANTEE BLUEGRASS FESTIVAL	2,100.00
						Total :	2,100.00
112988	8/24/2016	10580	FASTENAL COMPANY	CAELC63664	51524	SUPPLIES & HARDWARE	102.00
						Total :	102.00
112989	8/24/2016	10251	FEDERAL EXPRESS	5-510-60905		SHIPPING CHARGES	93.08
						Total :	93.08
112990	8/24/2016	10009	FIRE ETC	92413	51473	STATION SUPPLIES	207.36
						Total :	207.36
112991	8/24/2016	12436	GUTZWILLER, BRENT	072816		SANTEE BLUEGRASS FESTIVAL	400.00
						Total :	400.00
112992	8/24/2016	12435	HANSON, RANDALL T	05-18-2016		SANTEE BLUEGRASS FESTIVAL	500.00
						Total :	500.00
112993	8/24/2016	11196	HD SUPPLY FACILITIES	9147623320	51517	STATION 4 SUPPLIES	554.79
						Total :	554.79

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
112994	8/24/2016	10256 HOME DEPOT CREDIT SERVICES	3151477	51514	SHOP SUPPLIES	64.93
			5151446	51514	STATION SUPPLIES	17.61
					Total :	**82.54**
112995	8/24/2016	11391 HUMPHREY, BREANNE	81816		SANTEE BLUEGRASS FESTIVAL	500.00
					Total :	**500.00**
112996	8/24/2016	10075 IRON MOUNTAIN INFO MGMT INC	201025256		DATA STORAGE	202.79
					Total :	**202.79**
112997	8/24/2016	12444 KELLER WILLIAMS	CD16015S		REFUNDABLE DEPOSIT	1,601.25
					Total :	**1,601.25**
112998	8/24/2016	10207 LOCKHART TRAINING	1382		INSTRUCTOR PAYMENT	318.50
					Total :	**318.50**
112999	8/24/2016	11986 MARION B BORG ENVIRONMENTAL	SANTEE01-30	51024	PROF SVCS - SUBAREA & FANITA	4,270.00
			SANTEE03-10		PROF SVCS - WALMART EXP	245.00
			SANTEE04-04		PROF SVCS - CALVARY CHAPEL E)	1,365.00
					Total :	**5,880.00**
113000	8/24/2016	10079 MEDICO PROFESSIONAL	1844232	51497	MEDICAL LINEN SERVICE	20.02
			1844233	51497	MEDICAL LINEN SERVICE	8.16
					Total :	**28.18**
113001	8/24/2016	11456 NEOPOST SOUTHWEST	SWINV448869		POSTAGE METER MAINTENANCE	1,744.00
					Total :	**1,744.00**
113002	8/24/2016	10308 O'REILLY AUTO PARTS	2968-490174	51476	VEHICLE REPAIR PARTS	84.59
			2968-490532	51476	VEHICLE REPAIR PARTS	16.71
					Total :	**101.30**
113003	8/24/2016	10336 PADRE DAM MUNICIPAL WATER DIST	CIP 2014-31		WATER METER PURCHASE	6,370.00
					Total :	**6,370.00**
113004	8/24/2016	10344 PADRE DAM MUNICIPAL WATER DIST	90000367		GROUP BILL	26,869.80
					Total :	**26,869.80**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113005	8/24/2016	12348 PHYSIO CONTROL	116132657	51572	EKG MONITORS/DEFIBRILLATORS	51,762.79
			416142468	51572	EKG EXTENDED WARRANTY	11,424.00
					Total :	**63,186.79**
113006	8/24/2016	11522 POSTMASTER EL CAJON	8162016		POSTAGE - FALL REC BROCHURE	600.00
					Total :	**600.00**
113007	8/24/2016	10161 PRIZM JANITORIAL SERVICES INC	10281	51574	JANITORIAL SERVICE - JULY 4	450.00
			10289	51574	JANITORIAL SERVICES	1,973.85
					Total :	**2,423.85**
113008	8/24/2016	10101 PROFESSIONAL MEDICAL SUPPLY	Z985603	51499	OXYGEN CYLINDERS & REFILLS	41.85
			Z985604	51499	OXYGEN CYLINDERS & REFILLS	60.45
					Total :	**102.30**
113009	8/24/2016	12062 PURETEC INDUSTRIAL WATER	1497646	51479	DEIONIZED WATER SERVICE	45.00
					Total :	**45.00**
113010	8/24/2016	10097 ROMAINE ELECTRIC CORPORATION	12-035376	51543	VEHICLE SUPPLIES	796.48
			12-035381	51543	VEHICLE REPAIR PART	91.83
					Total :	**888.31**
113011	8/24/2016	10407 SAN DIEGO GAS & ELECTRIC	0422 970 321 8		STREET LIGHTS	29,787.17
			2237 358 004 2		TRAFFIC SIGNAL	4,190.95
			4394 020 550 9		LMD	3,483.32
					Total :	**37,461.44**
113012	8/24/2016	10752 SAN DIEGO REGIONAL TRAINING	14083		CCMA ANNUAL FEES	1,500.00
					Total :	**1,500.00**
113013	8/24/2016	12223 SITEONE LANDSCAPE SUPPLY LLC	76972332	51557	IRRIGATION SUPPLIES	386.64
			77015210	51557	IRRIGATION SUPPLIES	768.77
			77015370	51557	IRRIGATION SUPPLIES	204.80
			77028178	51557	IRRIGATION SUPPLIES	446.76
					Total :	**1,806.97**
113014	8/24/2016	10217 STAPLES BUSINESS ADVANTAGE	3309614451	51547	OFFICE SUPPLIES	47.53
			3309614457	51504	OFFICE SUPPLIES	173.34

Bank code : ubgen

Voucher	Date	Vendor		Invoice	PO #	Description/Account	Amount
113014	8/24/2016	10217	10217 STAPLES BUSINESS ADVANTAGE (Continued)				
						Total :	220.87
113015	8/24/2016	10119	STEVEN SMITH LANDSCAPE INC	33301	51596	LANDSCAPE SVCS EXTRA WORK	5,000.00
				33304	51596	LANDSCAPE SVCS EXTRA WORK	394.45
				33447	51596	IRRIGATION MATERIALS	11.83
						Total :	5,406.28
113016	8/24/2016	10158	THE SOCO GROUP INC	CL76868	51505	FLEET CARD FUELING	1,321.75
						Total :	1,321.75
113017	8/24/2016	10479	TIRE CENTERS LLC	8720171375	51520	TIRE DISPOSAL	60.00
						Total :	60.00
113018	8/24/2016	11194	USAFACT INC	6080634		BACKGROUND CHECK	110.05
				6081329		BACKGROUND CHECK	9.75
						Total :	119.80
113019	8/24/2016	10475	VERIZON WIRELESS	9770148629		CELL PHONE SERVICE (619) 219-9	1,099.75
						Total :	1,099.75
113020	8/24/2016	10326	WESCO INC	196852	51459	ELECTRICAL REPAIRS	351.24
						Total :	351.24
113021	8/24/2016	10136	WEST COAST ARBORISTS INC	117517	51579	TREE MAINTENANCE	2,904.00
						Total :	2,904.00
113022	8/24/2016	10537	WETMORES	63058355	51507	VEHICLE REPAIR PARTS	19.70
				63058356	51507	VEHICLE REPAIR PARTS	165.67
						Total :	185.37
113023	8/24/2016	12443	WING, AMANDA	2003392.001		REFUND OF PROGRAM FEES	50.00
						Total :	50.00
113024	8/24/2016	10317	WM HEALTHCARE SOLUTIONS INC	0339201-2793-4	51509	BIOMEDICAL WASTE DISPOSAL	89.94
				0339202-2793-2	51509	BIOMEDICAL WASTE DISPOSAL	90.00
						Total :	179.94
113025	8/24/2016	10232	XEROX CORPORATION	085658271	51583	COPY CHARGES & LEASE	328.59

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113025	8/24/2016	10232 XEROX CORPORATION	(Continued)			
			085658273	51534	COPY CHARGES & LEASE	130.15
			085658274	51533	COPY CHARGES	292.75
			085658275	51511	COPY CHARGES & LEASE	74.11
			085658276	51461	COPY CHARGES & LEASE	228.82
			085658277	51531	COPY CHARGES & LEASE	137.48
			085658278	51578	COPY CHARGES & LEASE	318.84
			085658279	51529	COPY CHARGES & LEASE	220.86
					Total :	**1,731.60**
113026	8/24/2016	10318 ZOLL MEDICAL CORPORATION	2407865	51521	EMS SUPPLIES	194.40
					Total :	**194.40**

67 Vouchers for bank code : ubgen **Bank total : 582,078.57**

67 Vouchers in this report **Total vouchers : 582,078.57**

Prepared by: Michele [illegible]
Date: 8-24-16

Approved by: [illegible]
Date: 8-24-16

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113027	8/24/2016	11168 CTE INC CLARK TELECOM AND	00002919		TRAFFIC SIGNAL REPAIR	1,195.00
			00002987		TRAFFIC SIGNAL KNOCK-DOWN P(	1,153.75
					Total :	**2,348.75**

1 Vouchers for bank code : ubgen

Bank total : **2,348.75**

1 Vouchers in this report

Total vouchers : **2,348.75**

Prepared by: Nicole S
Date: 8-24-16

Approved by: Donna Goldsmith
Date: 8-24-16

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113028	9/1/2016	11139 ACE UNIFORMS AND ACCESSORIES	316113	51588	CLASS B UNIFORMS	961.10
			316114	51588	CLASS B UNIFORMS	961.10
			316124	51588	CLASS B UNIFORMS	961.10
			316125	51588	CLASS B UNIFORMS	961.10
					Total :	**3,844.40**
113029	9/1/2016	11859 AIRGAS USA LLC	9054109994		STATION EQUIPMENT	433.74
					Total :	**433.74**
113030	9/1/2016	10292 ALL STAR FIRE EQUIPMENT INC	191825		MOUNTING BRACKETS	407.65
					Total :	**407.65**
113031	9/1/2016	10014 ASAP ENGRAVERS	38149	51464	NEW FF NAME BADGES	123.90
					Total :	**123.90**
113032	9/1/2016	10189 ATTENTION GETTERS DESIGN INC	40321	51465	SAFETY EQUIP ID LETTERING	471.98
					Total :	**471.98**
113033	9/1/2016	10021 BOUND TREE MEDICAL LLC	82230219	51486	EMS SUPPLIES	94.94
			82230220	51486	EMS SUPPLIES	123.06
			82230221	51486	EMS SUPPLIES	123.06
			82230222	51486	EMS SUPPLIES	197.10
			82231554	51486	EMS SUPPLIES	110.14
			82231555	51486	EMS SUPPLIES	110.14
			82231556	51516	PHARMACEUTICALS	28.28
			82231557	51486	EMS SUPPLIES	197.10
			82233099	51486	EMS SUPPLIES	381.93
			82233100	51486	EMS SUPPLIES	28.80
			82234627	51486	EMS SUPPLIES	90.72
					Total :	**1,485.27**
113034	9/1/2016	10023 BUILDERS FENCE COMPANY INC	1600208	51422	PROSPECT AVE FENCING	340.39
			1600231	51422	PROSPECT AVE FENCING	1,201.31
					Total :	**1,541.70**
113035	9/1/2016	10429 CALPERS	100000014811044		GASB 68 REPORTS & SCHEDULES	3,900.00

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113035	9/1/2016	10429 10429 CALPERS	(Continued)			
					Total :	3,900.00
113036	9/1/2016	10327 CARLIN, TAMMIE K	028		INSTRUCTOR PAYMENT	1,500.00
					Total :	1,500.00
113037	9/1/2016	11190 CDCE INC	131138	51541	MDC HARDWARE/MODEM-TILLER	2,178.52
					Total :	2,178.52
113038	9/1/2016	12349 CHOICE LOCKSMITHING	072916CS	51425	DOOR REPAIRS	115.00
					Total :	115.00
113039	9/1/2016	10032 CINTAS CORPORATION #694	694243243	51489	UNIFORM/PARTS CLEANER RNTL	77.97
					Total :	77.97
113040	9/1/2016	11040 CIRCULATE SAN DIEGO	229-1	51402	SAFE ROUTES TO SCHOOL	550.00
			230-1	51554	SAFE ROUTES TO SCHOOL	550.00
					Total :	1,100.00
113041	9/1/2016	10033 CITY ELECTRIC SUPPLY COMPANY	STE/035097	51426	ELECTRICAL SUPPLIES	91.70
			STE/035258	51397	ELECTRICAL LIGHT POLE	1,775.52
					Total :	1,867.22
113042	9/1/2016	10801 CLAIMS MANAGEMENT ASSOC INC	521540		LEGAL SERVICES - CLAIMS	454.40
					Total :	454.40
113043	9/1/2016	10268 COOPER, JACKIE	SEPTEMBER 1, 2016		RETIREE HEALTH PAYMENT	91.00
					Total :	91.00
113044	9/1/2016	10333 COX COMMUNICATIONS	066401501		10601 N MAGNOLIA AVE	37.71
					Total :	37.71
113045	9/1/2016	10595 CUTTER'S EDGE INDUSTRIES INC	080216-2	51468	EQUIPMENT REPAIR	39.01
					Total :	39.01
113046	9/1/2016	10042 DALEY & HEFT LLP	47645		LEGAL SERVICES - CLAIMS	7,143.87
			47647		LEGAL SERVICES - CLAIMS	1,707.20
			47648		LEGAL SERVICES - CLAIMS	1,887.92

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113046	9/1/2016	10042 10042 DALEY & HEFT LLP	(Continued)		Total :	10,738.99
113047	9/1/2016	11295 DOKKEN ENGINEERING	30461	50583	VIA DE CRISTINA PARK	698.75
			30481	50583	MAST PARK IMPROVEMENTS	74,823.25
					Total :	75,522.00
113048	9/1/2016	10055 EMSAR INC	57295		EQUIPMENT REPAIR	512.00
			57666		EQUIPMENT SERVICE/REPAIR	625.86
					Total :	1,137.86
113049	9/1/2016	11469 ENVIROCERT INTERNATIONAL	PARTNER0205P118		STORM WATER COURSE	345.00
					Total :	345.00
113050	9/1/2016	10057 ESGIL CORPORATION	08/15/16-08/19/16		SHARE OF FEES	10,950.44
					Total :	10,950.44
113051	9/1/2016	12365 ETHERWAN SYSTEMS INC	2031025	51405	TRAFFIC SIGNAL EQUIPMENT	1,406.04
					Total :	1,406.04
113052	9/1/2016	12120 GEOCON INCORPORATED	1607356	51381	GEOTECHNICAL REVIEW	410.00
					Total :	410.00
113053	9/1/2016	10065 GLOBAL POWER GROUP INC	44851	51437	STATIONARY GENERATOR REPAIR	74.00
					Total :	74.00
113054	9/1/2016	12335 GREENPLAY LLC	5541	51413	2016 PARKS & REC MASTER PLAN	11,500.00
					Total :	11,500.00
113055	9/1/2016	10271 HORAN, BERNICE	SEPTEMBER 1, 2016		RETIREE HEALTH PAYMENT	91.00
					Total :	91.00
113056	9/1/2016	12386 HORIZONS CONSTRUCTION COMPANY	1	51535	VIA DE CRISTINA PARK	51,125.00
			1R		RETENTION	-2,556.25
					Total :	48,568.75
113057	9/1/2016	11680 KOOPMAN, ASHLEY	JULYCAMP		INSTRUCTOR PAYMENT	600.00
					Total :	600.00

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113058	9/1/2016	10079 MEDICO PROFESSIONAL	1847518	51497	MEDICAL LINEN SERVICE	20.02
			1847519	51497	MEDICAL LINEN SERVICE	11.62
					Total :	**31.64**
113059	9/1/2016	12445 MONTVERDE, KRISTEN	0029		FIELD SUPPLIES	48.81
					Total :	**48.81**
113060	9/1/2016	10083 MUNICIPAL EMERGENCY SERVICES	IN1052035	51418	SAFETY EQUIPMENT	421.20
			IN1053477	51418	SAFETY EQUIPMENT	554.04
					Total :	**975.24**
113061	9/1/2016	10218 OFFICE DEPOT	856673467	51368	CHAMBER TABLES & CHAIRS	29,589.98
					Total :	**29,589.98**
113062	9/1/2016	10218 OFFICE DEPOT	856301035001	51550	OFFICE SUPPLIES	310.96
					Total :	**310.96**
113063	9/1/2016	10308 O'REILLY AUTO PARTS	2968-490918	51476	VEHICLE REPAIR PART	7.45
			2968-491201	51476	VEHICLE REPAIR PARTS	43.64
			2968-491922	51476	VEHICLE SUPPLIES	150.11
					Total :	**201.20**
113064	9/1/2016	12348 PHYSIO CONTROL	116132952		EMS SUPPLIES	552.64
					Total :	**552.64**
113065	9/1/2016	12147 PRO-LINE INDUSTRIAL	87519	51445	ASPHALT TRUCK SUPPLIES	1,533.79
					Total :	**1,533.79**
113066	9/1/2016	10095 RASA	5002	51589	MAP CHECK	545.00
			5005	51589	MAP CHECK	335.00
					Total :	**880.00**
113067	9/1/2016	12237 RAYON, KYLE	SEPTEMBER 1, 2016		RETIREE HEALTH PAYMENT	91.00
					Total :	**91.00**
113068	9/1/2016	10407 SAN DIEGO GAS & ELECTRIC	3422 380 562 8		GAS TAX	107.57
			7990 068 577 7		PARKS	22,602.03
			8509 742 169 4		CITY HALL GROUP BILL	17,183.18

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113068	9/1/2016	10407 10407 SAN DIEGO GAS & ELECTRIC	(Continued)		Total :	39,892.78
113069	9/1/2016	12223 SITEONE LANDSCAPE SUPPLY LLC	77121819	51557	IRRIGATION SUPPLIES	47.29
			77140344	51557	IRRIGATION SUPPLIES	4.16
			77151419	51557	IRRIGATION SUPPLIES	276.08
					Total :	327.53
113070	9/1/2016	11341 SRM CONTRACTING & PAVING	1	51536	CITYWIDE PAVEMENT REPAIR	300,153.35
			1R		RETENTION	-15,007.67
					Total :	285,145.68
113071	9/1/2016	10217 STAPLES BUSINESS ADVANTAGE	3310636549	51504	OFFICE SUPPLIES	161.67
			3310727192	51503	OFFICE SUPPLIES	138.45
			3310891543	51504	OFFICE SUPPLIES	292.53
					Total :	592.65
113072	9/1/2016	10027 STATE OF CALIFORNIA	180488		FINGERPRINTING CHARGES	224.00
					Total :	224.00
113073	9/1/2016	10572 SUNBELT RENTALS INC	62291068-001	51528	EQUIPMENT RENTAL	209.79
					Total :	209.79
113074	9/1/2016	10572 SUNBELT RENTALS INC	62462277-001	51528	EQUIPMENT RENTAL	123.26
					Total :	123.26
113075	9/1/2016	12446 TASK FORCE TIPS	9007894		EQUIPMENT REPAIR	582.92
					Total :	582.92
113076	9/1/2016	10250 THE EAST COUNTY	00044242		INVITATION TO BID	343.00
					Total :	343.00
113077	9/1/2016	10158 THE SOCO GROUP INC	0307987-IN	51519	DELIVERED FUEL	783.50
			CL77634	51505	FLEET CARD FUELING	962.73
					Total :	1,746.23
113078	9/1/2016	10165 TRAD AM ENTERPRISES INC	0716SRP		INSTRUCTOR PAYMENT	720.00
					Total :	720.00

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113079	9/1/2016	10520 TRAFFIC SAFETY MATERIALS INC	5869	51457	SUPPLIES FOR SIGN REPAIRS	205.20
					Total :	**205.20**
113080	9/1/2016	10211 VISION INTERNET PROVIDERS	33201		WEB HOSTING	200.00
					Total :	**200.00**
113081	9/1/2016	10799 VOSBURGH, TODD	082316		EMPLOYEE REIMBURSEMENT	200.00
					Total :	**200.00**
113082	9/1/2016	10136 WEST COAST ARBORISTS INC	117973	51579	TREE MAINTENANCE SERVICES	1,044.00
					Total :	**1,044.00**
113083	9/1/2016	10232 XEROX CORPORATION	085769147	51532	COPY CHARGES & LEASE	383.34
					Total :	**383.34**

56 Vouchers for bank code : ubgen **Bank total :** **547,169.19**

56 Vouchers in this report **Total vouchers :** **547,169.19**

Prepared by: Nicole S
Date: 9-01-16

Approved by: Donna Goldsmith
Date: 9-1-16

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
113084	9/1/2016	10208 ANTHEM BLUE CROSS	September 2016		EMPLOYEE ASSISTANCE PROGRA	279.72
					Total :	**279.72**
113085	9/1/2016	10334 CHLIC	2024312		HEALTH/DENTAL INSURANCE	197,895.15
					Total :	**197,895.15**
113086	9/1/2016	10779 NATIONAL BENEFIT SERVICES LLC	PPE 08/24/16		FLEXIBLE SPENDING ACCOUNT	2,048.73
					Total :	**2,048.73**
113087	9/1/2016	10353 PERS	08 16 4		RETIREMENT PAYMENT	97,548.06
					Total :	**97,548.06**
113088	9/1/2016	10785 RELIANCE STANDARD LIFE	September 2016		VOLUNTARY LIFE INSURANCE	1,239.83
					Total :	**1,239.83**
113089	9/1/2016	10424 SANTEE FIREFIGHTERS	PPE 08/24/16		DENTAL/DUES/PEC/BENEVOLENT/I	5,352.99
					Total :	**5,352.99**
113090	9/1/2016	10776 STATE OF CALIFORNIA	PPE 08/24/16		WITHHOLDING ORDER	267.69
					Total :	**267.69**
113091	9/1/2016	10001 US BANK	PPE 08/24/2016		PARS RETIREMENT	940.16
					Total :	**940.16**
113092	9/1/2016	10959 VANTAGE TRANSFER AGENT/457	PPE 08/24/16		ICMA - 457	29,871.38
					Total :	**29,871.38**
113093	9/1/2016	10782 VANTAGEPOINT TRNSFR AGT/801801	PPE 08/24/16		RETIREE HEALTH SAVINGS ACCOU	3,647.37
					Total :	**3,647.37**

10 Vouchers for bank code : ubgen — **Bank total :** **339,091.08**

10 Vouchers in this report — **Total vouchers :** **339,091.08**

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount

Prepared by: _____
Date: 9-01-16

Approved by: _____
Date: 9-1-16

Voucher List
CITY OF SANTEE

Bank code : ubgen

Voucher	Date	Vendor	Invoice	PO #	Description/Account	Amount
15850	9/2/2016	10955 DEPARTMENT OF THE TREASURY	PPE 08/24/16		FEDERAL WITHHOLDING AND MED	78,548.58
					Total :	**78,548.58**
15880	9/2/2016	10956 FRANCHISE TAX BOARD	PPE 08/24/16		CA STATE TAX WITHHELD	22,933.17
					Total :	**22,933.17**

2 Vouchers for bank code : ubgen

Bank total : **101,481.75**

2 Vouchers in this report

Total vouchers : **101,481.75**

Prepared by: [signature]
Date: 9-6-16

Approved by: [signature]
Date: 9-6-16

1D

City of Santee
COUNCIL AGENDA STATEMENT

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **RESOLUTION AMENDING THE CITY'S CONFLICT OF INTEREST CODE**

DIRECTOR/DEPARTMENT Patsy Bell, CMC, City Clerk PB

SUMMARY

The Political Reform Act requires public agencies to update their local Conflict of Interest Codes on a biennial basis. In keeping with that mandate, we have prepared an updated Appendix of the Code incorporating the most recent changes in the City's organizational structure.

The Appendix of the Code designates those employees, members, officers and consultants who are subject to the disclosure and disqualification requirements of the City's Code. The City's proposed amendment adds new positions which must be designated, revises titles of existing positions, removes positions which have been abolished, and includes clarifying language and updated Regulation references as provided by the Fair Political Practices Commission.

FINANCIAL STATEMENT
N/A

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATION
Adopt the Resolution amending the Appendix of the Conflict of Interest Code pursuant to the Political Reform Act of 1974.

ATTACHMENTS (Listed Below)
Resolution with attached amended Appendix
Legislative version of Appendix
Notice of Intention to Amend the Appendix of the Code

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, AMENDING THE CONFLICT OF INTEREST CODE PURSUANT TO THE POLITICAL REFORM ACT OF 1974

WHEREAS, the State of California enacted the Political Reform Act of 1974, Government Code Section 81000, et seq. (the "Act"), which contains provisions relating to conflicts of interest which potentially affect all officers, employees and consultants of the City of Santee (the "City"), and requires all public agencies to adopt and promulgate a conflict of interest code; and

WHEREAS, the City Council adopted a Conflict of Interest Code (the "Code") which was amended on November 12, 2014, in compliance with the Act; and

WHEREAS, subsequent changed circumstances within the City have made it advisable and necessary pursuant to Sections 87306 and 87307 of the Act to amend and update the City's Code; and

WHEREAS, notice of the time and place of a public meeting on, and of consideration by the City Council of, the proposed amended Code was provided to each affected designated position and was publicly posted for review at the offices of the City; and

WHEREAS, a public meeting was held upon the proposed amended Code at a regular meeting of the City Council on September 14, 2016, at which all present were given an opportunity to be heard on the proposed amended Code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santee, California, as follows:

SECTION 1. The City Council does hereby approve and adopt the proposed amended Conflict of Interest Code, a copy of which is attached hereto and shall be on file with the City Clerk and available to the public for inspection and copying.

SECTION 2. The said amended Conflict of Interest Code shall become effective at the time of its adoption and approval.

ADOPTED by the City Council of the City of Santee, California, at a Regular Meeting thereof held this 14th day of September, 2016, by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

APPROVED:

_____

RANDY VOEPEL, MAYOR

ATTEST:

_____

PATSY BELL, CMC, CITY CLERK

Attachment: Amended Conflict of Interest Code

LAW OFFICES OF
BEST BEST & KRIEGER LLP

CONFLICT OF INTEREST CODE

OF THE

CITY OF SANTEE

BBK – ~~September 2014~~August 2016

60139.00001\29158643.1

CONFLICT OF INTEREST CODE FOR THE CITY OF SANTEE

(Amended ~~November 12, 2014~~September 14, 2016)

The Political Reform Act (Gov. Code § 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. § 18730) which contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This incorporation page, Regulation 18730, and the attached Appendix designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the **City of Santee (the "City").**

All officials and designated positions required to submit a statement of economic interests shall file their statements with the **City Clerk** as the City's Filing Officer. The **City Clerk** shall make and retain a copy of all statements filed by the Mayor, Members of the City Council and Planning Commission, the City Manager, the City Attorney and the City Treasurer, and forward the originals of such statements to the Fair Political Practices Commission. The **City Clerk** shall retain the originals of the statements filed by all other officials and designated positions and make all statements available for public inspection and reproduction during regular business hours. (Gov. Code § 81008.)

APPENDIX

CONFLICT OF INTEREST CODE

OF THE

CITY OF SANTEE

(Amended ~~November 12, 2014~~September 14, 2016)

PART "A-1"

The Mayor, Members of the City Council and Planning Commission, the City Manager, the City Attorney, the City Treasurer, and all other City Officials who manage public investments as defined by 2 Cal. Code of Regs. § ~~18701(b)~~18700.3(b), are NOT subject to the City's Code but must file disclosure statements under Government Code Section 87200 et seq. [Regs. § 18730(b)(3)]

OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that the positions listed below are Other City Officials who manage public investments[1]. These positions are listed here for informational purposes only.

Finance Director

Financial Consultants

[1] Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS
GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Assistant Engineer	2, 3, 5, 6
Assistant Planner	2, 3, 5, 6
Assistant to the City Manager	1
Associate Civil Engineer	2, 3, 5, 6
Associate Planner	2, 3, 5, 6
Associate Traffic Engineer	2, 3, 5, 6
Building Inspector	5, 6
Building Official	2, 3, 5, 6
Building Supervisor	2, 3, 5, 6
Building Technician	5, 6
City Attorney (not filing under Gov Code 87200)	1, 2
City Clerk	5
City Engineer	2, 3, 5, 6
City Planner	2, 3, 5, 6
Code Compliance Assistant	6
Confidential Senior Human Resources Analyst	5
Deputy City Clerk	5
Deputy City Manager	1, 2

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
~~Deputy City Manager/~~Director of Development Services	1, 2
Deputy Fire Chief	5, 6
Development Services Technician	2, 3, 6
Director of Community Services	2, 3, 5, 6
Director of Fire and Life Safety ~~Services~~/Fire Chief	2, 3, 5, 6
Engineering Inspector	2, 3, 5, 6
Engineering Technician	2, 3, 5, 6
Equipment Mechanic	5
Finance Manager	5
Fire Battalion Chief	5
Fire Division Chief	5, 6
Fire Marshal	5
Fire Prevention Specialist	5, 6
Director of Human Resources ~~Director~~& Risk Management	5
Information Technology Manager	5
Junior Engineer	2, 3, 5, 6
Junior Planner	2, 3, 5, 6
~~LAN~~ Information Technology Analyst	5
Lead Equipment Mechanic	5
Park and Landscape Supervisor	2, 3, 5
Planning Director	1, 2

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Principal Civil Engineer	2, 3, 5, 6
Principal Planner	2, 3, 5, 6
Principal Traffic Engineer	2, 3, 5, 6
Public Services Manager	2, 3, 5
Public Works Supervisor	5
Recreation Coordinator	5
Recreation Services Manager	5
Recreation Supervisor	5
Senior Buyer	4
Senior Civil Engineer	2, 3, 5, 6
~~Senior~~ Code Compliance Officer	5, 6
Senior Economic Development Coordinator	1, 2
Senior Management Analyst	5
Senior Planner	2, 3, 5, 6
Senior Traffic Engineer	2, 3, 5, 6
Special Events Supervisor	5
Special Projects Coordinator	2, 3, 5
Stormwater Program Manager	5, 6

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED

MEMBERS OF BOARDS, COMMITTEES AND COMMISSIONS

Manufactured Home Fair Practices Commission	1, 2

Consultants and New Positions [2]

PART "A-2"

Board members of separate agencies governed by the City's Conflict of Interest Code:

CDC Successor Agency	1, 2
Successor Agency Oversight Committee	1, 2

[2] Individuals providing services as a consultant as defined in FPPC Reg ~~18701~~ 18700.3(a) or in a new position created since this Code was last approved that makes or participates in making decisions shall disclose pursuant to the broadest disclosure set forth in this Code subject to the following limitation:

The City Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to designate a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734). The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.(Gov. Code Sec. 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the Designated Position must disclose for each disclosure category to which he or she is assigned.[3] ~~Such economic interests~~ "Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the City.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are located in, do business in or own real property within the jurisdiction of the City.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the City.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are engaged in land development, construction or the acquisition or sale of real property within the jurisdiction of the City.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the City.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles or equipment of a type purchased or leased by the Designated Position's department, unit or division.

Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, subject to the regulatory, permit, or licensing authority of the Designated Position's department, unit or division.

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3 This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

LAW OFFICES OF
BEST BEST & KRIEGER LLP

CONFLICT OF INTEREST CODE

OF THE

CITY OF SANTEE

BBK – August 2016

CONFLICT OF INTEREST CODE FOR THE CITY OF SANTEE

(Amended September 14, 2016)

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APPENDIX

CONFLICT OF INTEREST CODE

OF THE

CITY OF SANTEE

(Amended September 14, 2016)

PART "A-1"

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OFFICIALS WHO MANAGE PUBLIC INVESTMENTS

It has been determined that the positions listed below are Other City Officials who manage public investments[1]. These positions are listed here for informational purposes only.

Finance Director

Financial Consultants

[1] Individuals holding one of the above-listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by § 87200.

DESIGNATED POSITIONS
GOVERNED BY THE CONFLICT OF INTEREST CODE

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Assistant Engineer	2, 3, 5, 6
Assistant Planner	2, 3, 5, 6
Assistant to the City Manager	1
Associate Civil Engineer	2, 3, 5, 6
Associate Planner	2, 3, 5, 6
Associate Traffic Engineer	2, 3, 5, 6
Building Inspector	5, 6
Building Official	2, 3, 5, 6
Building Supervisor	2, 3, 5, 6
Building Technician	5, 6
City Attorney (not filing under Gov Code 87200)	1, 2
City Clerk	5
City Engineer	2, 3, 5, 6
City Planner	2, 3, 5, 6
Code Compliance Assistant	6
Code Compliance Officer	5, 6
Confidential Senior Human Resources Analyst	5
Deputy City Clerk	5

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Deputy City Manager	1, 2
Deputy Fire Chief	5, 6
Development Services Technician	2, 3, 6
Director of Community Services	2, 3, 5, 6
Director of Development Services	1, 2
Director of Fire and Life Safety/Fire Chief	2, 3, 5, 6
Director of Human Resources & Risk Management	5
Engineering Inspector	2, 3, 5, 6
Engineering Technician	2, 3, 5, 6
Equipment Mechanic	5
Finance Manager	5
Fire Battalion Chief	5
Fire Division Chief	5, 6
Fire Marshal	5
Fire Prevention Specialist	5, 6
Information Technology Analyst	5
Information Technology Manager	5
Junior Engineer	2, 3, 5, 6
Junior Planner	2, 3, 5, 6

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
Lead Equipment Mechanic	5
Park and Landscape Supervisor	2, 3, 5
Planning Director	1, 2
Principal Civil Engineer	2, 3, 5, 6
Principal Planner	2, 3, 5, 6
Principal Traffic Engineer	2, 3, 5, 6
Public Services Manager	2, 3, 5
Public Works Supervisor	5
Recreation Coordinator	5
Recreation Services Manager	5
Recreation Supervisor	5
Senior Buyer	4
Senior Civil Engineer	2, 3, 5, 6
Senior Economic Development Coordinator	1, 2
Senior Management Analyst	5
Senior Planner	2, 3, 5, 6
Senior Traffic Engineer	2, 3, 5, 6
Special Events Supervisor	5
Special Projects Coordinator	2, 3, 5
Stormwater Program Manager	5, 6

DESIGNATED POSITIONS' TITLE OR FUNCTION	DISCLOSURE CATEGORIES ASSIGNED
MEMBERS OF BOARDS, COMMITTEES AND COMMISSIONS	
Manufactured Home Fair Practices Commission	1, 2
Consultants and New Positions [2]	

PART "A-2"

Board members of separate agencies governed by the City's Conflict of Interest Code:

CDC Successor Agency	1, 2
Successor Agency Oversight Committee	1, 2

[2] Individuals providing services as a consultant as defined in FPPC Reg 18700.3(a) or in a new position created since this Code was last approved that makes or participates in making decisions shall disclose pursuant to the broadest disclosure set forth in this Code subject to the following limitation:

The City Manager may determine that, due to the range of duties or contractual obligations, it is more appropriate to designate a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734). The City Manager's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.(Gov. Code Sec. 81008.)

PART "B"

DISCLOSURE CATEGORIES

The disclosure categories listed below identify the types of economic interests that the Designated Position must disclose for each disclosure category to which he or she is assigned.[3] "Investment" means financial interest in any business entity (including a consulting business or other independent contracting business) and are reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the City.

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Category 6: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, subject to the regulatory, permit, or licensing authority of the Designated Position's department, unit or division.

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3 This Conflict of Interest Code does not require the reporting of gifts from outside this agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position. (Reg. 18730.1)

CITY OF SANTEE

MAYOR
Randy Voepel

CITY COUNCIL
Jack E. Dale
Ronn Hall
Rob McNelis
John W. Minto

NOTICE OF INTENTION TO AMEND THE CONFLICT OF INTEREST CODE OF THE CITY OF SANTEE

NOTICE IS HEREBY GIVEN that the City of Santee intends to amend its Conflict of Interest Code (the "Code") pursuant to Government Code Section 87306. The Appendix of the Code designates those employees, members, officers and consultants who make or participate in the making of decisions and are subject to the disclosure requirements of the City's Code. The City's proposed amendment includes new positions that must be designated, revises titles of existing positions, removes positions which have been abolished, and includes clarifying language and updated Regulation references as provided by the Fair Political Practices Commission.

The proposed amended Code will be considered by the City Council on September 14, 2016, at 7:00 p.m. at Santee City Hall, 10601 Magnolia Avenue, Bldg. 2, Santee, California.

Any interested person may be present and comment at the public meeting or may submit written comments concerning the proposed amendment. Any comments or inquiries should be directed to the attention of Patsy Bell, City Clerk, City of Santee, 10601 Magnolia Avenue, Bldg. 3, Santee, California 92071; (619) 258-4100. Written comments must be submitted no later than September 14, 2016, at 7:00 p.m. The proposed amended Code may be reviewed at, and copies obtained from, the office of the City Clerk, during regular business hours.

State of California }
County of San Diego } ss.
City of Santee }

AFFIDAVIT OF POSTING NOTICE OF INTENTION

I, Patsy Bell, CMC, City Clerk of the City of Santee, hereby declare, under penalty of perjury, that a copy of this Notice was posted in accordance with Resolution 61-2003 on September 9, 2016 at 4:30 p.m.

Signature _____ Date 09/09/16

City of Santee
COUNCIL AGENDA STATEMENT

4A

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE: **REQUEST FOR A WAIVER OF FEES ASSOCIATED WITH THE PROCESSING OF AN APPLICATION FOR A CONDITIONAL USE PERMIT SUBMITTED BY THE POST 9327 OF THE VETERANS OF FOREIGN WARS (VFW)**

DIRECTOR/DEPARTMENT Randy Voepel, Mayor

SUMMARY The Veterans of Foreign Wars (VFW) is a non-profit veteran's service and advocacy organization. The VFW's local chapter (Post 9327) has been located in Santee for many years, most recently at 8790 Cuyamaca Street. The post is now seeking to relocate to a commercial center at 8516 Magnolia (southwest corner of Magnolia Avenue and Prospect Avenue) in the General Commercial (GC) zone.

VFW posts are membership only organizations which serve alcohol. Per Section 17.12.030(B)(29)(i) of the Santee Municipal Code, clubs or lodges with alcohol beverage service are permitted in the GC zone upon approval of a Conditional Use Permit (CUP) by the City Council. A CUP application requires a developer's deposit of $9,500. This deposit combined with other costs such as public noticing and building permit costs is estimated to be approximately $13,320.

Post 9327 is requesting a waiver of fees in order to complete this move. A similar waiver was granted in June 2008 by the City Council, when the Santee Eagles obtained a Conditional Use Permit (P08-03) to establish a post at 9317 Shadow Hill Road.

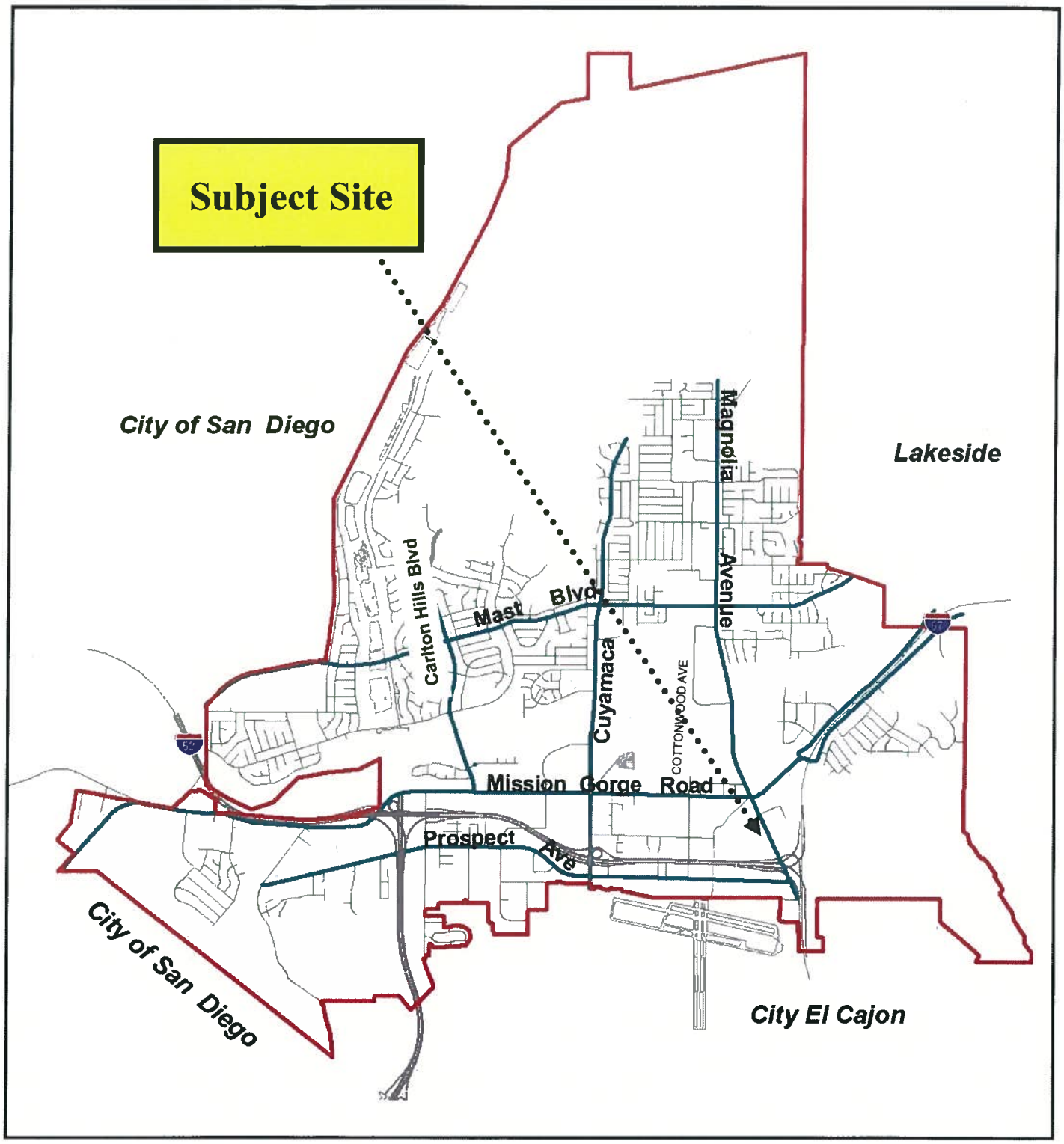
ENVIRONMENTAL REVIEW
Not applicable. The action is a request for City Council direction on fees associated with a Conditional Use Permit application.

FINANCIAL STATEMENT
Approval of this request would result in the non-collection of an estimated $13,200 in fees typically received to cover the cost of staff time for the processing of a conditional use permit application and an associated building permit. The cost of staff time would instead be paid out of the General Fund.

CITY ATTORNEY REVIEW ☐ N/A ☑ Completed

RECOMMENDATION
Consider the request and provide direction to staff

ATTACHMENT
1- Location Map
2- Aerial
3- Draft Application
4- Summary of estimated Fees



THE CITY OF SANTEE

Veterans of Foreign Wars Post 9327
Relocation to 8516 Magnolia Avenue

7

Map 1

The City of Santee
Department of Development Services

Attachment 1

Veterans of Foreign Wars
Post 9327

Relocation

8516 Magnolia Avenue, Suite 203 and 2094

Attachment 2

CONDITIONAL USE PERMIT (CUP) APPLICATION

FOR DEPARTMENT USE ONLY

Department of Development Services
10601 Magnolia Avenue, Santee, CA 92071-1222
(619) 258-4100, Extension 167

Site Location: 8516 MAGNOLIA AVE #203 / #204

Assessor Parcel Number(s): 384-261-26-00 / 384-261-27-00

1. Applicant	2. Property Owner
Name: VFW	Name: Roy A. Woodward
Address: 8516 MAGNOLIA AVE SANTEE CA 92071 203/204	Address: 8781 Cuyamaca St Santee CA 92071
Phone: 619-562-4022	Phone: (619) 448-5877
Email: VFW9327@COX.NET	Signature: (Authorizing Applicant to Submit Application)
Signature: Charles Walker	Print Name: Roy A. Woodward
Print Name: CHARLES WALKER	

3. Applicant's Representative	4. Designer / Engineer
Name: CHARLES WALKER	Name:
Address: 8516 MAGNOLIA AVE SANTEE CA 92071 203/204	Address:
Phone: 619-562-4022	Phone:
Email: VFW9327@COX.NET	Email:
Signature: Charles Walker	Signature:
Print Name: CHARLES WALKER	Print name:

6. Parcel Size (Acres): 2.20AC / 1.09AC

7. Building Size (sq. ft.): 2950 ft

8. Existing Land Use: COMMERCIAL CENTER

9. General Plan Land Use Designation: GC

10. Zone Designation: GC

11. **For Residential Projects:**

NA

A. Number of Units Proposed ↓
B. Number of Lots Proposed ↓
C. Project Density Proposed ↓

12. **DESCRIPTION OF PROPOSED USE**

Describe below, or on an attached sheet if more space is required, the proposed use, its operation, the nature and type of buildings, structures and other facilities to be used and the types of services to be provided.

APPLICANT'S STATEMENTS OF JUSTIFICATION

Findings: Before approving a Conditional Use Permit, the City Council shall make certain findings that the circumstances prescribed below do apply. **On a separate sheet of paper, explain how your project meets the below findings:**

1. That the proposed use is in accord with the General Plan, the objectives of the Development Code, and the purposes of the district in which the site is located.

2. That the proposed use, together with the conditions applicable thereto, will not be detrimental to the public health, safety, or welfare, or materially injurious to properties or improvements in the vicinity.

3. That the proposed use complies with each of the applicable provisions of the Development Code.

I, the undersigned, under penalty of perjury, claim the information contained within this application is correct to the best of my knowledge.

Signed: John Gallucci
(applicant)

Please Print Name: John Gallucci

HAZARDOUS WASTE STATEMENT
CITY OF SANTEE

Application Number:

Section 65962.5(f) of the State of California Government Code requires that prior to the City of Santee accepting a development application; the applicant shall submit a signed statement indicating whether or not the project site has been identified as a hazardous waste or cleanup site.

Check the following sites for information:

1) California Department of Toxic Substance Control (DTSC):
http://www.envirostor.dtsc.ca.gov/public/

2) State Water Resources Control Board, Groundwater Ambient Monitoring and Assessment (GAMA):
http://geotracker.waterboards.ca.gov/gama/

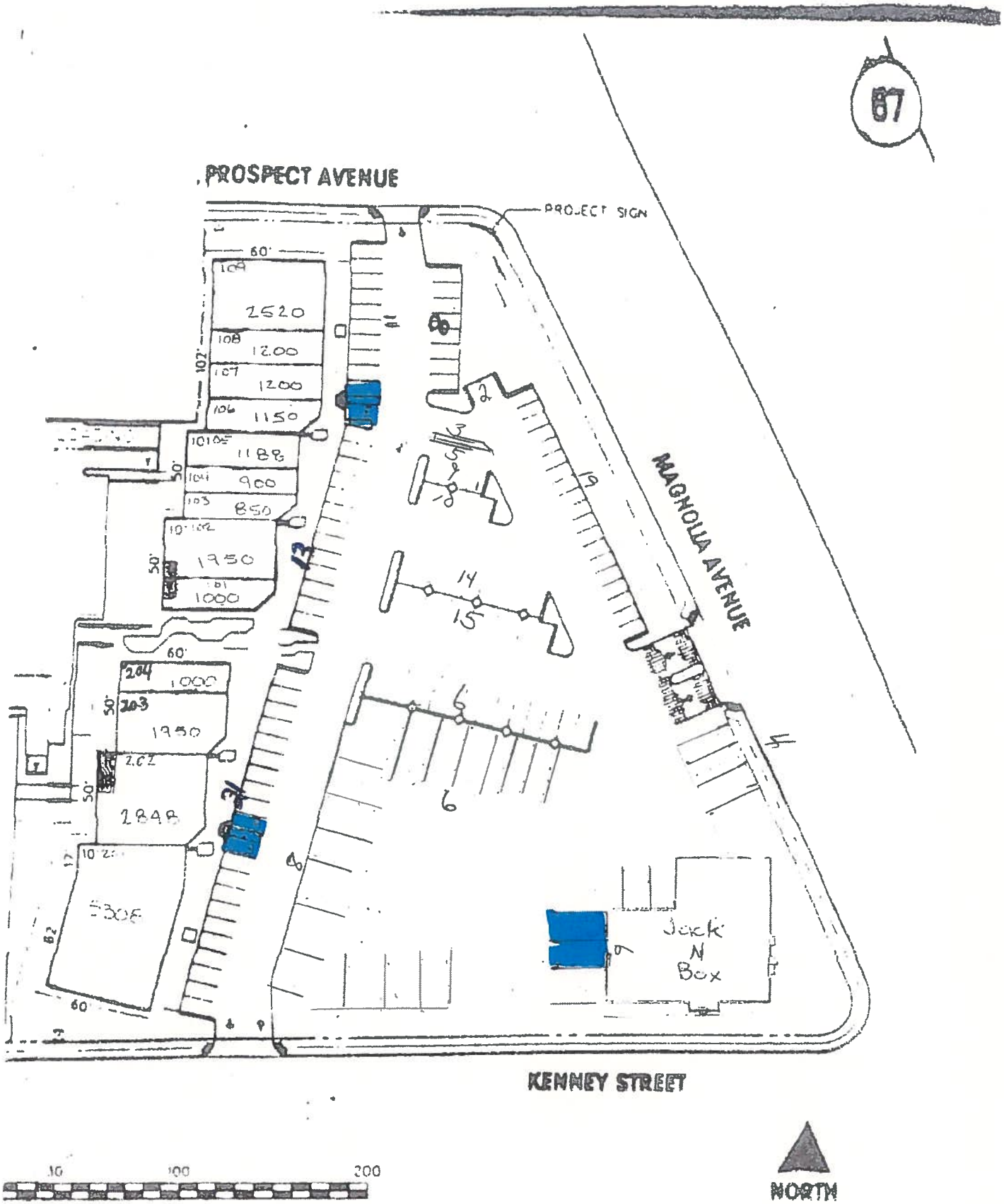
3) State Water Resources Control Board (SWRCB), Water Data Library (WDL):
http://www.water.ca.gov/waterdatalibrary/

PROJECT SITE INFORMATION	
PROJECT ADDRESS: 8516 Magnolia Ave.; #~~E~~ 203 204 Santee, CA 92071	**ASSESSOR'S PARCEL NUMBER (APN):** 384-261-26-00 384-261-27-00

IS THE PROJECT SITE AS A HAZARDOUS WASTE OR CLEAN UP SITE:

DTSC :	☐ YES	☑ NO	**CASE FILE:** _____	**DATE OF LIST:** _____
GAMA:	☐ YES	☑ NO	**CASE FILE:** _____	**DATE OF LIST:** _____
SWQCB WDL:	☐ YES	☑ NO	**CASE FILE:** _____	**DATE OF LIST:** _____

APPLICANT'S NAME/ADRESS: 8516 MAGNOLIA AVE #203,204 SANTEE, CA 92071	**PROPERTY OWNER'S NAME ADDRESS:** Roy A. Woodward 8781 Cuyamaca St. #G Santee, CA 92071
APPPLICANT'S PHONE / EMAIL: 619-562-4022 / VFW9327@CDX.NET	
APPLICANT'S SIGNATURE Charly Walk	**DATE SIGNED:** 8-11-16



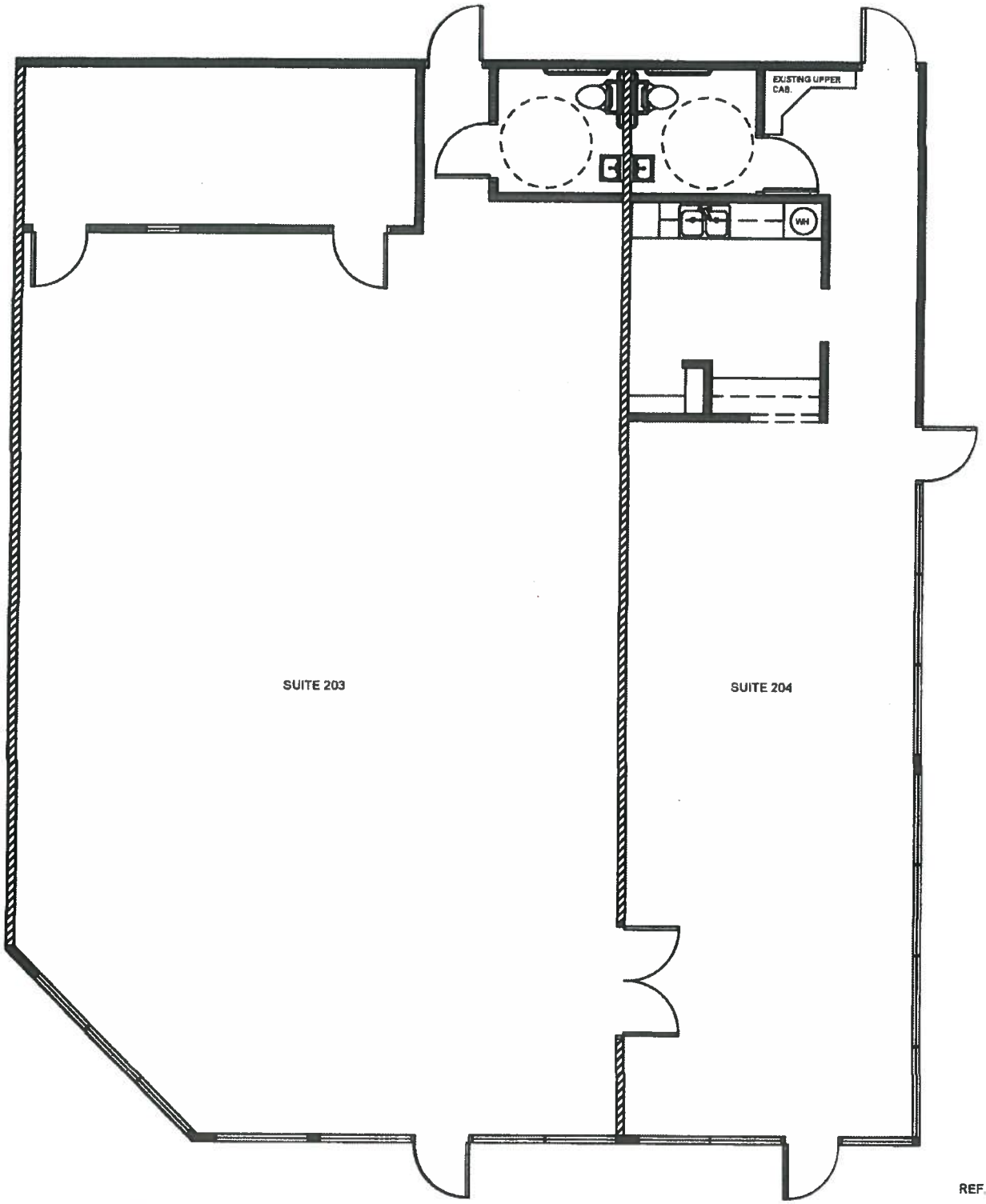
Attachment 3

VETERANS OF FOREIGN WARS

8516 NORTH MAGNOLIA AVE. STE. 203 & 204
SANTEE, CA 92071
CONDITIONAL USE PERMIT
DATE: 08/02/16

LEGEND

- EXTERIOR WALL
- INTERIOR WALL
- DEMISING WALL



REF. NORTH

AS-BUILT - SUITE 203 & 204

SCALE: 1/8" = 1'-0"

Attachment 3

Conditional Use Permit (Estimated Cost)	
CUP	
Deposit for CUP (covers staff time)	$9,500.00
CEQA Categorical Exemption	$85.00
Notice of Exemption Filing	$50.00
Public Notice Newspaper Publication	$200.00
Public Notice Mailing	$10.00
Building Permits	
Building Permits/Inspections	$3,200.00
Wall sign (Illuminated)	$275.00
TOTAL	**$13,320.00**

City of Santee
COUNCIL AGENDA STATEMENT

6A

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, AUTHORIZING THE EXTENSION OF THE PROFESSIONAL SERVICES AGREEMENT WITH DOKKEN ENGINEERING FOR "AS NEEDED" ENGINEERING SERVICES ON CAPITAL IMPROVEMENT AND LAND DEVELOPMENT PROJECTS**

DIRECTOR/DEPARTMENT Melanie Kush, Director of Development Services MK

SUMMARY

On September 25, 2013, City Council authorized the City Manager to execute a professional services agreement with Dokken Engineering to perform on call engineering services on capital improvement and land development projects. This item requests City Council adopt the attached Resolution authorizing the City Manager to execute a 2-year extension to the consultant services agreement with Dokken Engineering to provide "as needed" engineering services on capital improvement and land development projects. The current contract allows the Director of Development Services to negotiate a task order scope and fee for engineering services. These services are needed to augment City staff with the review, design development, award and construction of the unprecedented amount of work in the adopted Capital Improvement Program (CIP) Five Year Budget Fiscal Years 2015-16 through 2019-20. The services provided would include the preparation of plans, review of submittals, specification development, cost estimating, bid document preparation, inspection, testing, surveying and construction support to offset the department staffing needs and balance the work load peaks.

Dokken Engineering has provided outstanding services to the City for projects including the design of the Prospect Avenue Corridor Enhancements, San Diego River Trail, Walker Preserve and the Via De Christina Neighborhood Park. Dokken Engineering has agreed to hold current hourly rates for most services at the original 2013 contract rates.

FINANCIAL STATEMENT

Funding for the "as needed" services will be paid for out of CIP project adopted budgets or developer deposits for larger development projects for which the services are required. No general funds will be used. The extended contract shall not exceed $700,000 per fiscal year for as needed engineering services.

CITY ATTORNEY REVIEW

☐ N/A ☒ Completed

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a 2-year extension to the professional services agreement with Dokken Engineering for "as needed" engineering services on capital improvement and land development projects not to exceed $700,000 per fiscal year and authorizing the Director of Development Services to negotiate and issue task orders to complete the desired work.

ATTACHMENTS

Resolution

RESOLUTION NO. _____

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTEE, CALIFORNIA, AUTHORIZING THE EXTENSION OF THE PROFESSIONAL SERVICES AGREEMENT WITH DOKKEN ENGINEERING FOR "AS NEEDED" ENGINEERING SERVICES ON CAPITAL IMPROVEMENT AND LAND DEVELOPMENT PROJECTS

WHEREAS, on September 25, 2013, the City Council authorized the City Manager to execute a professional services agreement with Dokken Engineering for "as needed" engineering services on Capital Improvement Program and land development projects ("Agreement"); and

WHEREAS, services are needed to augment City staff with the review, design development, award, inspection and construction of Capital Improvement Program (CIP), and land development projects; and

WHEREAS, the Agreement will terminate on October 24, 2016; and

WHEREAS, Section 8 of the Agreement allows the term of the Agreement to be extended by mutual consent of the parties; and

WHEREAS, Dokken Engineering has provided outstanding services to the City for various CIP and land development projects; and

WHEREAS, a 2-year extension to the Agreement will maintain current project schedules for ongoing CIP, and land development projects; and

WHEREAS, staff recommends City Council authorize the City Manager to execute a 2-year extension to the Agreement; and

WHEREAS, funding for the services will continue to be paid as provided in the CIP project adopted budgets or developer deposits for larger development projects for which the services are required.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Santee, California, as follows:

SECTION 1: The City Manager is authorized to execute a 2-year extension to the professional services agreement with Dokken Engineering for "as needed" engineering services on Capital Improvement Program and land development projects.

SECTION 2: The Director of Development Services is authorized to negotiate and issue task orders to complete the desired work.

SECTION 3: The extended agreement shall not exceed $700,000 per fiscal year for "as needed" services.

RESOLUTION NO. _____

ADOPTED by the City Council of the City of Santee, California, at a Regular meeting thereof held this 14th day of September 2016, by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

APPROVED:

_____
RANDY VOEPEL, MAYOR

ATTEST:

_____
PATSY BELL, CMC, CITY CLERK

City of Santee
COUNCIL AGENDA STATEMENT

6B

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE: **STATE ROUTE 52 CORRIDOR STUDY**

DIRECTOR/DEPARTMENT Melanie Kush, Development Services MK

SUMMARY

This item provides City Council with the State Route 52 Corridor Study. On June 3, 2015 City Council authorized the Professional Services Agreement with Parsons Brinckerhoff, Inc. to conduct a corridor study for State Route 52 (SR-52). The City of Santee with financial support from HomeFed Corporation, initiated the study because worsening congestion on SR-52 is adversely affecting our local streets. Since the primary purpose of SR-52 is to provide mobility to and from East County, a regional perspective is essential in identifying systematic ways to improve travel conditions. Therefore the "Study Corridor" is that portion of SR-52 from I-805 to SR-67, and includes segments of I-805 and I-15 where "managed lanes" connectors are planned. Staff has worked with the consultant and completed the study.

The cost of constructing the ultimate improvements to the corridor that are identified in SANDAG's Regional Transportation Plan is estimated at $763 million. Therefore the Study focused on lower-cost solutions of corridor transportation improvements that can be implemented relatively quickly, and assessed their viability. Three alternatives were studied and analyzed. It also studied a tolling option for the feasibility of funding the ultimate improvement as proposed in SANDAG's Regional Transportation Plan. The City will seek funding opportunities and work with SANDAG and Caltrans to implement one or more of the alternatives as funding becomes available to help improve the commute for east county residents and promote economic growth in East County.

Additional background information is provided in the attached staff report and State Route 52 Corridor Study.

ENVIRONMENTAL REVIEW

Not applicable

FINANCIAL STATEMENT

Not applicable

CITY ATTORNEY REVIEW

☐ N/A ☒ Completed

RECOMMENDATION

Receive and accept the State Route 52 Corridor Study.

ATTACHMENT

Staff Report
SR-52 Corridor Study
Exhibit A, B, C, D
Acronym Sheet

STAFF REPORT
FINAL STATE ROUTE 52 CORRIDOR STUDY REPORT
CITY COUNCIL MEETING
SEPTEMBER 14, 2016

Introduction

On June 3, 2015 City Council authorized the Professional Services Agreement with Parsons Brinckerhoff, Inc. to conduct a corridor study for State Route 52 (SR-52). Staff worked with the consultant to complete the study. The final report prepared by Parsons Brinckerhoff, Inc. is attached for review.

Since State Route 52 (SR-52) was connected through Santee in 2011, traffic volumes on SR-52 have increased by up to 24%. As a result SR-52 experiences congestion during both a.m. and p.m. peak hours. The congestion on SR-52 impacts city streets such as Mast Boulevard and Mission Gorge Road. Improvements for SR-52 are included in SANDAG's Regional Transportation Plan and phased after 2035. However future development in the region will likely worsen the congestion on SR-52 before 2035. The City recognized that something needs to be done to alleviate congestion on SR-52 prior to the scheduled improvements in SANDAG's Regional Transportation Plan.

The SR-52 Corridor Study assesses the viability of a range of near and mid-term (5-15 year) corridor transportation improvements, including feasible freeway improvements, identification of opportunities to enhance transit facilities and services, and improvement for the overall efficiencies of travel through the corridor. The focus is on solutions of lower cost that could be implemented relatively quickly to reduce freeway congestion and travel time, and alleviate impacts to city streets. It also identifies funding strategies that would implement proposed improvements and/or advance programmed improvements.

Goal

The goal of the project is to develop alternatives that are relatively inexpensive and can be implemented in the near term, i.e. in the next 5 to 15 years. The Study will provide opportunities for the City and the Region to work with SANDAG and Caltrans to implement one or more of the alternatives as funding becomes available to help improve the commute for east county residents and promote economic growth in East County.

Project Alternatives

Four alternatives were developed and analyzed as follows:

Alternative #1: Operations improvements (Exhibit A)
This alternative was developed for and has been included in the SANDAG's Quality of Life Funding Initiative and includes:

- Add one travel lane each direction from Mast Boulevard to SR-125
- Add one westbound truck climbing lane from Mast Boulevard to crest of hill
- Add one eastbound auxiliary lane from Spring Canyon bridge to Mast Boulevard
- Add one westbound auxiliary lane from Convoy Street to I-805
- Add one northbound auxiliary lane on I-805 from SR-52 to north of Governor Drive.
  Cost: $149 million.

Alternative #2: The Ultimate improvements (Exhibit B)
These are improvements as in SANDAG's Regional Transportation Plan which is not a short term solution. It was studied to see if revenue from the managed lane users is sufficient to bond against to advance the construction. It includes:

- Add two lanes from Mast Boulevard to SR-125
- Add two reversible managed lanes from SR-125 to I-805.
- Add auxiliary lanes and freeway connectors
  Cost: $763 million.

Alternative #3: Minimal improvement (Exhibit C)
This is the least costly project which will add one westbound truck climbing lane from Mast Boulevard to crest of hill.

- Cost: $34 million with bridge widening, $30 million without bridge widening.

Alternative #4: Shoulder running (Exhibit D)
This alternative was studied for its potential significant improvement at low cost by utilizing existing shoulders as travel lanes during peak hours. However implementation would require Caltrans Headquarter's approval since such operation is not currently allowed by Caltrans.

- Cost: $69 million.

Alternative Evaluations

All the alternatives were evaluated using ten evaluation metrics as follows:

- Consistency with the Regional Transportation Plan
- Near Term Implementation
- Environmental Impacts
- Capital Costs
- Vehicle Miles Traveled
- Person Throughput (number of people going through the corridor daily)

- Reliability
- Mode Share (share of commuters using other modes of transportation)
- Improvements to Transit and HOV (high occupancy vehicle) Mobility
- Congestion Relief

The focus was to identify alternatives that improve operation and provide congestion relief. The results showed that all alternatives provide congestion relief and improve travel time on SR-52 and Mast Boulevard in both the a.m. and p.m. peak hours compared to No Project. Therefore the implementation of any of the alternatives would benefit the City and East County.

Funding Strategies

SANDAG Quality of Life Funding Strategy:
This ballot measure would provide the funding for much of the ultimate improvements as in SANDAG's Regional Transportation Plan.

Grants:
There are Federal and State grants that can potentially be used to fund such improvements.

Developer Contributions:
Developer contributions could provide a portion of the cost. Caltrans is willing to work with local agencies who can contribute to a portion of the cost of freeway improvements. An example is the SR-78 widening near Nordahl Road which was completed through a partnership between SANDAG, Caltrans, and the City of San Marcos which provided partial funding through developer contributions. Developers such as HomeFed (Fanita Ranch) are interested in working with the City to help address congestion on SR-52 and HomeFed has contributed to pay for this study.

Tolling:
A tolling analysis was conducted to see the potential revenue that could be generated from user fees as the I-15 Managed Lanes to fund the ultimate improvements. The analysis showed that the potential revenue generated is not sufficient to construct the ultimate improvements. However it could potentially advance the project to start sooner than anticipated in SANDAG's Reginal Transportation Plan.

Next Steps

Staff will work with SANDAG and Caltrans as funding becomes available to select an appropriate project alternative and start the process for a Project Study Report. Since the Corridor Study has identified all viable alternatives and cost estimates for each, the Project Study Report would incorporate the information and expedite an important phase in the implementation of improvements. Caltrans and involved

regional and local agencies would achieve consensus more quickly on the purpose and need, scope, and schedule of the project. After the Project Study Report is completed Caltrans would be able to start the design process for a proposed project.

August 2016

State Route 52 Corridor Study

prepared by

WSP | PARSONS BRINCKERHOFF

prepared for

City of Santee

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State Route 52 Corridor Study
August 24, 2016

Prepared for:
City of Santee

Prepared by:
WSP | Parsons Brinckerhoff

State Route 52 Corridor Study Acknowledgements

State Route (SR) 52 Corridor Study Technical Working Group (TWG)

California Department of Transportation (Caltrans) District 11

City of El Cajon

City of La Mesa

City of San Diego

City of Santee

HomeFed Corporation

San Diego Association of Governments (SANDAG)

San Diego Metropolitan Transit System (MTS)

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Table of Contents

EXECUTIVE SUMMARY ES-1

TECHNICAL WORKING GROUP TWG-1

1.0 INTRODUCTION 1-1
1.1 Purpose 1-1
1.2 Background 1-1
1.2.1 Existing and Future Traffic Volumes 1-1
1.2.2 Existing Land Use 1-2
1.2.3 Planned Projects 1-4
1.3 Problem Statement 1-4

2.0 ALTERNATIVES DEVELOPMENT 2-1
2.1 Study Corridor 2-1
2.2 Multi-Modal Improvements 2-1
2.2.1 Roadway Improvements 2-1
2.2.2 Transit Improvements 2-1
2.2.3 Active Transportation Improvements 2-3
2.2.4 Transportation Demand Management Improvements 2-3
2.2.5 Future Considerations 2-4
2.3 Alternatives 2-5
2.3.1 No-Build Alternative 2-5
2.3.2 Build Alternatives 2-6
2.3.2.1 Build Alternative 1 (Operational) 2-7
2.3.2.2 Build Alternative 2 (Ultimate) 2-7
2.3.2.3 Build Alternative 3 (Minimal) 2-8
2.3.2.4 Build Alternative 4 (Shoulder Running) 2-8

3.0 TECHNICAL STUDIES 3-1
3.1 Traffic Analysis 3-1
3.1.1 Traffic Volume Development 3-1
3.1.1.1 Existing Traffic Volumes 3-1
3.1.1.2 Future Volumes (Traffic Forecasting) 3-1
3.1.2 Traffic Analysis Methodology 3-2
3.1.2.1 Intersection Analysis 3-2
3.1.2.2 Roadway Analysis 3-3
3.1.2.3 Freeway Operations Analyses (Using Microsimulation) 3-3
3.1.3 Existing Conditions 3-7
3.1.3.1 Freeway 3-7
3.1.3.2 Intersections 3-8
3.1.3.3 Roadways 3-9
3.2 Engineering Feasibility 3-11
3.2.1 Basis for the Analysis/Methodology 3-11
3.2.2 Alternatives 3-11
3.3 Planning Level Cost Estimates 3-15
3.4 Environmental Constraints 3-23
3.4.1 Anticipated Environmental Approvals 3-23

3.4.2 Environmental Technical Studies 3-23
3.4.2.1 Biology 3-23
3.4.2.2 Section 4(f) Evaluation 3-24
3.4.2.3 Cultural Resources 3-24
3.4.2.4 Hazardous Waste 3-24
3.4.2.5 Visual Resources 3-25
3.4.2.6 Water Quality 3-26
3.4.2.7 Noise 3-26
3.4.2.8 Air Quality 3-27
3.4.3 Anticipated Permits 3-28

4.0 ALTERNATIVES EVALUATION 4-1
4.1 Methodology 4-1
4.2 Screening Analysis 4-4
4.2.1 Consistency with the Regional Plan 4-4
4.2.2 Near Term Implementation 4-5
4.2.3 Environmental Impacts 4-5
4.2.4 Capital Costs 4-6
4.2.5 Vehicle Miles Traveled 4-8
4.2.6 Person Throughput 4-10
4.2.7 Reliability 4-11
4.2.8 Mode Share 4-12
4.2.9 Improvements to Transit and HOV Mobility 4-15
4.2.10 Congestion Relief 4-16
4.3 Summary of Results 4-24

5.0 PUBLIC OUTREACH 5-1
5.1 Summary of Efforts 5-1
5.1.1 Webpage 5-1
5.1.2 Email and Social Media 5-1
5.1.3 Public Workshops 5-2
5.2 Summary of Comments 5-3

6.0 FUNDING STRATEGIES 6-1
6.1 Tolling Analysis 6-1
6.1.1 Methodology 6-2
6.1.1.1 Traffic Forecasts 6-2
6.1.1.2 Toll Fees 6-2
6.1.1.3 Toll Revenue Calculations 6-3
6.1.1.4 Toll Revenue Adjustments 6-3
6.1.2 Estimated Adjusted Net Toll Revenue 6-4
6.1.3 Bonding Capacity Estimate 6-6
6.2 Potential Funding Sources 6-10
6.2.1 Local Revenues 6-10
6.2.2 State Revenues 6-11
6.2.3 Federal Revenues 6-11

7.0 NEXT STEPS 7-1
7.1 Caltrans Project Development Process 7-1

7.2 Project Delivery Methods 7-2
7.3 Project Phasing Strategies 7-5
7.3.1 Phasing by Segment 7-5
7.3.2 Phasing by Improvement 7-5
7.3.3 Hybrid Approach to Phasing 7-6

8.0 CONCLUSION 8-1

List of Figures

Figure 1-1. Communities along SR 52 1-3
Figure 2-1. Study Corridor 2-2
Figure 2-2. Build Alternative 1 (Operational) 2-9
Figure 2-3. Build Alternative 2 (Ultimate) 2-10
Figure 2-4. Build Alternative 3 (Minimal) 2-11
Figure 2-5. Build Alternative 4 (Shoulder Running) 2-12
Figure 3-1. Aimsun Study Area Intersections 3-3
Figure 3-2. Simulation Modeling Process 3-4
Figure 3-3. Microsimulation Study Area Network 3-5
Figure 4-1. Capital Costs 4-7
Figure 4-2. Regional VMT, 2035 No Build 4-8
Figure 4-3. Project VMT, 2035 4-9
Figure 4-4. Person Throughput, 2035 4-10
Figure 4-5. Regional Trips by Mode, 2035 4-13
Figure 4-6. Mode Shifts, Compared to No-Build Alternative 4-14
Figure 4-7. Freeway under Capacity, 2035 4-17
Figure 4-8. Daily Hours of Congested Conditions, 2035 4-20
Figure 4-9. Daily Minutes of Congested Conditions, 2035 4-20
Figure 5-1. Daily Webpage Comment Tool 5-1
Figure 5-2. Public Workshops 5-3
Figure 5-3. Number of Comments by Topic 5-4
Figure 5-4. Percent of Comments by Topic 5-4
Figure 6-1. Estimated Toll Revenue: Managed Lanes (2016$) 6-5
Figure 6-2. Estimated Toll Revenue: Toll Road (2016$) 6-5
Figure 6-3. Estimated Toll Revenue: Managed Lane I-805 to I-15 Segment (2016$) 6-7
Figure 6-4. Estimated Toll Revenue: Managed Lane I-15 to SR 125 Segment (2016$) 6-8
Figure 6-5. Estimated Toll Revenue: Toll Road I-805 to I-15 Segment (2016$) 6-8
Figure 6-6. Estimated Toll Revenue: Toll Road I-15 to SR 125 Segment (2016$) 6-9
Figure 7-1. Caltrans Project Development Process 7-1

List of Tables

Table 1-1. Traffic along SR 52 1-2
Table 2-1. Multi-modal Improvements/Alternatives for State Route 52 2-6
Table 3-1. Existing Freeway Conditions: AM Peak Average Travel Times 3-8
Table 3-2. Existing Freeway Conditions: PM Peak Average Travel Times 3-8
Table 3-3. Existing Intersection Conditions 3-8
Table 3-4. Existing Roadway Conditions 3-9
Table 3-5. Planning Level Capital Cost Estimate (2016$) for Build Alternative 1 3-17
Table 3-6. Planning Level Capital Cost Estimate (2016$) for Build Alternative 1 with Re-Stripe and Hanging Bike Bridge Option 3-18
Table 3-7. Planning Level Capital Cost Estimate (2016$) for Build Alternative 2 3-19
Table 3-8. Planning Level Capital Cost Estimate (2016$) for Build Alternative 3 3-20
Table 3-9. Planning Level Capital Cost Estimate (2016$) for Build Alternative 3 with Hanging Bike Bridge Option 3-21
Table 3-10. Planning Level Capital Cost Estimate (2016$) for Build Alternative 4 3-22
Table 3-11. Planning Level Capital Cost Estimate (2016$) for MM Improvements 3-22
Table 4-1. AM Peak Travel Time: WB SR 52, WB Mast Blvd, and NB I-805..... 4-18
Table 4-2. PM Peak Travel Time: EB SR 52 4-19
Table 4-3. Person-Hours of Delay Saved 4-21
Table 4-4. Summary of Arterial Roadway V/C Ratios, 2035 4-22
Table 4-5. Summary of Arterial Roadway V/C Ratios, 2035 4-23
Table 4-6. Screening Results: Build Alternatives Compared to No-Build Alternative 4-24
Table 6-1. SR 52 Ultimate Project Funding Required 6-1
Table 6-2. Toll Operations & Maintenance Costs (2016$) 6-4
Table 6-3. Estimated Toll Revenue, 2025 to 2050 (2016$)..... 6-6
Table 6-4. Estimated Total Toll Revenue Range, 2025 to 2050 (2016$) 6-6

Appendices

Appendix A: Traffic Analysis (Aimsun Anaylsis Results, Synchro Analysis Results, Existing Travel Time, Peak Hour Volume Adjustments Related to West Hills High School)

Appendix B: SR52 Mini-PEAR

Appendix C: SR52 Toll Revenue Calculations (Toll Revenue, Bonding Calculations)

Appendix D: San Diego Forward: the Regional Plan Appendix A Excerpt

Appendix E: SR52 Public Outreach

Appendix F: SR52 Existing Peak Hour Intersection Counts (Existing Counts)

Appendix G: SR52 Caltrans Review Comment Letter

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EXECUTIVE SUMMARY

The SR 52 Corridor Study identifies and evaluates short-term (5 to 15 years) and low-cost improvements for SR 52, between Interstate (I-) 805 and SR 67, that would improve safety, efficiency, reliability, and accessibility, while reducing congestion and providing flexibility. The City of Santee initiated the study, as existing traffic conditions on SR 52 directly affect the city, with input and support provided by the TWG—comprised of the Cities of El Cajon, La Mesa, Santee, and San Diego, Caltrans, HomeFed Corporation (Fanita Ranch), SANDAG, and MTS.

SR 52 is an east-west freeway located in San Diego County that traverses various City of San Diego communities and the City of Santee, connecting East County to employment centers in west and north San Diego County, similar to I-8. It also connects to I-5, I-805, SR 163, I-15, and SR 67. The current SANDAG regional transportation plan, *San Diego Forward: The Regional Plan* (the Regional Plan) (SANDAG, 2015), includes improvements on SR 52, specifically the addition of two managed lanes (MLs) and freeway-to-freeway ML connectors by the year 2050. This study is an attempt to find interim solutions before the implementation of improvements by Caltrans and SANDAG.

The study developed multi-modal (MM) improvement alternatives, including roadway, transit, active transportation (AT), and transportation demand management (TDM). The study developed and evaluated four build alternatives, which included a mix of general purpose (GP) lanes, auxiliary (AUX) lanes, and truck climbing (TC) lanes, as well as the ML improvements listed in the Regional Plan. The study provided a traffic analysis, assessed engineering feasibility, and examined potential environmental constraints for the build alternatives. A preliminary capital cost estimate was developed for the four build alternatives, shown in the table below. The study also identified potential anticipated environmental approvals, technical studies, and permits for the project.

Planning Level Capital Cost Estimate (2016$)

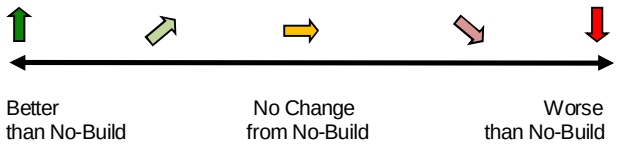
Build Alternatives***	Description	Capital Cost 2016$ (Millions)
Build Alternative 1	Construct AUX lanes (three areas), a TC lane, and GP lanes	$149/$47
Build Alternative 2*	Construct AUX lanes (three areas), a TC lane, GP lanes, MLs, and freeway-to-freeway ML connectors	$763**
Build Alternative 3	Construct a TC lane (two options-with hanging bike lane/bridge widening)	$30/$34 (two options)
Build Alternative 4	Construct a TC lane and shoulder running lanes	$69

* This alternative was included to assess the use of tolling to advance the ML improvements in the Regional Plan.
** Partial funding (for the ML improvements) has been identified in the Regional Plan.
*** Excludes the $20 million (2016$) for non-roadway MM improvements.

Screening criteria were developed based on the purpose of and issues identified for the study corridor, and in consideration of criteria developed by SANDAG to support the visions and goals of the Regional Plan. Screening criteria included: Consistency with the Regional Plan, Near Term Implementation, Environmental Impacts, Capital Costs, Vehicle Miles Traveled, Person Throughput, Reliability, Mode Share, Improvements to Transit and High-Occupancy Vehicle (HOV) Mobility, and Congestion Relief. The build alternatives were evaluated against the No-Build Alternative using the screening criteria.

Screening Results: Build Alternatives Compared to No-Build Alternative

	Criterion	Build Alternative 1	Build Alternative 2	Build Alternative 3	Build Alternative 4
1	Consistency with the Regional Plan	↑	↑	↑	↑
2	Near Term Implementation	↑	↗	↑	↗
3	Environmental Impacts	↓	↓	↘	↘
4	Capital Costs	↘	↓	↘	↘
5	VMT	↘	↘	→	↘
6	Person Throughput	↗	↑	→	↗
7	Reliability	↗	↑	↗	↗
8	Mode Share	↗	↑	→	↗
9	Improvements to Transit and HOV Mobility	↗	↑	↗	↗
10	Congestion Relief	↑	↑	↗	↑



The study provided a tolling analysis to assess toll revenue that could be generated through the implementation of MLs or a toll only option for the two added travel lanes. Based on the analysis, the ML option could generate revenues of up to $187 million and the toll only option could generate up to $254 million. These amounts would be bonded against and based on typical bond rates and terms this could result in $132 million and $179 million respectively. They could be part of a capital funding strategy to advance implementation of Build Alternative 2 prior to 2050.

As part of the study, public outreach was conducted to provide and gather information about the corridor and the alternatives. This included two open house style public

meetings, a presentation, and a public comment period that included an online comment tool. A range of comments were received, most concerning freeway capacity.

The study is an initial step in implementing the SR 52 Corridor Project and demonstrates that any of the improvements/alternatives would improve existing and future conditions prior to 2050. The study was conducted with the understanding that implementation of the improvements depends upon available funding. For the next study or project report, the build alternatives for the SR 52 Corridor Project could be broadened or narrowed, by revising, repackaging, or phasing the MM improvements.

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TECHNICAL WORKING GROUP

For the SR 52 Corridor Study, a TWG was formed. The TWG met monthly to discuss, guide, and ultimately provide support for the study. The steps and milestones of the study were reviewed and commented on by the TWG. The TWG played a key role in the development of the proposed improvements.

The key stakeholders of the TWG included:

City of Santee
City of El Cajon
City of La Mesa
City of San Diego
Caltrans
HomeFed Corporation
SANDAG
MTS

The effort and contributions of the TWG are greatly appreciated and hereby acknowledged.

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1.0 INTRODUCTION

This chapter presents the purpose of the study and provides background on SR 52.

1.1 Purpose

The purpose of this study is to identify short-term and low-cost improvements for SR 52, to improve safety, efficiency, reliability, and accessibility, while reducing congestion and providing flexibility.

The City of Santee initiated the study, as existing traffic conditions on SR 52 directly affect the city, with input and support provided by the TWG — comprised of the Cities of El Cajon, La Mesa, Santee, and San Diego, Caltrans, HomeFed Corporation, SANDAG, and MTS. However, these traffic impacts affect more than the City of Santee; therefore, a comprehensive study is needed to identify feasible solutions for SR 52.

Additionally, the City of Santee recognizes opportunities to enhance the city by developing undeveloped parcels and redeveloping underutilized parcels. To attract investment in the city, enhance property values, and improve the overall quality of life, the traffic problem on SR 52 must be relieved. Moreover, SANDAG's growth forecasts show substantial growth in East County, with increasing traffic demand for the SR 52 Corridor. To this end, HomeFed is partnering with the City of Santee and others to identify and fund potential improvements for the public good.

1.2 Background

SR 52, an east-west freeway, is located in the Mid-City and East County areas of San Diego County, traversing the City of San Diego in the west and the City of Santee in the east. SR 52 connects to the following north-south freeways: I-5, I-805, SR 163, I-15, SR 125, and SR 67.

SR 52 is approximately 17 miles in length, and generally is comprised of four to six general purpose lanes, with AUX lanes at certain locations to facilitate traffic entering and exiting the freeway. Between Mast Boulevard and Santo Road, the westbound SR 52 shoulder includes a two-way bike path.

The primary purpose of SR 52 is to provide mobility to/from East County. I-8, which is located south of SR 52, serves East County and is heavily traveled as well.

1.2.1 Existing and Future Traffic Volumes

SR 52 currently operates at Level of Service (LOS) C to E, with heavy congestion between I-15 and Mast Boulevard during the PM eastbound commute, and between Cuyamaca Street and the summit during the AM westbound commute. If additional improvements are not made, the condition is forecast to worsen to LOS F in the future.

Under existing conditions, SR 52 experiences a directional split during the AM and PM peak hours (i.e., 7:00 to 9:00 a.m. and 4:00 to 6:00 p.m.). The directional split in the AM peak is generally consistent throughout the corridor, with between 65 and 74% of the

total traffic moving in the westbound direction. The directional split in the PM peak is more evident in the central and eastern portions of the corridor, with 68% of all traffic heading eastbound between I-15 and SR-67. The PM directional split is less distinct on the western end of the corridor, where between 41 and 51% of all traffic is in the eastbound direction between I-805 and I-15.

The bottlenecks for eastbound are: west of I-15 (1.4-mile queue), Santo Road (1.6-mile queue), and Mast Boulevard (2-mile queue). A westbound SR 52 bottleneck exists east of Mast Boulevard, where five lanes merge to 2 lanes with a 2.5 mile queue in the AM.

Existing (2010) and forecast (2040) traffic along SR 52 is shown in Table 1-1. As shown in the table, future growth forecasts show an increase in traffic along SR 52 by 74% between Mast Boulevard and SR125 and by 30% between I-5 and I-805. Additionally, since 2010, traffic between I-805 and I-15 as well as between Mast Boulevard and I-15 has increased by 10 and 24%, respectively.

Table 1-1. Traffic Volumes along SR 52

	I-5 to I-805	I-805 to I-15	I-15 to Mast Blvd	Mast Blvd to SR 125	SR 125 to SR 67
AADT					
2010: Total	92,500	114,100	96,500	85,300	72,600
2040: GP Lanes	120,600	167,900	123,300	118,400	126,300
2040: MLs	N/A	13,500	19,000	13,900	N/A
2040: Total	120,600	181,500	142,200	132,200	126,300
AADTT					
2010: Total	3,000	3,800	3,000	2,200	1,900
2040: Total	4,000	6,000	4,400	3,400	3,300

Source: *State Route 52 Transportation Concept Report* (Caltrans, 2015)
Note: AADT = annual average daily traffic, AADTT = annual average daily truck traffic

1.2.2 Existing Land Use

SR 52 traverses diverse communities (i.e., various City of San Diego communities and the City of Santee), shown in **Figure 1-1**, which contain various land uses. These land uses are significant, as they determine travel patterns.

SR 52 begins just west of I-5, south of the University City community and north of the Clairemont Mesa community, in San Clemente Canyon. The University City community, also known as the Golden Triangle, is a dense population and employment center that

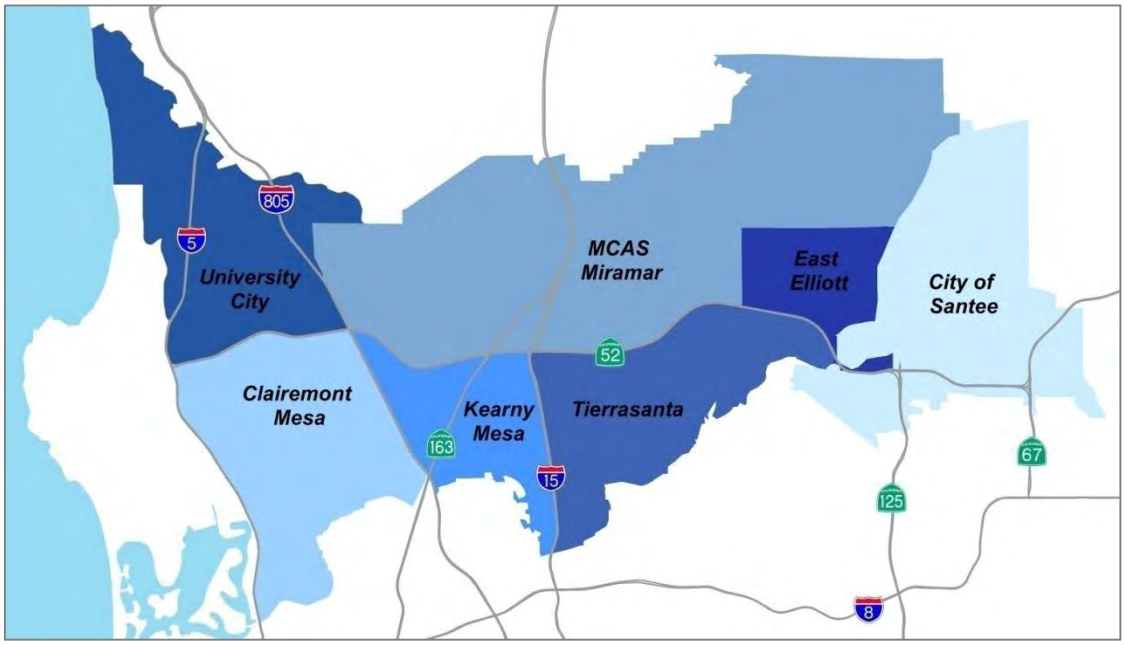
includes the University of California San Diego, regional shopping centers, regional hospitals, research centers, and corporate headquarters. In the Clairemont Mesa community, the predominant land use is residential and commercial.

At I-805, SR 52 exits San Clemente Canyon and travels past both SR 163 and I-15, along the southern edge of Marine Corps Air Station (MCAS) Miramar and north of the Kearny Mesa and Tierrasanta communities. MCAS Miramar is an approximate 23,000-acre military base and airfield where people work and live. The Kearny Mesa community functions as an industrially based employment center, with office and industrial uses, but also includes Montgomery Field (an airfield) and limited residential uses. The Tierrasanta community is comprised of residential uses and Mission Trails Regional Park (an open space park that covers approximately one-half of the community), with some commercial and light industrial uses.

East of I-15, SR 52 ascends the Mission Trails Summit (1,194 feet) north of the summit of Fortuna Mountain in Mission Trails Regional Park, and then descends past the East Elliott community towards the City of Santee. The East Elliott community, which includes the SR 52 crossing of the San Diego River, mostly is designated for long-term open space use. The City of Santee features residential and commercial uses, is bi-sected by the San Diego River, and contains a large percentage of undeveloped land.

Additionally, SR 52 serves two landfills. The Miramar Landfill is located north of SR 52 between I-805 and SR 163. The Sycamore Landfill is located north of SR 52 at Mast Boulevard.

Figure 1-1. Communities along SR 52



1.2.3 Planned Projects

The Regional Plan, adopted by the SANDAG Board on October 9, 2015, lists the capital projects and improvements planned for the San Diego region for the next 35 years. The Regional Plan includes the following improvements (i.e., Phased Revenue Constrained Projects):

- Addition of two MLs on SR 52 from I-805 to I-15
- Addition of two reversible MLs on SR 52 from I-15 to SR 125
- Addition of two GP lanes on SR 52 from Mast Boulevard to SR 125
- Addition of ML connectors at I-15/SR 52 (west to north and south to east)
- Addition of ML connectors at I-805/SR 52 (west to north and south to east)

These improvements would ease forecast traffic conditions. Between SR 163 and I-15, eastbound SR 52 would greatly benefit from the MLs, which could alleviate merging bottleneck traffic at Santo Road and Mast Boulevard. Additionally, future transit service (i.e., bus rapid transit [BRT]) on SR 52 is planned for 2050, using the MLs.

1.3 Problem Statement

Based on existing and future conditions, the following problem statement has been developed.

- SR 52 is a major east-west freeway serving the City of San Diego and cities and communities in East County.
- Current levels of congestion, particularly during the AM and PM peak periods, have affected the reliability of service on this freeway, with implications for automobile, bus, and freight trips.
- Congestion on SR 52 has a ripple effect on surrounding roadways, including I-805, SR 125, and local arterials, degrading conditions and adding to overall congestion in the region.
- These conditions are expected to worsen in the future as population and employment grow and the reliability of SR 52 will continue to deteriorate unless improvements are implemented.
- Most improvements for SR 52 are not planned until 2050; however, short-term improvements are needed to address current and continually worsening congestion issues.

2.0 ALTERNATIVES DEVELOPMENT

This chapter describes the alternatives developed for this study. The alternatives include a variety of multi-modal (MM) improvements, which cover a range of transportation modes, facilities, technologies, and programs.

2.1 Study Corridor

The "study corridor" is defined as SR 52 from I-805 to SR 67, but also includes segments of I-805 and I-15 (i.e., where ML connectors are planned), as shown in **Figure 2-1**.

2.2 Multi-Modal Improvements

The MM improvements include the following: roadway, transit, AT, and TDM improvements. Some of these MM improvements extend beyond the study corridor and into the City of Santee, providing greater land use-transportation connectivity. For example, while roadway improvements would expand capacity, TDM improvements, like new park-and-ride lots, could alter commuter travel patterns (e.g., shift "drive alone" modes to "carpool" modes).

Collectively, MM improvements provide the greatest improvements for SR 52. The MM improvements are discussed in detail below.

2.2.1 Roadway Improvements

Roadway improvements are limited to freeways. For additional details, see Section 2.3.2.

2.2.2 Transit Improvements

Transit improvements are intended to improve transit efficiency and access.

Bus-on-Shoulder Transit Operations

On SR 52, from I-805 to Mission Gorge Road, bus-on-shoulder transit operations could be implemented during AM and PM peak periods. This would allow transit buses to use the shoulder when speeds in the main lanes drop to a certain level (e.g., 35 miles per hour). To accomplish this, the shoulders would be improved, where required, and signage indicating the legal use of the shoulder by transit buses only would be installed.

Use of the shoulder as a low-speed bypass of congested freeways offers a low-cost, safe, innovative, and easily implementable strategy for improved transit service. SANDAG implemented the Freeway Transit Lane Demonstration Project in 2005, a 1-year pilot project featuring bus-on-shoulder transit operations along I-805 and SR 52, and plans to implement another bus-on-shoulder transit project along I-805 in the near future. The Freeway Transit Lane Demonstration Project received high marks for efficiency, safety, and innovation; helped buses maintain on-time performance during rush hours; and provided commuters with a viable travel option (up to 70% of riders estimated travel time savings of 5 minutes or more).

Figure 2-1. Study Corridor

Transit Signal Priority

On Mission Gorge Road, from Cuyamaca Street to the eastbound SR 52 off-ramp, transit signal priority (TSP) could be implemented at eight signalized intersections, reducing the dwell time for transit buses at these intersections.

Current Bus Service

Currently, Route 870 provides bus service between the El Cajon Transit Center, Santee Trolley Square, and Kearny Mesa in a peak hour, bi-directional loop, using SR 52 between the City of Santee and Kearny Mesa. In conjunction with bus-on-shoulder transit operations and the completion of the I-805 MLs North Project, this route could be modified to include stops in University City (i.e., at University Town Center), a major employment center. Coordination with MTS would be required.

Future Rapid BRT Service

The Regional Plan includes Rapid Route 890, which would provide rapid BRT service from El Cajon to Sorrento Mesa via SR 52. With the implementation of MLs on SR 52 prior to 2050, this route could commence operation prior to 2050 as well. Coordination with SANDAG and MTS would be required.

Improved Access to Transit ("First-/Last-Mile" Connections)

Currently, Santee Trolley Square includes a transit hub that serves the Trolley Orange Line and several bus routes, including Route 870. First- and last-mile bicycle facilities could be implemented to connect the surrounding neighborhoods to Santee Trolley Square. Additionally, along Mission Gorge Road (to Santee Town Center), existing bus stops could be enhanced with shelters.

2.2.3 Active Transportation Improvements

AT improvements are intended to support human-powered transportation (i.e., biking) by expanding the regional bike network.

Bike Connections to Santee Trolley Square

Bike connections could be provided along two corridors:

- Cuyamaca Street from Mission Gorge Road to north of Mast Boulevard
- San Diego River from Father Junipero Serra Trail to Lakeside baseball park

These bike facilities would be classified consistent with regional and local plans. Safety enhancements for cyclists, such as bike boxes and bicycle signals, could be examined at key intersections along arterial roads.

2.2.4 Transportation Demand Management Improvements

TDM improvements are intended to encourage transportation alternatives (e.g., carpool, vanpool, transit, and telework) for commuters who drive alone each day.

Local Targeted TDM Programming

The SANDAG iCommute Program could be used to reach employers in top destinations (i.e., the City of El Cajon, Sorrento Valley, Kearny Mesa, Mira Mesa, Downtown San Diego, and Mission Valley) and employees in the City of Santee. The program provides resources, incentives, and subsidies for employers and employees, including carpool and vanpool matching/formation and guaranteed ride home.

Local policies or ordinances requiring developers to incorporate TDM into large-scale residential developments—developing residential TDM programs (i.e., land use decisions that support alternative/high-occupancy vehicle modes)—could be adopted. These residential developments could provide community-based transportation services, such as shuttles, first-mile/last mile solutions, and park-and-ride lots.

Park-and-Ride Lots

Strategically located and appropriately sized park-and-ride lots could be provided. Potential opportunities include:

- City of Santee undeveloped parcels: south side of Mission Gorge Road (east of the Mission Gorge Road/Fanita Drive intersection and immediately west of Forester Creek).

- Caltrans right-of-way: south side of Mast Boulevard (immediately west of W. Hills Parkway), south side of Buena Vista Avenue (immediately east of Cuyamaca Street), west side of Cottonwood Avenue (immediately north of SR 52), south side of Mission Gorge Road (immediately east of SR 125 off-ramp), and underneath the SR 52/SR 67 junction.

Additionally, at existing businesses and/or shopping centers, including Santee Town Center, opportunities to lease parking spaces could be explored.

In the City of Santee, existing park-and-ride lots are located at Mission Gorge Road/Big Rock Road (36 spaces) and 8805 North Magnolia Avenue (22 spaces). A robust network of park-and-ride lots in and around the City of Santee is crucial to supporting carpool and vanpool formation.

Vanpools

Vanpools bring five or more people together to share the cost of getting to and from work in a van or other large vehicle. The SANDAG Vanpool Program, which provides vanpool matching and a vanpool subsidy for vehicle leases, could be publicized on the City of Santee website.

2.2.5 Future Considerations

Transportation System Management (TSM) improvements is a new concept intended to reduce travel time, improve reliability, and enhance safety by providing comprehensive system management of the study corridor. This technology was considered a potential viable option but not analyzed in this study or included in the cost estimate. The City of Melbourne in Australia deployed such a system but no city in this country has done so at this point.

Potential Benefits of Managed Freeway/Enhanced Technology

The concept of a managed freeway uses intelligent transportation system (ITS) management tools and dynamic demand management tools for managing the freeway. It provides a comprehensive package of strategies to manage freeway access and demand. Integrated data collection sensors and advanced system management tools monitor and control real time traffic conditions. In theory, the overall system management control would synchronize the flow of vehicles entering the freeway to those already on the freeway, thereby providing real time demand management that would maximize overall efficiency.

Some components of the managed freeway are deployed in the San Diego region and some of the dynamic capabilities are utilized on the I-15 MLs. Components could include the following:

- Extensive vehicle detection and data collection
- New ramp meters and coordinated dynamic ramp metering
- Lane-use management, including variable speed limits and variable lane control
- Incident detection and closed circuit television surveillance

- Traveler information
- Dedicated communications infrastructure to be a connection from the corridor field elements to the Caltrans Transportation Management Center

Additional study and analyses beyond the scope of this project are necessary to determine the validity and benefit of TSM and whether it is feasible for SR 52.

2.3 Alternatives

The alternatives developed for this study include one No-Build Alternative and four build alternatives. The alternatives were developed based on 2035 traffic volume forecast, prior to 2050 when the ML improvements listed in the Regional Plan would be implemented.

2.3.1 No-Build Alternative

The No-Build Alternative was developed to analyze the effect of each build alternative against a no build approach. The No-Build Alternative assumes the Revenue Constrained Projects listed in the Regional Plan for 2035, including:

- MLs on I-5
- Four toll lanes (SR 11) and the Otay Mesa East Port of Entry from SR 125 to Mexico
- MLs on I-15/SR 15
- Two MLs on SR 78 from I-5 to I-15
- Two MLs on SR 94 from I-5 to I-805
- Six toll lanes (SR 241) from Orange County to I-5
- MLs on I-805
- Two lanes on SR 76
- Two lanes on SR 67
- ML connectors at: I-5/SR 78, I-5/I-805, I-15/SR 78, SR 15/SR 94, SR 15/I-805, and I-805/SR 94
- Freeway connectors at: SR 11/SR 905/SR 125, I-5/SR 56, I-5/SR 78, and SR 94/SR 125
- Various transit facilities, AT projects, and arterial projects

However, one Revenue Constrained Project listed in the current Regional Plan for 2035 was not included: two GP lanes on SR 52 from Mast Boulevard to SR 125. At the start of this study, the currently approved Regional Plan was not adopted and these GP lanes in the study corridor were not included in the previous Regional Transportation Plan. They are identified in the *2050 Regional Transportation Plan: Our Region, Our Future* (SANDAG, 2011a) as part of a larger improvement for 2040.

Under the No-Build Alternative, none of the projects listed in the Regional Plan for 2035 (see above) would be implemented in the study corridor.

2.3.2 Build Alternatives

The four build alternatives were developed using the No-Build Alternative as a base, with additional MM improvements. The build alternatives would include the same set of transit, AT, and TDM improvements (see Section 2.2 for more details), but a different set of roadway improvements, as shown in **Table 2-1** and described below.

Table 2-1. Multi-modal Improvements/Alternatives for State Route 52

Multi-modal Improvements	Build Alternatives			
	Build Alternative 1	Build Alternative 2	Build Alternative 3	Build Alternative 4
Roadway Improvements				
SR 52: 2 GP lanes from Mast Blvd to SR 125 *	X	X		
SR 52: EB AUX lane from Spring Canyon bridge to Mast Blvd	X	X		
SR 52: WB AUX lane from Convoy St to I-805	X	X		
I-805: NB AUX lane from SR 52 to north of Governor Dr	X	X		
SR 52: WB TC lane from Mast Blvd to crest of hill	X	X	X	X
SR 52: 2 (reversible) MLs from I-805 to SR 125 *		X		
I-805/SR 52 ML Connector *		X		
I-15/SR 52 ML Connector *		X		
SR 52: 2 shoulder running lanes from I-805 to SR 125				X
Transit Improvements				
Bus-on-shoulder Transit Operations	X	X	X	X
Transit Signal Priority	X	X	X	X
Bus/Bus Rapid Transit Service	X	X	X	X
Improved Access to Transit (“First-/Last-Mile” Connections)	X	X	X	X
Active Transportation Improvements				
Bike Connections to Santee Trolley Square	X	X	X	X
Transportation Demand Management (TDM) Improvements				
Local Targeted TDM Programming	X	X	X	X
Park-and-ride Lots	X	X	X	X
Vanpools	X	X	X	X

Note: * This improvement is included in the Regional Plan

2.3.2.1 Build Alternative 1 (Operational)

Build Alternative 1 (Operational) includes the following roadway improvements (shown in **Figure 2-2**):

- GP Lanes
  - 2 GP lanes on SR 52 from Mast Boulevard to SR 125 (6 GP lanes total)
- AUX Lanes
  - Eastbound (EB) AUX lane on SR 52 from Spring Canyon bridge to Mast Boulevard
  - Westbound (WB) AUX lane on SR 52 from Convoy Street to I-805
  - Northbound (NB) AUX lane on I-805 from SR 52 to north of Governor Drive
- TC Lanes
  - WB TC lane on SR 52 from Mast Boulevard to crest of hill

2.3.2.2 Build Alternative 2 (Ultimate)

Build Alternative 2 (Ultimate) includes the following roadway improvements (shown in **Figure 2-3**):

- GP Lanes
  - 2 GP lanes on SR 52 from Mast Boulevard to SR 125 (6 GP lanes total)
- AUX Lanes
  - Eastbound (EB) AUX lane on SR 52 from Spring Canyon bridge to Mast Boulevard
  - Westbound (WB) AUX lane on SR 52 from Convoy Street to I-805
  - Northbound (NB) AUX lane on I-805 from SR 52 to north of Governor Drive
- TC Lanes
  - WB TC lane on SR 52 from Mast Boulevard to crest of hill
- MLs
  - 2 (reversible) MLs on SR 52 from I-805 to SR 125
- ML Connectors
  - I-805/SR 52 ML connector: west to north, south to east
  - I-15/SR 52 ML connector: west to north, south to east

2.3.2.3 Build Alternative 3 (Minimal)

Build Alternative 3 (Minimal) includes the following roadway improvements (shown in **Figure 2-4**):

- TC Lanes
  - WB TC lane on SR 52 from Mast Boulevard to crest of hill

2.3.2.4 Build Alternative 4 (Shoulder Running)

Build Alternative 4 (Shoulder Running) includes the following roadway improvements (shown in **Figure 2-5**):

- TC Lanes
  - WB TC lane on SR 52 from Mast Boulevard to crest of hill
- Shoulder Running Lanes
  - 2 shoulder running lanes (for all vehicles during peak periods) on SR 52 from I-805 to SR 125

Figure 2-2. Build Alternative 1 (Operational)

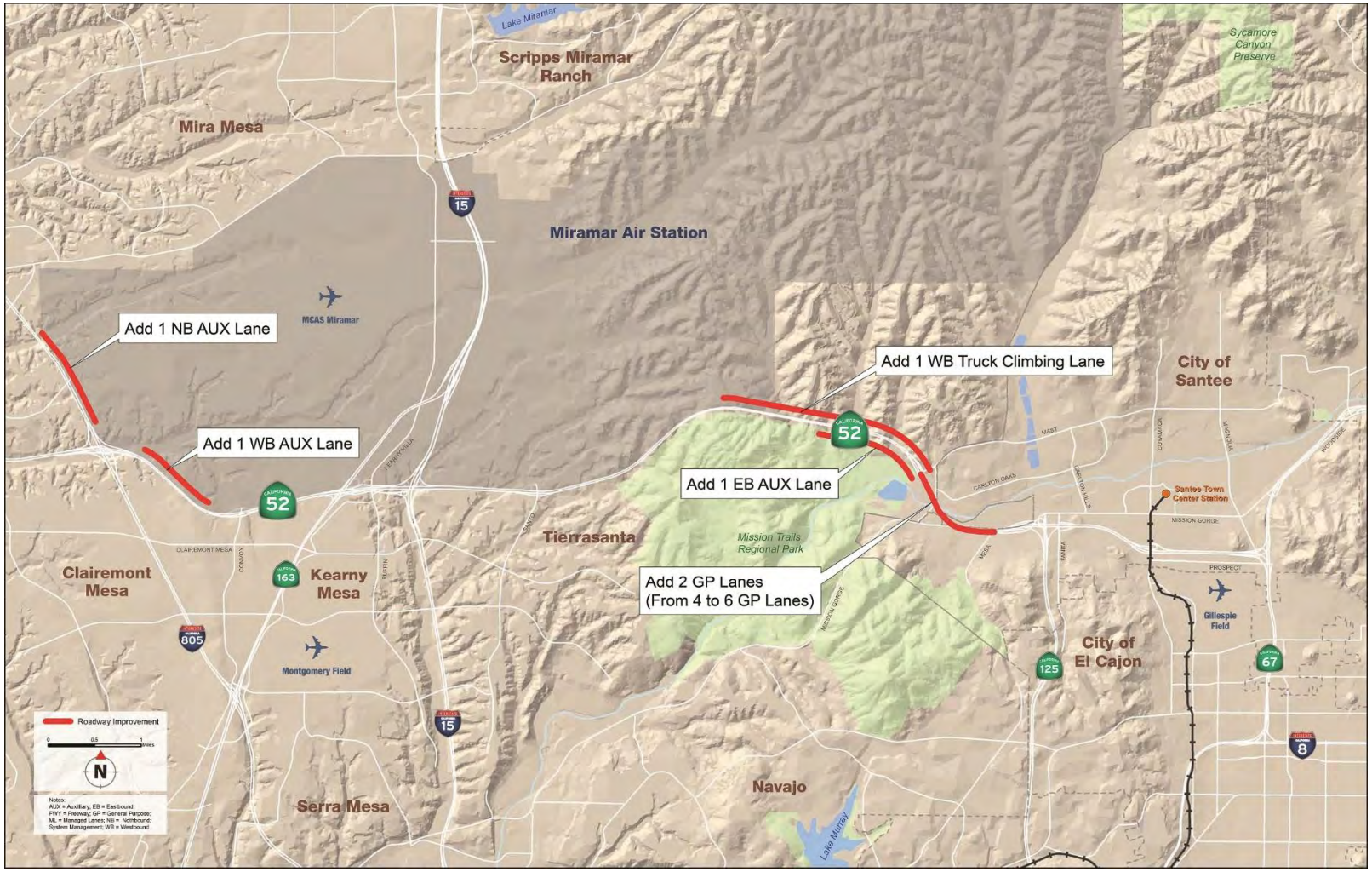


Figure 2-3. Build Alternative 2 (Ultimate)

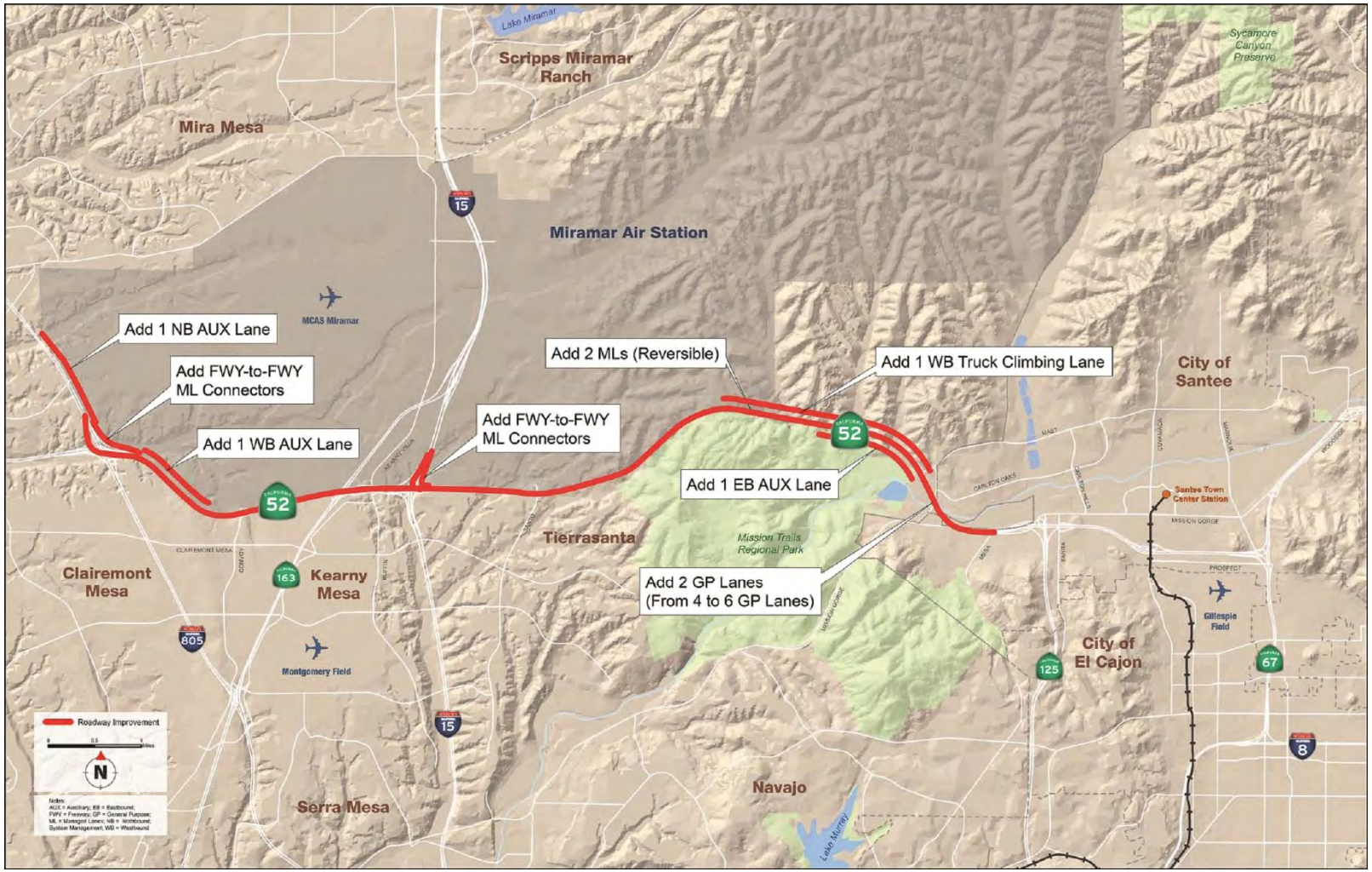


Figure 2-4. Build Alternative 3 (Minimal)

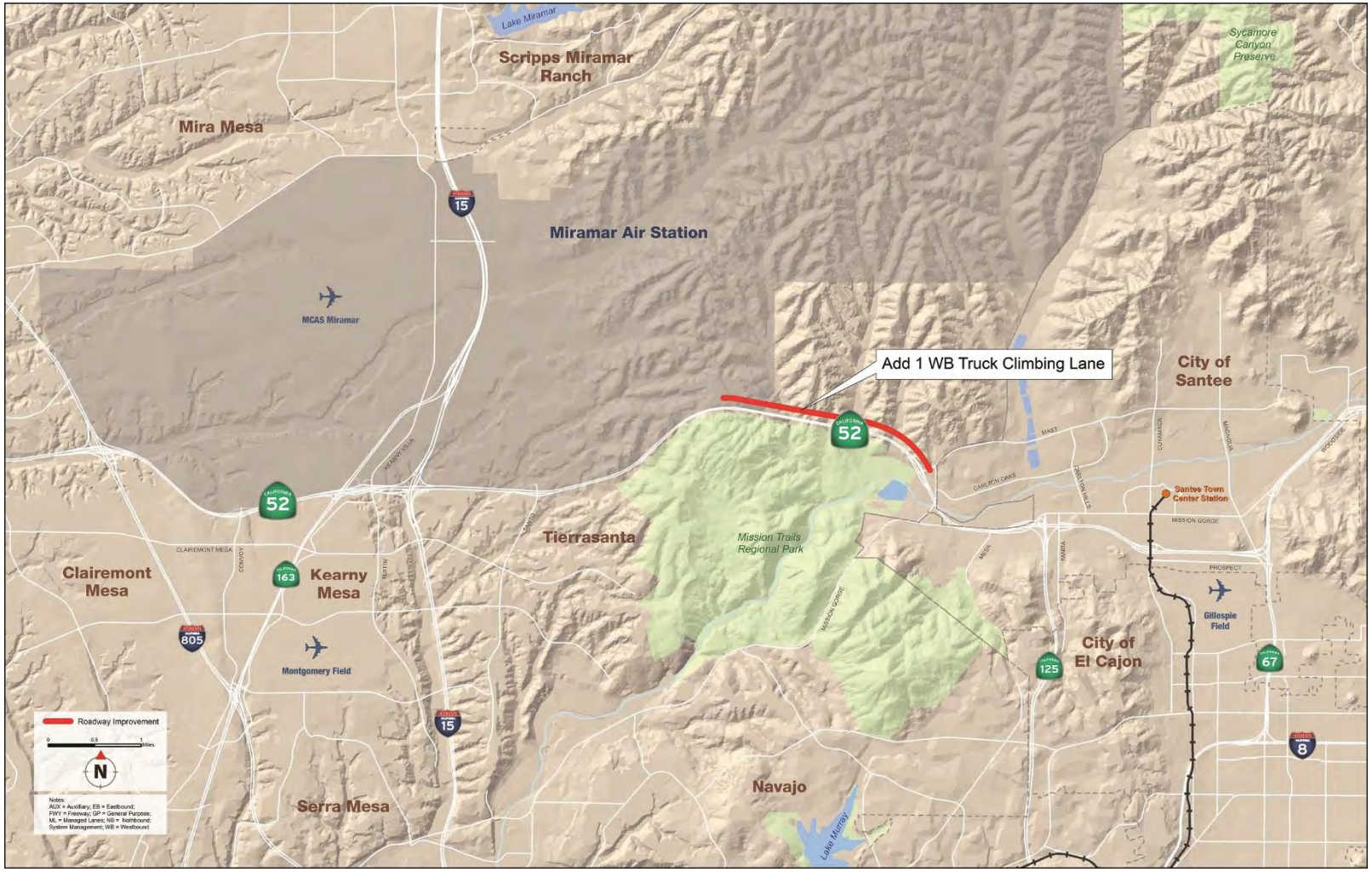


Figure 2-5. Build Alternative 4 (Shoulder Running)

3.0 TECHNICAL STUDIES

This chapter presents the traffic analysis, engineering feasibility, planning level cost estimates, and environmental constraints developed for this study. It also includes a description of the method of future forecasting of traffic volumes.

3.1 Traffic Analysis

This section discusses the methods used for traffic analysis and presents existing and future traffic conditions. For future traffic conditions, the SANDAG Series 12 Regional Travel Demand Forecast Model with updates included from the City of Santee as part of their General Plan Update was used as the basis. It was used since it had the most complete and current information from the City. The model was then used to develop future volumes for 2035. An Aimsun microsimulation model was used to analyze travel time for the future scenarios.

3.1.1 Traffic Volume Development

3.1.1.1 Existing Traffic Volumes

Peak Hour Intersection Volumes
Existing peak hour turn movement volume data was collected between 7/21/2015 and 8/5/2015 at each of the intersections within the study area. The traffic counts were collected during the summer, which may result in lower traffic volumes because schools are not in session. Existing counts were compared to other available counts obtained during the school year and adjusted, where necessary to reflect higher school related volumes. See the appendix for more information. Peak hour count volumes were then balanced between interchange ramps to within 15 vehicles.

Roadway Segment Volumes
Roadway segment volumes were taken directly from the SANDAG Series 12 model for both existing and future No Build and Build analysis scenarios.

Freeway Volumes
Freeway volume data was obtained from Caltrans. The freeway volume data is available from 9/23/2015 to 10/2/2015.

3.1.1.2 Future Volumes (Traffic Forecasting)

Regional Travel Demand Forecast Model
The SANDAG Series 12 Regional Travel Demand Forecast Model is used to forecast future conditions. As part of their General Plan update, the City of Santee developed a more detailed regional forecast model with updated land use and transportation network information for the year 2035 for the City of Santee. This model was used as a basis for future volume development.

Using this model as a starting point, our staff coordinated with the City of Santee, El Cajon and the City of San Diego to determine any cumulative development projects and transportation network improvements. Our staff then coordinated with SANDAG

modeling staff to ensure these projects were represented in the 2035 regional forecast model.

Future Turning Movement Volume Development
Future turn movement volumes were developed by applying a two-step process to existing peak hour volumes. The process is as follows:

1. Determining Model Growth: By comparing the peak hour volumes in the 2013 and 2035 No Build models, we determined the volume growth at each interchange. For example, if the 2035 No Build model shows 1,200 AM peak hour volumes on a freeway ramp and the 2013 model shows 800 on the same ramp, then the model AM peak hour volume growth on that ramp is 400 vehicles.
2. Applying Model Growth to Existing Count Volumes: The resulting volume growth from 2013 to 2035 was then added to existing balanced peak hour turn movement volumes to produce the final 2035 No Build volumes. In the same example, if an existing peak hour ramp volume is 1,000, then future volume would be approximately 1,400 vehicles, which is then carried back through the intersections to ensure volumes balance within +/- 10%.

3.1.2 Traffic Analysis Methodology

3.1.2.1 Intersection Analysis

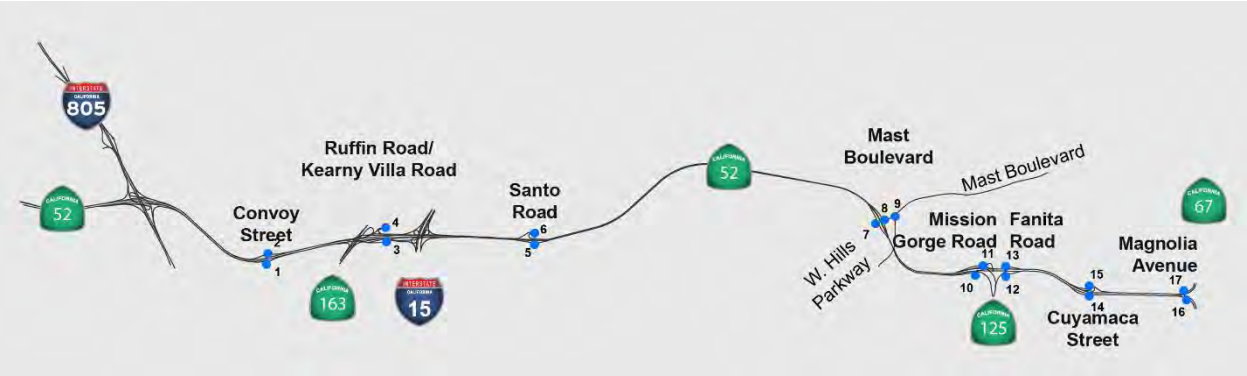
Intersection delay and level of service (LOS) analysis was performed using the Synchro 8.0 software suite. Synchro is a macrosimulation traffic software based on procedures outlined in the *Highway Capacity Manual* (HCM). At each intersection the number of lanes (turn and through), length of the turn pockets, the traffic signal timing and phasing information is input into Synchro based on field review and signal timing sheets obtained from Caltrans.

The study area for the intersection analysis includes the following SR 52 on- and off-ramp intersections:

- Convoy Street
- Kearny Villa Road
- Santo Road
- Mast Boulevard
- Mission Gorge Road
- Fanita Drive
- Cuyamaca Street
- Magnolia Avenue

These intersections are shown in **Figure 3-1**.

Figure 3-1. Aimsun Study Area Intersections



3.1.2.2 Roadway Analysis

Arterial roadway capacity analysis was performed using SANTEC/ITE guidelines based on a volume-to-capacity (V/C) ratio. Daily arterial roadway volumes were taken directly from the SANDAG Series 12 model and compared to the capacity of each respective arterial roadway.

3.1.2.3 Freeway Operations Analyses (Using Microsimulation)

Freeway operations within the study area were evaluated using a microsimulation model (Aimsun) of the study corridor. For this study, the following alternatives were included:

- 2012 Existing (Weekday AM and Weekday PM – Baseline used to compare to existing observed field conditions)
- 2035 Build Alternative 1 (Weekday AM and Weekday PM)
- 2035 Build Alternative 3 (Weekday AM and Weekday PM)
- 2035 Build Alternative 4 (Weekday AM and Weekday PM)

The freeway travel time was simulated for peak hour conditions: 7:00 to 8:00 a.m. during the weekday AM and 5:00 to 6:00 p.m. during the weekday PM. The peak hours were selected based on existing conditions. In addition, to estimate existing congested conditions better in the simulation, the network was “seeded” for one-hour prior to the peak hour, thus more accurately reflecting peak hour conditions.

Microsimulation Study Area

The study area for the freeway analysis includes the following:

- SR 52 mainline from I-805 to SR 67
- SR 52 on-/off-ramps in the study corridor
- Freeway-to-freeway connectors in/adjacent to the study corridor
- Mast Boulevard from SR 52 on-/off ramps to Carlton Hills Boulevard

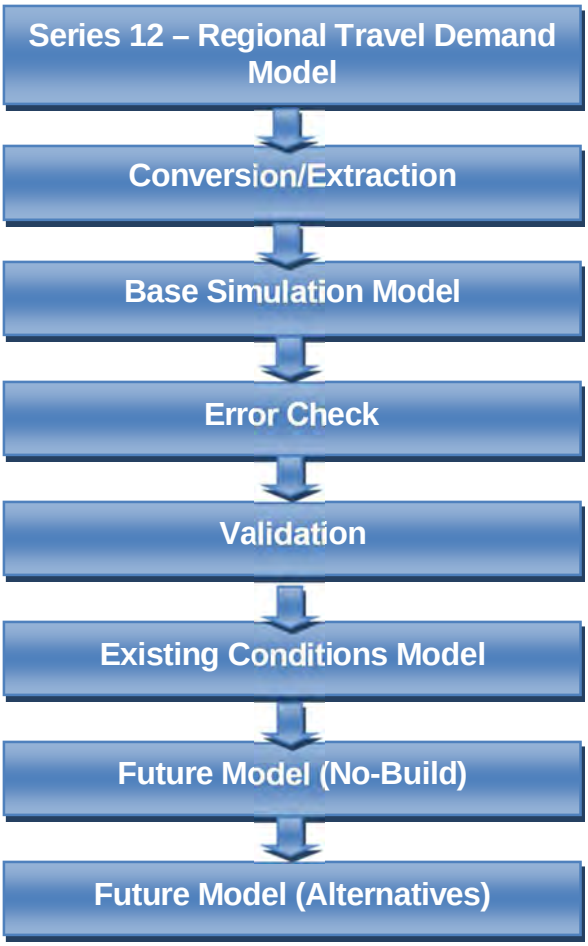
- Mast Boulevard/West Hills Parkway signalized intersection

Simulation Model Development

There are a number of traffic-specific microsimulation software packages that are available to prepare analysis. Aimsun, a robust microsimulation software, was chosen as the preferred package due to its regional use with SANDAG. SANDAG uses it along I-15 for the ICM project and is also being used to develop a region wide mesoscopic simulation model including all of the signalized intersections in the region. Aimsun also works with data imported directly from GIS and specifically the SANDAG Traffic Demand Model network files. Aimsun can be used for microsimulation as well as mesoscopic simulations.

The Aimsun modeling process is shown in **Figure 3-2**. Additionally, the steps used to develop the network are described below.

Figure 3-2. Simulation Modeling Process



Base Simulation Model

The network is composed of a set of one-way links connected to each other through nodes. To build the existing conditions model/network, data from the SANDAG Series 12 Model (Year 2012), provided in .SHP format, was entered. Then, the data (i.e., 206 links) was reviewed. Adjustments or corrections were made after the .SHP model network was imported into the Aimsun model, to ensure model runs without errors. These included adjusting all of the connections of travel lanes from link to link and at all merge and diverge points on the freeway and all turning movements at the study intersection. **Figure 3-3** shows the Base Model network in Aimsun.

Figure 3-3. Microsimulation Study Area Network

The following was reviewed and/or adjusted within the model:

- Geometry, Speed, and Control
  - Basic network connectivity to ensure that all links and connectors necessary are present
  - Link geometry, such as link lengths, lane geometries, and link types
  - Free-flow speed coding, such as desired speed decisions and reduced speed areas
  - Coding and placement of traffic control devices (i.e., one signalized intersection at the Mast Boulevard/West Hills Parkway intersection)
- Vehicular Demand
  - Base year traffic volumes from the SANDAG Series 12 Model, at all network entry points as well as the volume splits at each decision points along the study corridor, were entered into the model. Origin-Destination matrix was not used for this study. The simulation is 3 hours to allow the network to load sufficiently. The distribution of the 3-hour peak period volumes were built by applying a percentage of the peak hour volumes for each of the 3 hours within the peak period. The distribution of peak

period volumes were based on review of distribution patterns from existing freeway counts.

Error Check
Inputs into the existing conditions model/network were double-checked. Additionally, initial model runs were performed to review vehicle movements through the corridor. Minor adjustments were made, as necessary.

Validation
The base model/network was reviewed along the freeway and Mast Boulevard and compared to existing field conditions. Travel time and queuing were compared to existing conditions. To compare travel time with existing conditions, typical travel times from Google maps were used.

Key hot spots for travel time were:

- AM Peak: WB SR 52
  - SR 67 to Mast Boulevard (on-ramp merge point)
  - I-15 to I-805
- PM Peak: EB SR 52
  - I-15 to Mast Boulevard

Adjustments were made in the model to better match existing conditions. Adjustment examples include:

- Driver reactions at freeway merge points (e.g., sensitivity of drivers/vehicles on the freeway to merging traffic from ramps, driver awareness of up-coming ramps, etc.)
- Freeway grades which would affect vehicle acceleration and speed (i.e., a 4% grade was coded for westbound SR 52 between Mast Boulevard and the top of the hill)
- Trucks were not allowed on the fast lanes on the freeway

This was an iterative process until satisfactory travel time was observed in the model runs. Multiple model runs were done to check average travel times and queues.

Existing Conditions Model Simulation
After the simulation was validated, the existing conditions model/network was considered complete. Five model runs were completed and average travel times for the peak hour were reported for the following segments:

- AM Peak: WB SR 52
  - SR 67 to Mast Boulevard
  - Mast Boulevard to I-15

  - I-15 to I-805
- AM Peak: WB Mast Boulevard
  - Carlton Hills Boulevard to SR 52
- AM Peak: NB I-805
  - SR 52 to Nobel Drive
- PM Peak: EB SR 52
  - I-805 to I-15
  - I-15 to Mast Boulevard
  - Mast Boulevard to SR 67

Future Simulation Model (No-Build)
To build this model, the existing conditions model was used as a base. The 2035 No-Build volumes from the SANDAG model were then input into the model. Five model runs were completed and average travel times were reported for the same study area segments listed previously for the existing conditions model.

Future Simulation Model (Alternatives except Build Alternative 2)
The Future No-Build model was used as a base for each of the proposed alternatives except Build Alternative 2. Then each model was updated to reflect the proposed improvements for its respective alternative. The 2035 volumes for each alternative derived from the specific SANDAG model runs were input accordingly. Five model runs of each alternative were completed and average travel times were reported for the same study area segments listed previously for the existing conditions model.

Ramp metering at Mast Boulevard/SR 52 westbound on-ramp was assumed with improvements proposed on the freeway and on-ramp at Mast Boulevard during the AM peak period. The assumed ramp metering discharge rate was based on the typical ramp metering discharge rates of 1,950 vehicles per hour, utilized by Caltrans for a 2-lane ramp with two cars per green operation.

3.1.3 Existing Conditions

3.1.3.1 Freeway

In the AM peak, SR 52 is congested in the westbound direction between SR 67 and the hill past Mast Boulevard, as well as between I-15 and I-805. Due to SR 52 conditions in the AM peak, Mast Boulevard also experiences a long delay in the westbound direction from Carlton Hills Boulevard to SR 52. In the PM peak, eastbound SR 52 traffic backs up from Convoy Street to the San Diego River bridge due to the bottleneck at the two-lane San Diego River bridge.

Average travel times for the AM and PM peaks are summarized in **Table 3-1** and **Table 3-2**, respectively.

Table 3-1. Existing Conditions: AM Peak Average Travel Times

	WB SR 52				WB Mast Blvd	NB I-805
	SR 67 to Mast Blvd	Mast Blvd to I-15	I-15 to I-805	Total	Carlton Hills Blvd to SR 52	SR 52 to Nobel Dr
Average (min)	20	10	10	40	22	7
Free Flow (min)	4	6	4	14	4	2

Note: Average travel times based on average results from five Aimsun model runs. Free Flow travel times are from Google Maps, 2016

Table 3-2. Existing Conditions: PM Peak Average Travel Times

	EB SR 52			
	I-805 to I-15	I-15 to Mast Blvd	Mast Blvd to SR 67	Total
Average (min)	15	22	4	41
Free Flow (min)	4	5	4	13

Note: Average travel times based on average results from five Aimsun model runs. Free Flow travel times are from Google Maps, 2016

3.1.3.2 Intersections

A summary of existing intersection conditions is provided in **Table 3-3**. As shown in this table, all study area intersections operate at LOS D or better, except for Mast Boulevard at Sycamore Canyon Landfill that operates at LOS E during the AM peak hour.

Table 3-3. Existing Intersection Conditions

#	Intersection Name	Control Type	Existing AM		Existing PM	
			Average Delay	HCM LOS	Average Delay	HCM LOS
1	Convoy St & SR 52 EB Ramps	Signalized	28.8	C	47.1	D
2	Convoy St & SR 52 WB Ramps	Signalized	31.2	C	44.2	D
3	Kearny Villa Rd & SR 52 WB Ramps	Signalized	17.2	B	17.9	B
4	Kearny Villa Rd & SR 52 EB Ramps	Signalized	7.3	A	29.2	C
5	Santo Rd & SR 52 EB Ramps	Two-way Stop	11.5	B	10.7	B
6	Santo Rd & SR 52 WB Ramps	One-way Stop	9.0	A	9.1	A
7	Mast Blvd & SR 52 EB Ramps	Signalized	14.1	B	16.5	B
8	Mast Blvd & SR 52 WB Ramps	Signalized	24.3	C	9.9	A

9	Mast Blvd & Sycamore Canyon Landfill	Signalized	56.0	E	42.7	D
10	Mission Gorge Rd & SR 52 EB Off Ramp	Signalized	6.5	A	8.1	A
11	Mission Gorge Rd & SR 52 WB On Ramp	Signalized	2.8	A	1.1	A
12	Fanita Dr & SR 52 EB On Ramp	Uncontrolled	0.0	A	0.0	A
13	Fanita Dr & SR 52 WB Off Ramp	One-way Stop	23.0	C	13.8	B
14	Cuyamaca St & SR 52 EB Ramps	Signalized	16.3	B	30.4	C
15	Cuyamaca St & SR 52 WB Ramp	Signalized	6.7	A	8.8	A
16	Magnolia Ave & SR 52 EB Off Ramp	Signalized	10.1	B	17.1	B
17	Magnolia Ave & SR 52 EB On Ramp/SR 67 On Ramp	Signalized	11.2	B	8.7	A

Note: The HCM calculations for level of service has limitations when it comes to representing operations accurately when there are downstream constrained conditions. At the noted locations, there exists conditions that do not allow the intersections operations to be fully represented (i.e. the level of service may be worse than is reported.)

3.1.3.3 Roadways

Arterial roadway segments connecting to SR 52 were analyzed under existing conditions where the daily traffic volume is compared to the roadway capacity volume thresholds.

A summary of existing roadway conditions is provided in **Table 3-4**. As shown in this table, all arterial roadway segments operate under capacity (80% or less) under existing conditions.

Table 3-4. Existing Roadway Conditions

Segment			Length (Miles)	Capacity [1,2]	Existing Conditions		
Street	From	To			ADT	V/C Ratio	LOS
Magnolia Ave	EB SR 52 Off-Ramp	WB SR 52 On-Ramp	0.08	40,000	24,276	61%	C
Kearny Villa Rd	EB SR 52 Ramps	WB SR 52 Ramps	0.16	40,000	25,894	65%	C
Santo Rd	EB SR 52 Ramps	WB SR 52 Ramps	0.12	30,000	5,275	18%	A
Fanita Dr	Mission Gorge Rd	EB SR 52 On-Ramp	0.18	40,000	9,169	23%	A
Convoy St	EB SR 52 Ramps	WB SR 52 Ramps	0.09	40,000	15,978	40%	B
Cuyamaca St	EB SR 52 Ramps	WB SR 52 Ramps	0.09	50,000	24,622	49%	B
Mast Blvd	EB SR 52 Ramps	WB SR 52 Ramps	0.09	40,000	13,423	34%	A
	WB SR 52 Ramps	West Hills Pkwy	0.12	40,000	26,154	65%	C
Mission Gorge Rd	EB SR 52 Off-Ramp	WB SR 52 On-Ramp	0.16	40,000	18,423	46%	A
	WB SR 52 On-Ramp	SR 125	0.14	50,000	20,982	42%	B

	SR 125	Fanita Dr	0.15	50,000	37,600	75%	C

Notes:

LOS E capacities taken from Table 2 in the *SANTEC / ITE Guidelines for Traffic Impact Studies (TIS) in the San Diego Region*. SANTEC/ITE, 2000.

[2] Roadway classifications obtained from the City of Santee General Plan 2020 (City of Santee, 2003) for roadways within the City of Santee. Classifications for roadways within the City of San Diego were obtained from the mobility element of each respective community plan.

3.2 Engineering Feasibility

For the engineering review, high-level project footprints were developed for and Caltrans freeway design standards were applied to each alternative. As this study is a high-level planning effort, the project footprints are very conservative and do not assume design exceptions besides those that would be critical to each alternative. Based on the high-level project footprint, potential right-of-way and environmental impacts were identified. During the process to review the engineering feasibility of the alternatives, options for the existing bike lane over the Spring Canyon and Oak Canyon Bridges were investigated.

3.2.1 Basis for the Analysis/Methodology

In order to review the engineering feasibility of the alternatives, high-level concepts were used to determine the footprint and subsequent engineering concerns along the corridor. The limits of the alternatives were reviewed with the TWG and formed the basis for the review of potential right-of-way impacts as well as engineering challenges for each of the alternatives. No engineering drawings were developed, but the high-level concepts provided the limits to sufficiently determine future improvements necessary to implement the alternatives.

This study utilized the existing information described below:

- Centerline data, topo, existing/proposed bridge locations in digital format from Caltrans
- As-built bridge plans from Caltrans
- Commercially available digital aerial imagery
- Proposed auxiliary lane locations from SANDAG/Caltrans
- Previously developed studies from Caltrans

3.2.2 Alternatives

The alternatives reviewed are described in this section, in order of increasing magnitude of work. All of the alternatives would include MM improvements related to first and last mile connectivity, bicycle amenities, and TDM. Additionally there is emerging technology that provides for more coordinated and efficient transportation corridors. Some of this technology exists along the I-15 Integrated Corridor Management (ICM) system, while other technology is being utilized in other transportation corridors around the world. The following alternatives do not specifically detail the type of technology that may be available during the time of the alternative's implementation, but is seen as a typical improvement that can be included to enhance the alternative's performance.

Build Alternative 3 (Minimal):

This alternative includes the addition of a 12-foot westbound truck-climbing lane on SR 52 from Mast Boulevard to just west of the crest of the hill (approximately 2.5 miles). In the existing condition, this alternative would add a westbound TC lane from Mast Boulevard to the summit. In order to minimize retaining walls and the grading required

for this option, the majority of the freeway widening required is assumed to occur in the median. The two bridges over Spring Canyon and Oak Canyon would be widened to add one lane only in the westbound direction in the median side. Through the use of geometry and striping transitions, the new pavement in the median would be aligned to the existing pavement on either side of the improvements.

Critical to the addition of a TC lane is the widening of the Spring Canyon and Oak Canyon bridges. In an effort to provide solutions that would be low-cost and feasible alternatives, an evaluation was done to look at multiple options to provide the additional lane on the freeway by modifying the existing westbound bike lane. The options evaluated included, cantilever the bike lane from the existing bridges using traditional concrete, cantilever the bike lane from the existing bridges using lightweight materials, and hanging the bike lane under the existing bridge's overhangs. Alternative potential bike routes were also explored if the bike lane was removed completely. The study's structural analysis identified a number of challenges with each option. Based on our structural analysis it was determined that the existing bridges were constructed to near their loading capacity and does not allow for additional loading to the structure without significant retrofit of the superstructure, columns and footings.

One of the remaining options for the bike lane is to hang a bi-directional bike lane under the bridges and allow for one-way bike traffic controlled by a signal. This would be the lowest cost option and may require the minimal retrofit to the existing structures. This would allow for the existing bike lane to be relocated to the hanging bike lane and the added width currently used for the bike lane on the bridge could be used for the fourth westbound travel lane (i.e., TC lane). The potential costs associated with this option as part of this Build Alternative 3 are included in the cost section below.

Breaking this Build Alternative into smaller phases provides an opportunity to implement portions of the improvements when funds are available. Phase 1 could include the construction of a TC lane from Mast Boulevard to Spring Canyon Bridge and could cost $6 million, and Phase 2 could entail the construction of the bridges and completion of the TC lane to the crest of the hill, with a cost of $28 million.

Build Alternative 4 (Shoulder Running):

This alternative allows for the use of shoulders for all vehicles during the peak period. It is assumed that the inside shoulder in each direction would be removed, replaced and widened to 12-feet, where required (approximately 10 miles, east and westbound), with a pavement structural section corresponding to the freeway lanes. This shoulder replacement would extend the entire length of SR 52, i.e. from I-805 to SR 125. The outside shoulders would remain available for emergencies. The San Diego River bridges would be re-striped to utilize the existing shoulder and minor drainage modification would be required.

In addition to the shoulder removal/replacement, the TC lane described in Build Alternative 3 would be included.

Build Alternative 1 (Operational Improvements):

The major improvements proposed in the alternative include;

- Addition of a 12-foot lane in each direction between SR 125 and Mast Boulevard
- Widening of the San Diego River Bridge in the median to the ultimate condition
- Addition of a 12-foot eastbound auxiliary lane from just west of the Spring Canyon Bridge to Mast Boulevard
- Addition of a 12-foot westbound auxiliary lane from Convoy Street to just east of the I-805 which would merge into the existing lane that begins just east of the I-805
- Addition of a 12-foot northbound auxiliary lane on I-805 from SR 52 to north of Governor Drive
- Widening of the I-805 northbound bridge over Governor Drive by 12-feet
- Widening of the I-805 northbound bridge over railroad tracks by 12-feet

This alternative builds on the improvements described in both Build Alternatives 3 and 4. The westbound TC lane and widening of Spring Canyon and Oak Canyon bridges would be included in this alternative as well. However, under Build Alternative 1, the shoulders would be used only for bus-on-shoulder transit operations. One option under this alternative would be to re-stripe the San Diego River bridges to utilize the existing shoulder as travel lanes and minor drainage modification would be required.

Build Alternative 2 (Ultimate Improvements):

This alternative includes all of the future planned ultimate improvements to the corridor that are included in the Regional Plan as well as the improvements outlined in the Build Alternative 3 and Build Alternative 1. The major improvements proposed in the alternative include;

- MLs (2 lanes) along SR 52 from I-805 to I-15
- MLs (2 lanes, reversible) along SR 52 from I-15 to SR 125
- Addition of 2 freeway lanes along SR 52 from Mast Boulevard to SR 125
- ML connectors at SR 52 and I-15 (West to North and South to East)
- ML connectors at SR 52 and I-805 (West to North and South to East)
- Addition of a 12-foot eastbound AUX lane from just west of the Spring Canyon Bridge to Mast Boulevard
- Addition of a 12-foot westbound AUX lane from Convoy Street to just east of the I-805, which would merge into the existing lane that begins just east of the I-805
- Addition of a 12-foot northbound AUX lane on I-805 from SR 52 to north of Governor Drive

- Widening of the I-805 northbound bridge over Governor Drive by 12 feet
- Widening of the I-805 northbound bridge over railroad tracks by 12 feet

3.3 Planning Level Cost Estimates

A preliminary Rough Order of Magnitude cost estimate was developed for the project based on the engineering assumptions and evaluation, in accordance with the *Caltrans Project Development Procedures Manual* (PDPM). **Table 3-5** through **Table 3-11** show the costs associated with each alternative.

Earthwork

Based on observations noted during field visits and commercially available software (Google Maps - Street view), a rough estimate of cuts and fills was developed to calculate the earthwork quantities.

Pavement Structural Section

For each alternative the extent and width of any additional lanes and shoulder replacement are per the description established based on the limits of the improvements. A structural section of 0.90' Jointed Plain Concrete Pavement, 0.25' Hot Mix Asphalt over 0.65' of Class 2 Aggregate Base was assumed for construction or replacement of freeway lanes and shoulders. For ramp pavement, a structural section of 0.50' of Hot Mix Asphalt over 0.65' of Class 2 Aggregate Base was assumed.

Retaining Walls and Barriers

The same assumptions made for the earthwork quantities were extended to identify the locations and heights of retaining walls. At several locations, the widening of the freeway on the outside would be impacted by presence of steep existing cuts on either side of the freeway, requiring the construction of retaining walls. Therefore, at most locations, in order to minimize earthwork and retaining wall costs, the pavement construction was assumed to be located within the existing median.

Environmental Mitigation

Environmental impacts are not identified in this early stage of the project. However, some costs for environmental mitigation are included due to the project impacts within the San Diego River area and potential for biological and wetland impacts.

Percentage Costs

Due to the preliminary stage of the project, for items such as Traffic and Lighting, Utilities, Drainage and Water Quality, Stage Construction and Minor Items, percentages of the calculated costs were applied, based on prior experience and projects.

Structure - Bridges

This item includes the widening of the following bridges

- Spring Canyon Bridge: For Build Alternatives 3 and 4, this bridge would be widened for the addition of the westbound TC lane. It is assumed that the bridge would be widened by 12 feet in the median in the westbound direction. A cost of $350 per square foot is assumed.

- Oak Canyon Bridge: For Build Alternatives 3 and 4, this bridge would be widened for the addition of the westbound TC lane. It is assumed that the bridge would be widened by 12 feet in the median in the westbound direction. A cost of $350 per square foot is assumed.
- San Diego River Bridge: Under Build Alternative 1, this bridge would be widened in the median to the ultimate condition, 54 feet wide. A cost of $350 per square foot is assumed.
- I-805 Bridges over Governor Drive and railroad tracks: Under Build Alternative 1, these bridges are widened by 12-feet in the northbound direction. Due to the difficult construction conditions over live traffic, a cost of $400 per square foot is assumed.

Right-of-Way

Most of the improvements within the SR 52 corridor are within the existing median area and within existing right-of-way when on the outside. Therefore, no right-of-way costs are assumed at this time. Additionally, there are radio (KFMB) transmission towers that are on the north and south side of the freeway, east of the Mast Boulevard interchange. Although no widening of the freeway outside of the right of way is anticipated, the transmission wires that connect between the towers may be affected by the improvements in the area.

Contingency

Based on the Caltrans PDPM, a 30 to 50% range is recommended for projects at this stage in the design process. A contingency of 40% is used for this project.

Unit Costs

The unit costs and bridge costs used for the individual line items are the unit costs identified from the Caltrans Costs database and further refined based on recent unit costs from the Mid-Coast Corridor Transit Project which includes many freeway and bridge sections.

Table 3-5. Planning Level Capital Cost Estimate (2016$) for Build Alternative 1

	Summary of Items	Cost
1	Earthwork	$5,982,000
2	Pavement Structural Section	$14,271,000
3	Retaining Walls	$5,121,000
	Subtotal (for items 6-10)	$25,374,000
4	Environmental Mitigation	$1,350,000
5	Traffic and Lighting (including Electrical, Signing and Striping); 3%	$761,000
6	Drainage and Water Quality; 5%	$1,269,000
7	Stage Construction; 5%	$1,269,000
8	Minor Items - 10%	$2,537,000
9	Mobilization - 10%	$2,537,000
	Mainline Roadway Subtotal	**$35,097,000**
10	Contingencies -40%	$14,039,000
11	Structures - Bridges	$61,800,000
	Total Capital Construction Cost	**$110,936,000**
12	Preliminary Design - 5%	$5,547,000
13	Final Design - 10%	$11,094,000
14	Project Management - 5%	$5,547,000
15	Construction Management - 12%	$13,312,000
16	Professional liability - 2.5%	$2,773,000
	Total Project Cost	**$149,209,000**

Table 3-6. Planning Level Capital Cost Estimate (2016$) for Build Alternative 1 with Re-stripe and Hanging Bike Bridge Option

	Summary of Items	Cost
1	Earthwork	$2,680,000
2	Pavement Structural Section	$10,650,000
3	Retaining Walls	$2,560,000
	Subtotal (for items 6-10)	$15,890,000
4	Environmental Mitigation	$1,350,000
5	Traffic and Lighting (including Electrical, Signing and Striping); 3%	$790,000
6	Drainage and Water Quality; 5%	$790,000
7	Stage Construction; 5%	$790,000
8	Minor Items - 10%	$1,590,000
9	Mobilization - 10%	$1,590,000
	Mainline Roadway Subtotal	**$22,790,000**
10	Contingencies -40%	$9,120,000
11	Structures - Bridges	$3,150,000
	Total Capital Construction Cost	**$35,060,000**
12	Preliminary Design - 5%	$1,750,000
13	Final Design - 10%	$3,510,000
14	Project Management - 5%	$1,750,000
15	Construction Management - 12%	$4,210,000
16	Professional liability - 2.5%	$880,000
	Total Project Cost	**$47,160,000**

Table 3-7. Planning Level Capital Cost Estimate (2016$) for Build Alternative 2

Item	Limits	Capital Cost 2014$[1] (Millions)	Capital Cost 2016$[2] (Millions)
2 ML	I-805 to I-15	$91	$93
2 ML (Reversible)	I-15 to SR 125	$298	$304
2 GP Lanes	Mast Boulevard to SR 125	$76	$78
ML Connector	SR 52 and I-15 (West to North and South to East)	$130	$133
ML Connector	SR 52 and I-805 (West to North and South to East)	$91	$93
		Sub-Total Ultimate Regional Plan	**$700**
Build Alternative 1 (Operational) Improvements	I-805 (AUX Lane SR 52 to Nobel Drive)	n/a	$63
	SR 52 (AUX Lane Convoy St to I-805)		
	SR 52 (TC Lane Mast Blvd to crest of hill)		
	SR 52 (AUX Lane Spring Canyon Bridge to Mast Blvd)		
		TOTAL	**$763**

Notes:
[1] Capital Costs 2014$, the Regional Plan
[2] Capital Costs 2016$, escalated from 2014$ the Regional Plan

Table 3-8. Planning Level Capital Cost Estimate (2016$) for Build Alternative 3

	Summary of Items	Cost
1	Earthwork	$1,460,000
2	Pavement Structural Section	$5,963,000
3	Retaining Walls	$2,556,000
	Subtotal (for items 5-9)	$9,979,000
4	Environmental Mitigation	$350,000
5	Traffic and Lighting (including Electrical, Signing and Striping); 3%	$299,000
6	Drainage and Water Quality; 5%	$499,000
7	Stage Construction; 5%	$499,000
8	Minor Items - 10%	$998,000
9	Mobilization - 10%	$998,000
	Mainline Roadway Subtotal	**$13,622,000**
10	Contingencies -40%	$5,449,000
11	Structures - Bridges	$6,300,000
	Total Capital Construction Cost	**$25,371,000**
12	Preliminary Design - 5%	$1,269,000
13	Final Design - 10%	$2,537,000
14	Project Management - 5%	$1,269,000
15	Construction Management - 12%	$3,045,000
16	Professional liability - 2.5%	$634,000
	Total Project Cost	**$34,125,000**

Table 3-9. Planning Level Capital Cost Estimate (2016$) for Build Alternative 3 with Hanging Bike Bridge Option

	Summary of Items	Cost
1	Earthwork	$1,460,000
2	Pavement Structural Section	$5,963,000
3	Retaining Walls	$2,556,000
	Subtotal (for items 5-9)	$9,979,000
4	Environmental Mitigation	$350,000
5	Traffic and Lighting (including Electrical, Signing and Striping); 3%	$299,000
6	Drainage and Water Quality; 5%	$499,000
7	Stage Construction; 5%	$499,000
8	Minor Items - 10%	$998,000
9	Mobilization - 10%	$998,000
	Mainline Roadway Subtotal	$13,622,000
10	Contingencies -40%	$5,449,000
11	Structures - Bridges	$3,157,000
	Total Capital Construction Cost	**$22,228,000**
12	Preliminary Design - 5%	$1,111,000
13	Final Design - 10%	$2,223,000
14	Project Management - 5%	$1,111,000
15	Construction Management - 12%	$2,667,000
16	Professional liability - 2.5%	$556,000
	Total Project Cost	**$29,896,000**

Table 3-10. Planning Level Capital Cost Estimate (2016$) for Build Alternative 4

	Summary of Items	Cost
1	Earthwork	$2,860,000
2	Pavement Structural Section	$14,124,000
3	Retaining Walls	$2,556,000
	Subtotal (for items 5-9)	$19,540,000
4	Environmental Mitigation	$350,000
5	Traffic and Lighting (including Electrical, Signing and Striping); 10%	$1,954,000
6	Drainage and Water Quality; 5%	$977,000
7	Stage Construction; 5%	$977,000
8	Minor Items - 10%	$1,954,000
9	Mobilization - 10%	$1,954,000
	Mainline Roadway Subtotal	**$27,706,000**
10	Contingencies -40%	$11,082,000
11	Structures - Bridges	$12,630,000
	Total Capital Construction Cost	**$51,418,000**
12	Preliminary Design - 5%	$2,571,000
13	Final Design - 10%	$5,142,000
14	Project Management - 5%	$2,571,000
15	Construction Management - 12%	$6,170,000
16	Professional liability - 2.5%	$1,285,000
	Total Project Cost	**$69,157,000**

Table 3-11. Planning Level Capital Cost Estimate (2016$) for MM Improvements

	Summary of Items	Cost
1	Bicycle facilities/First and Last Mile Improvements	$5,000,000
2	Ramp metering	$1,000,000
3	Transit improvements	$1,000,000
	Total Project Cost	**$7,000,000**

3.4 Environmental Constraints

This review of environmental constraints considers available information about resources to examine the potential effects of implementing the build alternatives described in Chapter 2.0. Currently, there is no preferred alternative. As such, this review considers the range of build alternatives, which are collectively referred to as "the project" in this section.

This review identifies the anticipated environmental approvals (e.g., the required environmental document type), identifies the environmental technical studies that likely will be required to support the project, and provides a preliminary list of permits that could be required. Following the Caltrans Mini-Preliminary Environmental Analysis Report (Mini-PEAR), this review provides preliminary environmental scoping, focusing on those environmental issues most likely to affect project scope, schedule, and costs. Further environmental review will be conducted as the project progresses (e.g., during the Project Approval and Environmental Document phase). For this study, the Mini-PEAR is provided in Appendix B.

This review is not an environmental document, does not contain substantial environmental analysis, and does not meet state or federal requirements for any form of environmental review process or approval.

3.4.1 Anticipated Environmental Approvals

The project is within the existing Caltrans right-of-way. For the California Environmental Quality Act, an Initial Study/Mitigated Negative Declaration is anticipated. For the National Environmental Policy Act, a "Routine" Environmental Assessment/Finding of No Significant Impacts (EA/FONSI) is anticipated. Because the size and location of the project would likely result in substantial public interest, Caltrans may elect to prepare an Environmental Impact Statement rather than an EA. During future phases, Caltrans will determine the appropriate environmental document type.

3.4.2 Environmental Technical Studies

The project would require the completion of several technical studies. For key environmental issues, this section provides a brief summary of currently available information and the general scope of the anticipated technical studies. During future phases, Caltrans will determine the necessary technical studies.

3.4.2.1 Biology

The ordinary high water mark delineates the limits of the Waters of the United States located at stream courses and drainage ways within the project area, and fall under the jurisdiction of the U.S. Army Corps of Engineers (ACOE), and as such will require a CWA (Clean Water Act) Section 404 Nationwide Permit from the ACOE and accompanying Section 401 Water Quality Certification from the Regional Water Quality Control Board (RWQCB). Work within the riparian zone or below the top of the bank in the San Diego River will also require a Section 1602 Streambed Alteration Agreement from the California Department of Fish & Wildlife (CDFW). In addition, locations adjacent to stream-courses as well as other areas within the project vicinity may meet

the ACOE three-parameter (hydrology, soil, and vegetation) definition of a wetland. Impacts to wetlands will also require the above permits.

Impacts to perennial or seasonal waters or wetlands with the project area may require Section 7 Consultation at the discretion of the United States Fish & Wildlife Service (USFWS) to address impacts to any federally-listed species.

If Caltrans cannot perform vegetation removal outside of the bird nesting season (March 15th to September 1st, surveys and nest searches will be performed by qualified biologist for sensitive and migratory bird species within the construction area prior to construction activities). If active nests are found, any work that will impact said nests shall be halted, and Caltrans shall follow the (Migratory Bird Treaty Act (MBTA) procedures.

3.4.2.2 Section 4(f) Evaluation

Evaluation and consultation should be conducted at the early phase to identify potential 4(f) resources defined as publicly owned public parks, recreation areas, or refuges. If 4(f) resources exist within the project area and cannot be avoided, additional evaluation and approvals will be required by Caltrans.

3.4.2.3 Cultural Resources

State and Federal legislation require governmental agencies to consider the impacts of proposed projects on historic and archaeological resources before undertaking a project. Federal legislation, which protects historic and archaeological resources, includes Section 106 of the National Historic Preservation Act of 1966 (NHPA, as amended) and the Section 4(f) of the U.S. Department of Transportation Act. Section 5024 and 5024.5 of the Public Resources Code provide for the management and protection of state-owned historic properties and historical resources. Assembly Bill 52 amended CEQA to identify a “Tribal Cultural Resource” (TCR) as a new, separate, and distinct resource to be analyzed under the California Environmental Quality Act (CEQA). The additions to CEQA mandate clear timelines for consultation with California Native American tribes. The consultation timelines established however, occur later in the project development process. The project area is not considered to be archeological sensitive, however, a record search will be done once the area of potential effect (APE) is determined. Also a historical review (>50 years old) will be conducted for structures or features to identify if an evaluation by an architectural historian will be required. If resources exist within the area of disturbance, and cannot be avoided, higher level evaluations would be required for archaeological, architectural, 4(f) and paleontological resources.

3.4.2.4 Hazardous Waste

The review for potential hazardous waste impacts involve the following:

1. A review of the project plans and aerial mapping;
2. Discussions with the design engineer;

3. A review of previous site investigation work that has occurred in the vicinity of this project;

4. A review of databases specific to hazardous materials.

Based on this review, the potential for hazardous waste exists with respect to the following:

1) Lead-contaminated soil may exist within and near the right-of-way due to the historical use of leaded gasoline, leaded airline fuels, waste incineration, etc. The areas of primary concern in relation to highway facilities are soils along routes with historically high vehicle emissions due to large traffic volumes, congestion or stop and go situations. Since a large amount of excess soil relinquishment is likely to occur, an Aerially Deposited Lead (ADL) site investigation will be required. This site investigation will determine if hazardous soils exist and what actions, if any, will need to occur during construction.

2) If any of the bridges were built in 1971, the potential for asbestos exists and a site investigation will be required to confirm the presence of asbestos in the bridge.

3) Hazardous levels of lead and chromium are known to exist in the yellow color traffic stripes. Since these traffic stripes will be grinded off along with the roadway, the levels of lead and chromium will become non-hazardous. These grindings (which consist of the roadway material and the yellow color traffic stripes) shall be removed and disposed of in accordance with the Standard Special Provision 15-1.03B (Residue Containing High Lead Concentration Paints) which requires a Lead Compliance Plan (LCP). Non-hazardous levels of lead are known to exist in the white traffic striping. As such, these grindings shall be removed ad disposed of in accordance with the same specifications.

4) All existing and previous uses will be part of the record search. Including but not limited to known contaminants and waste; contaminated properties (such as Miramar landfill and Miramar Air Field); and special provisions will be evaluated based on the resource study area for both direct and indirect effects.

Since construction of the proposed project cannot avoid disturbing soils or impacting the bridge structure, a Site Investigation (SI) is required.

3.4.2.5 Visual Resources

A Visual Impact Assessment (VIA) should be considered for every project that has the potential to change the “visual” environment. The level of assessment for the VIA can range from “no formal analysis” to a “complex analysis” and is determined by many factors such as: numbers of viewer groups affected; existence of scenic resources; degree and totality of the proposed changes in the visual environment; local concerns or project controversy; and cumulative impacts along the transportation corridor.

In order to establish the need and level of study for a VIA, a preliminary evaluation is performed to determine if the project will cause any physical changes to the environment. Projects that replace or rehabilitate existing facilities (e.g., pavement overlay, striping, sign replacement), and do not constitute a change in character to those facilities, will not require a formal analysis. This project will require a preliminary evaluation that includes activities such as conducting a site visit to inventory the scenic resources of the project site, estimating potential changes to that character, and identifying viewer groups and public concerns or opposition to the proposal.

The intent of the screening is to formally document the level of VIA required for the project or merely utilize the screening analysis as the scenic resource evaluation should no scenic resources be identified.

It is not anticipated that the additions of AUX lanes or MLs will have a significant visual impact on the urban area. However, project features, such as retaining walls, noise walls, and significant bridge widening to the recently designated Scenic Highway would require a more detailed analysis during the technical and environmental phase.

3.4.2.6 Water Quality

Caltrans has a Statewide National Pollutant Discharge Elimination System (NPDES) Permit (NPDES No. CAS000003) issued by the State Water Resources Control Board. This permit regulates the storm water and non-storm water discharges associated with construction activity, discharges associated with normal maintenance and operations of Caltrans facilities (also known as a Municipal Storm Water Permit), and it also serves as a State of California Waste Discharge Requirement.

The permit requires Caltrans to comply with the requirements of the Statewide Construction General Permit (Order 2009-0009-DWQ). During construction, compliance with the permit requires the appropriate selection and deployment of both structural and non-structural Best Management Practices (BMPs) that achieve the performance standards of Best Available Technology economically achievable/Best Conventional Pollutant Control Technology (BAT/BCT) to reduce or eliminate storm water pollution.

3.4.2.7 Noise

This project is considered a Type 1 project as defined in 23 Code of Federal Regulations (CFR) 772. As such, the following criteria are the specific indicators that this project will require a Noise Study Report since this project proposes:

- The addition of an AUX lane, except for when the AUX lane is a turn lane; or
- Restriping existing pavement for the purpose of adding a through traffic lane or an AUX lane;

To determine if the project will result in a noise impact that requires consideration of abatement, the following will be identified at a later phase:

- Identify Land Uses in the Project Area - Identify existing land uses in the project area and identify the appropriate Activity Category as defined in 23 CFR 772 for

each land use type. Include undeveloped land for which a building permit has been issued.

- Determine Existing Noise Levels at Receptors - Existing noise levels are determined based on noise monitoring. The Technical Noise Supplement (TeNS) provides information on how to conduct noise measurements for this purpose.
- Model Future Noise Levels with the Project - The Traffic Noise Modeling (TNM) predicts traffic noise levels based on projected worst hour traffic volume (the traffic volume and speed conditions that produce the highest hourly noise level), traffic mix (percentage of truck traffic), ground type, and the distance between projected traffic and of the receptors.
- Determine if Traffic Noise Impacts are Identified - A noise impact occurs when: 1) there is a substantial noise increase between design-year build conditions and existing conditions or; 2) the design-year build traffic noise level approaches or exceeds the Federal Highway Administration (FHWA) noise abatement criteria (NAC).
- Noise analysis for projects under CEQA centers on whether the project or the proposed noise abatement would result in significant adverse environmental effects. Whether an increase in future noise level would result in a significant effect for purposes of CEQA is determined by comparing the existing noise level (or baseline environmental setting) to the predicted noise level with project. The CEQA noise analysis is completely independent of the 23 CFR 772 noise analysis, which is centered on noise abatement criteria. Under CEQA, the assessment entails looking at the setting of the noise impact and then how large or perceptible any noise increase would be in the given area. Key considerations include: the uniqueness of the setting, the sensitive nature of the noise receptors, the magnitude of the noise increase, the number of residences affected, and the absolute noise level.
- Proposed noise abatement may also have the potential to result in significant adverse environmental effects if the abatement negatively affects other environmental resources, such as designated scenic highways, historic sites, or endangered species.

3.4.2.8 Air Quality

The primary legislation that governs federal air quality regulations is the Clean Air Act Amendments of 1990 (CAAA-1990). The act delegates primary responsibility for clean air to the U.S. Environmental Protection Agency (EPA). The EPA develops rules and regulations to preserve and improve air quality and delegates specific responsibilities to state and local agencies. There may be several distinct air quality analyses or studies performed in support of the project development process. For this project, a technical report will be required to summarize the studies, outline conformity information, and provide other needed information for the environmental document.

3.4.3 Anticipated Permits

Caltrans will define and confirm the permits required, as the project advances though the project development process. For biological resources (e.g., endangered species) and work in jurisdictional areas, such as jurisdictional waters and vegetation removal, the following resource agency permits and approvals would be required:

- Section 404 Permit from the ACOE
- Section 401 Water Quality Certification from the RWQCB
- 1602 Streambed Alteration Agreement from the CDFW
- Section 7 Consultation and Concurrence from USFWS

4.0 ALTERNATIVES EVALUATION

This chapter presents the alternatives evaluation, including the development of criteria to screen the alternatives and the screening analysis.

4.1 Methodology

The following criteria were developed by the project team and the TWG, based on the purpose and issues identified for the corridor study and in consideration of criteria developed by SANDAG to support the visions and goals of the Regional Plan.

Ten criteria were developed for the screening analysis. The first two criteria—Consistency with the Regional Plan and Near Term Implementation—were used for initial screening, followed by evaluation of the remaining alternatives using the remaining criteria. The ten criteria are listed below.

- **Consistency with the Regional Plan** – This criterion assessed consistency with the Regional Plan, including if projects listed in the Regional Plan would be precluded.
- **Near Term Implementation** – This criterion assessed project operation within 10 to 15 years, including the consideration of regulatory requirements for clearance and estimated construction duration.
- **Environmental Impacts** – This criterion assessed project environmental impacts. Key focus on impacts to ecosystems/biological resources. Other impacts included air quality and greenhouse gas (GHG) emissions.
- **Capital Costs** – This criterion assessed project capital costs.
- **Vehicle Miles Traveled** – This criterion, derived from the SANDAG model, calculated vehicle miles traveled (VMT).
- **Person Throughput** – This criterion, derived from the SANDAG model, calculated the number of people served within the corridor. Multiplied the number of daily vehicles by vehicle occupancy (one, two, or three persons for MLs and one person for GP lanes).
- **Reliability** – This criterion assessed consistency or dependability in travel time. Alternatives that provide improvements geared towards traffic management, transit, carpool, or even improvements at congested choke points can preserve trip reliability.
- **Mode Share** – This criterion, derived from the SANDAG model, calculated mode share (for the drive alone, carpool, transit, walk, and bike modes) for regional trips, and assessed if the project would shift trips from the “drive alone” mode to other modes.
- **Improvements to Transit and HOV Mobility** – This criterion assessed improvements to transit and HOV mobility.

- **Congestion** – This criterion, derived from the SANDAG and Aimsun models, calculated the following:
  - Freeway Under Capacity. Percent of GP lanes operating at LOS E or better.
  - Travel Time. The average travel time on freeway and Mast Boulevard roadway segments in the peak direction. Freeway and roadway segments included the following:
    - AM Peak: WB SR 52
      - SR 67 to Mast Boulevard
      - Mast Boulevard to I-15
      - I-15 to I-805
    - AM Peak: WB Mast Boulevard
      - Carlton Hills Boulevard to SR 52
    - AM Peak: NB I-805
      - SR 52 to Nobel Drive
    - PM Peak: EB SR 52
      - I-805 to I-15
      - I-15 to Mast Boulevard
      - Mast Boulevard to SR 67

    Average peak period travel time for each of the freeway and roadway segments listed above was derived using the methodology described in Section 3.1.2.3, for the No-Build Alternative, Build Alternative 1, Build Alternative 3, and Build Alternative 4.
  - Daily Hours of Congested Conditions. Number of daily hours of congested conditions in the eastbound and westbound directions.

    Caltrans PeMS data were used to determine existing peak hours. The data identifies existing hours of congested conditions in the corridor using speed information from loop detectors embedded in the freeway. The existing hours of daily congestion were determined to be 3 hours during the a.m. peak period and 3.5 hours during the p.m. peak period.

    By comparing each future alternative to the existing condition segment by segment we developed a scaling factor that can be applied to the existing hours of daily congestion to derive future hours of daily congestion. The scaling factor is based on the weighted product of the length of the segment and the volume to capacity ratio for that segment.

    $F = L \times (v/c)$

    F – Scaling factor

    L – Segment Length

v/c – Volume to capacity ratio

The weighted sum of these factors provides an index that can be compared to each alternative.

For example, in the existing am peak hour 69,200 feet of the freeway operate at 0.799 v/c or better. The weighted product is 55,300 (69,200 X 0.799). 12,000 feet of the freeway operate between 0.799 and 0.899. The weighted product is 10,800. The same calculation is performed for the entire corridor. In this case the sum of all of the weighted products is 136,100. This factor gives us a measure of congestion for existing a.m. peak conditions that can be compared to future alternatives. Similar factors were calculated for each alternative including the No Build Alternative. When the factor for an alternative is compared to that of the existing condition the resulting ratio is used as a proxy to indicate how much more or less congestion will be experienced by the future alternative as compared to existing conditions. The resulting factors range from 0.8 (less congestion than existing conditions) to 1.07 (more congestion than existing conditions).

- Person-Hours of Delay Saved in the Highest One Hour Peak. The number of person-hours of delay (PHD) saved along key highway and arterial segments during the peak hour.

  Build Alternatives 1, 3, and 4 were evaluated as part of this analysis, to determine their effectiveness compared to the No-Build Alternative. This analysis was done through the microsimulation to determine future travel times, Build Alternative 2 was not evaluated, as it is assumed to be the most effective alternative in terms of PHD saved. Freeway conditions are analyzed for the peak hour and peak direction: westbound for AM peak hour and eastbound for PM peak hour.

  Travel time is estimated using microsimulation modeling. Changes in travel time for Build Alternatives are compared to the No-Build Alternative. The travel time saved is then multiplied by the peak hour volume for each respective alternative to calculate the number of vehicle-hours saved, which is then converted to person hours by multiplying by the average vehicle occupancy (AVO) rate. The AVO rate is derived directly from regional travel demand model data.

  This methodology is summarized as follows:

$$PHD\ Saved = \left[\frac{Travel\ Minutes\ Saved * Peak\ Hour\ Volume}{60}\right] * AVO$$

- Arterial LOS. Percent of arterial roadways operating at a V/C ratio of 80% or less (LOS E). In the absence of daily volume counts, daily roadway volumes from the SANDAG model were used. Daily model volumes were compared to the LOS E capacity for each roadway type[1] to calculate the V/C ratio for each roadway segment.

As detailed above, four parameters (VMT, Person Throughput, Mode Share and Congestion) were derived from the SANDAG model (i.e., the SANDAG Series 12 Model). The SANDAG Series 12 Regional Travel Demand Forecast Model is used to forecast future conditions and it included updates per the City of Santee General Plan update as well as updated land use and transportation network information for the year 2035 based on any cumulative development projects and programmed transportation network improvements. For this study the following model runs were developed using the modified SANDAG Series 12 model:

- 2035 No-Build Alternative Model Run – This model represents conditions in 2035 with no SR 52 Corridor Study improvements. The future forecast volumes from this model were used for the No Build as well as Build Alternative 3 (Minimal). This model was used as a basis for comparing with all of the study alternatives. The volumes from this model run were also used for Build Alternative 3 (Minimal) based on the assumption that the improvements of this scenario are not significant enough to affect the region wide model.
- 2035 Build Alternative 1 Model Run – This model represents the Build Alternative 1 (Operational) conditions. The future forecast volumes from this model were used for Build Alternative 1 (Operational) as well as Build Alternative 4 (Shoulder Running). The regional model cannot simulate shoulder running lanes specifically, therefore an available model was necessary to use for analysis. Build Alternative 1 is the most similar to Build Alternative 4 of the available model runs. Build Alternative 1 represents more general purpose lane capacity than No Build, similarly to Build Alternative 4; build Alternative 1 does not provide managed lanes as Build Alternative 2 does and neither does Build Alternative 4.
- 2035 Build Alternative 2 Model Run – This model represents the Build Alternative 2 (Ultimate) and the future forecast volumes are used from this model in the evaluation of this Build Alternative.

4.2 Screening Analysis

4.2.1 Consistency with the Regional Plan

The Regional Plan includes the following projects in the study corridor by 2050: two MLs on SR 52 from I-805 to SR 125, ML connectors (west to north and south to east) at SR 52/I-805 and SR 52/I-15, and two GP lanes on SR 52 from Mast Boulevard to SR 125.

[1] LOS E capacities from Table 2 in the *SANTEC / ITE Guidelines for Traffic Impact Studies (TIS) in the San Diego Region* (SANTEC/ITE, 2000)

Under the No-Build Alternative, 2050 Regional Plan projects would not be precluded; therefore, this alternative would be consistent with the Regional Plan.

Compared to the No-Build Alternative, **Build Alternatives 1 to 4** also would be consistent with the Regional Plan (i.e., 2050 Regional Plan projects would not be precluded).

4.2.2 Near Term Implementation

Under the No-Build Alternative, no projects would be constructed in the study corridor (see Section 2.3.1 for more details).

Compared to the No-Build Alternative, **Build Alternatives 1 and 3** would include near-term project implementation (i.e., within 10 to 15 years) in the study corridor.

- Build Alternative 3 could be constructed prior to, or as a first phase of, Build Alternative 1.

Compared to the No-Build Alternative, **Build Alternatives 2 and 4** could include near-term project implementation (i.e., within 10 to 15 years) in the study corridor, depending upon funding or regulatory approval.

- Build Alternative 2 could include near-term project implementation if toll usage/funding is sufficient to advance construction. Build Alternative 2 is the most costly of all the build alternatives (see Section 4.2.4).
- Build Alternative 4 could include near-term project implementation if regulatory agencies approve use of the shoulder running lanes (i.e., by all vehicles during peak periods). As the owner-operator of SR 52, Caltrans must approve use of the shoulder running lanes. Additionally, coordination with the California Highway Patrol, for issues related to safety, could be required.

4.2.3 Environmental Impacts

Under the No-Build Alternative, no projects would be constructed.

Compared to the No-Build Alternative, **Build Alternatives 1 to 4** could have environmental effects.

- **Build Alternatives 1 to 4** would require an expansion of the Spring Canyon and Oak Canyon bridges, resulting in potential effects on ecosystems/biological resources.
- **Build Alternatives 1, 2, and 4** would increase VMT (See Section 4.2.5), resulting in potential effects on air quality and GHG emissions.
- **Build Alternatives 1 and 2** would require an expansion of the San Diego River bridge, resulting in potential effects on ecosystems and biological resources.

4.2.4 Capital Costs

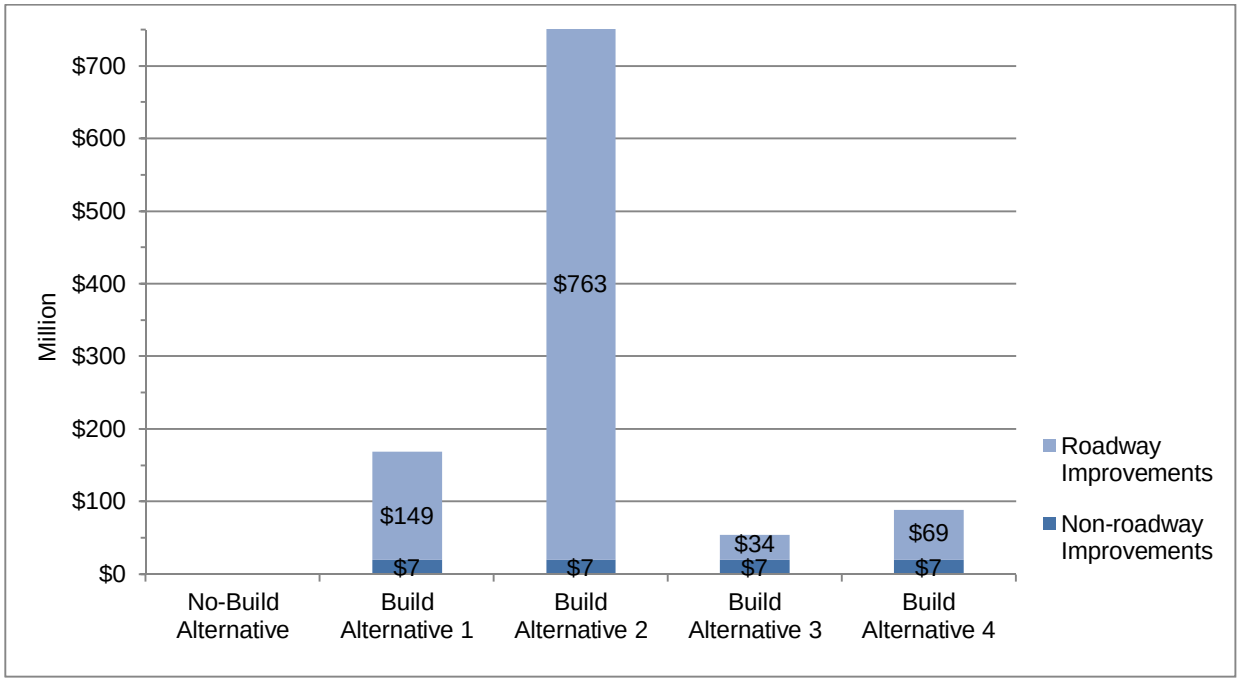
Under the No-Build Alternative, no projects would be constructed (i.e., there would be no capital costs).

Compared to the No-Build Alternative, all of the build alternatives would have capital costs. The build alternatives would have different costs for roadway improvements, but, when packaged with other MM improvements, the same costs ($7 million) for non-roadway improvements (i.e., transit, AT, and TDM improvements), which are included/shown in **Figure 4-1**.

- Build Alternative 4 roadway improvement costs ($69 million) include shoulder running lanes.
- Build Alternative 3 roadway improvement costs ($34 million) include expansion of the Spring Canyon bridge, expansion of the Oak Canyon bridge, and a TC lane.
- Build Alternative 1 roadway improvement costs ($149 million) include the following: the improvements listed for Build Alternative 3, expansion of the San Diego River bridge, and auxiliary lanes (at three different locations).
- Build Alternative 2 roadway improvement costs ($763 million) include the following: the improvements listed for Build Alternative 1, two MLs, and ML connectors.

Build Alternative 2 would have the highest total costs ($770 million). In comparison, **Build Alternatives 4, 3, and 1** would have lower total costs ($76, $41, and $156 million, respectively).

Figure 4-1. Capital Costs



4.2.5 Vehicle Miles Traveled

Under the No-Build Alternative, the corridor VMT—the VMT of trips originating within the study corridor (in both directions)—would be 4,573,000 or 4% of the regional VMT (see **Figure 4-2**). The corridor VMT represents the daily vehicle trips on SR 52 with origins and destinations throughout the region.

Compared to the No-Build Alternative, none of the build alternatives would reduce VMT. The project VMT, which is the corridor VMT plus any changes to the regional VMT, is shown in **Figure 4-3**.

- **Build Alternative 3** would have the same VMT
- **Build Alternative 2** would increase regional VMT by 9,000 or 0.2%
- **Build Alternative 1** and **Build Alternative 4** would increase regional VMT by 54,000 or 1.2%

Figure 4-2. Regional VMT, 2035 No Build

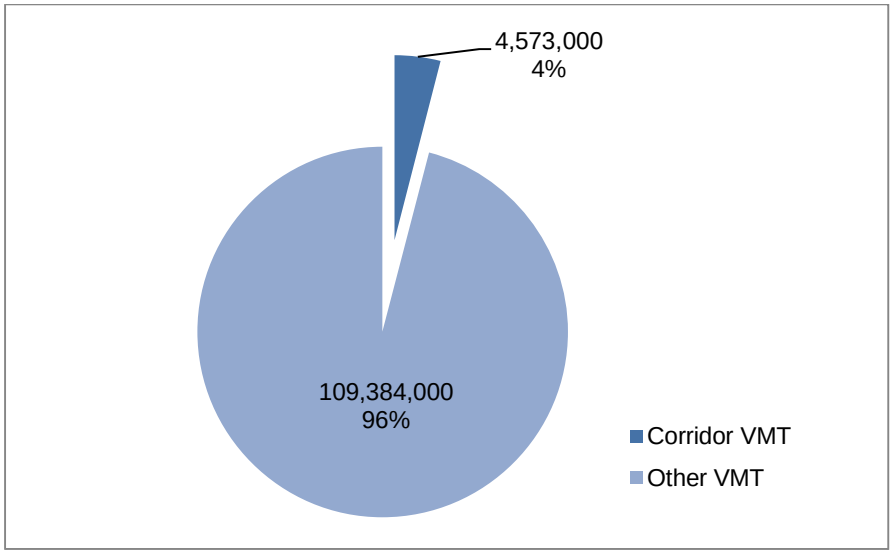
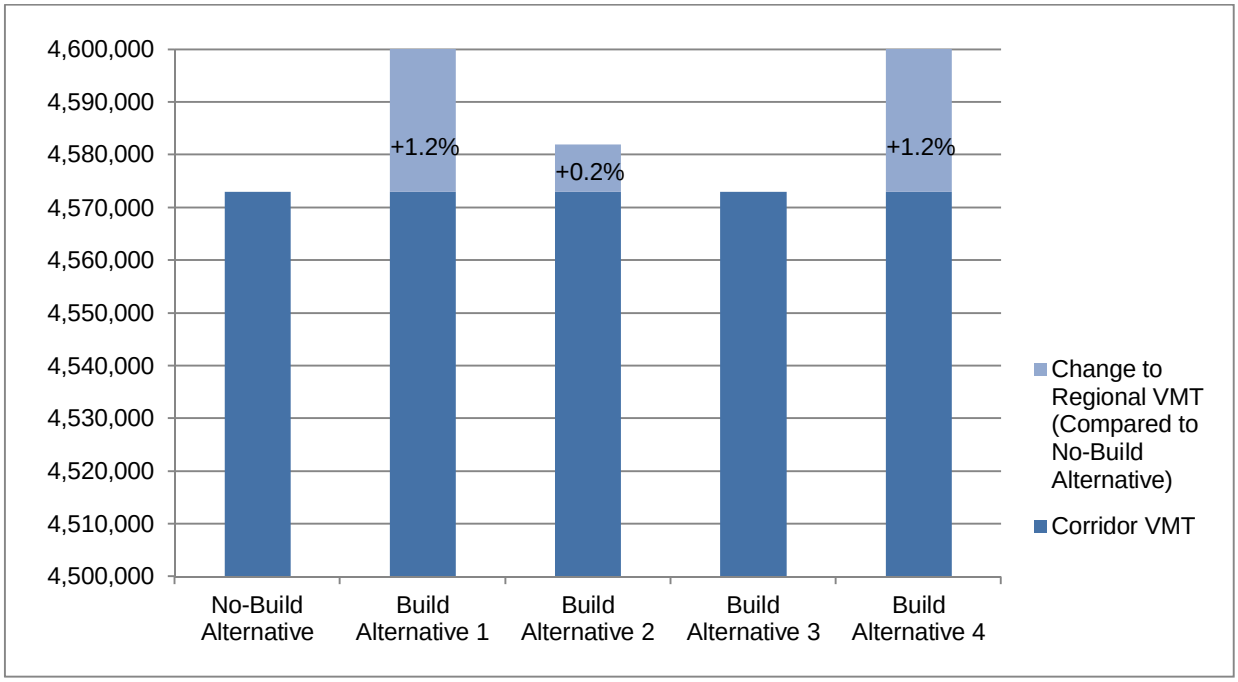


Figure 4-3. Project VMT, 2035



4.2.6 Person Throughput

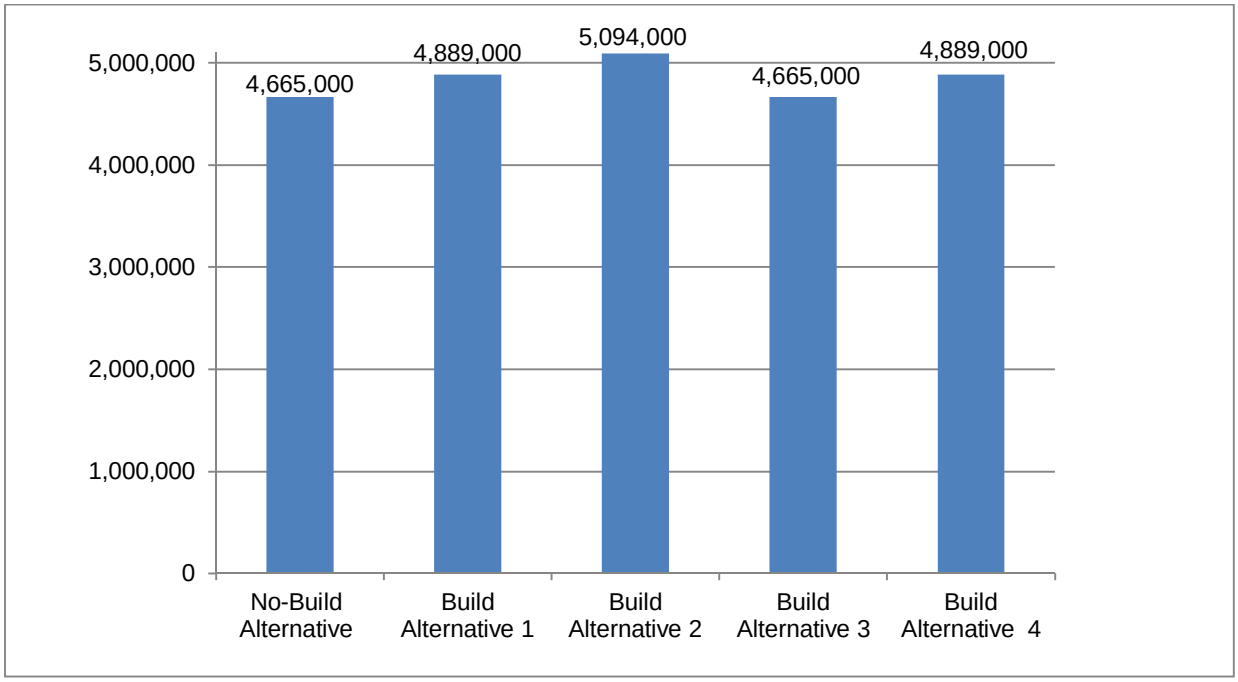
The No-Build Alternative would serve 4,665,000 people within the corridor.

Compared to the No-Build Alternative, Build Alternative 1, Build Alternative 2, and Build Alternative 4 would provide an increase in the number of people served (see **Figure 4-4**).

- **Build Alternative 2** would provide the greatest increase in person throughput, serving 5,094,000 people within the corridor. This is due to the MLs, which accommodate HOVs (vehicles with two or more persons) and provide additional capacity.
- **Build Alternative 1** and **Build Alternative 4** would provide the second greatest increase in person throughput, serving 4,889,000 people within the corridor.

Build Alternative 3 was assumed to have the same person throughput as the No-Build Alternative as a conservative estimate because no model run was conducted to this alternative. Therefore Build Alternative 3 is likely to have higher Person Throughput than No Build in actuality.

Figure 4-4. Person Throughput, 2035



4.2.7 Reliability

Compared to the No-Build Alternative, all of the build alternatives would increase reliability by providing roadway improvements at one congested choke point (i.e., westbound TC lane from Mast Boulevard to the crest of the hill). When packaged with other MM improvements (i.e., transit improvements), there would be an additional increase in reliability for all of the build alternatives.

Additionally, **Build Alternatives 1, 2, and 4** would provide additional roadway improvements that would further increase reliability.

- **Build Alternative 2** would provide the greatest increase in reliability, as it would have the following additional improvements:
  - Improvements at other congested choke points
  - MLs available to transit, HOVs, and other vehicles willing to pay a fee
- **Build Alternative 4** would provide the second greatest increase in reliability, as it would have the following additional improvement:
  - Shoulder running lanes during peak periods
- **Build Alternative 1** would provide the third greatest increase in reliability, as it would have the following additional improvement:
  - Improvements at other congested choke points

4.2.8 Mode Share

Compared to the No-Build Alternative, all of the build alternatives would have mode share similar to regional mode share percentages (i.e., there would be no noticeable change). For the 21,000,000 regional daily trips, for all of the alternatives, regional mode share would be as follows: 53% drive alone trips, 43% carpool trips, less than one percent transit trips, three percent walk trips, and less than one percent bike trips (see **Figure 4-5**).

Compared to the No-Build Alternative, there would be a shift in modes in the corridor under Build Alternatives 1, 2, and 4 (see **Figure 4-6**).

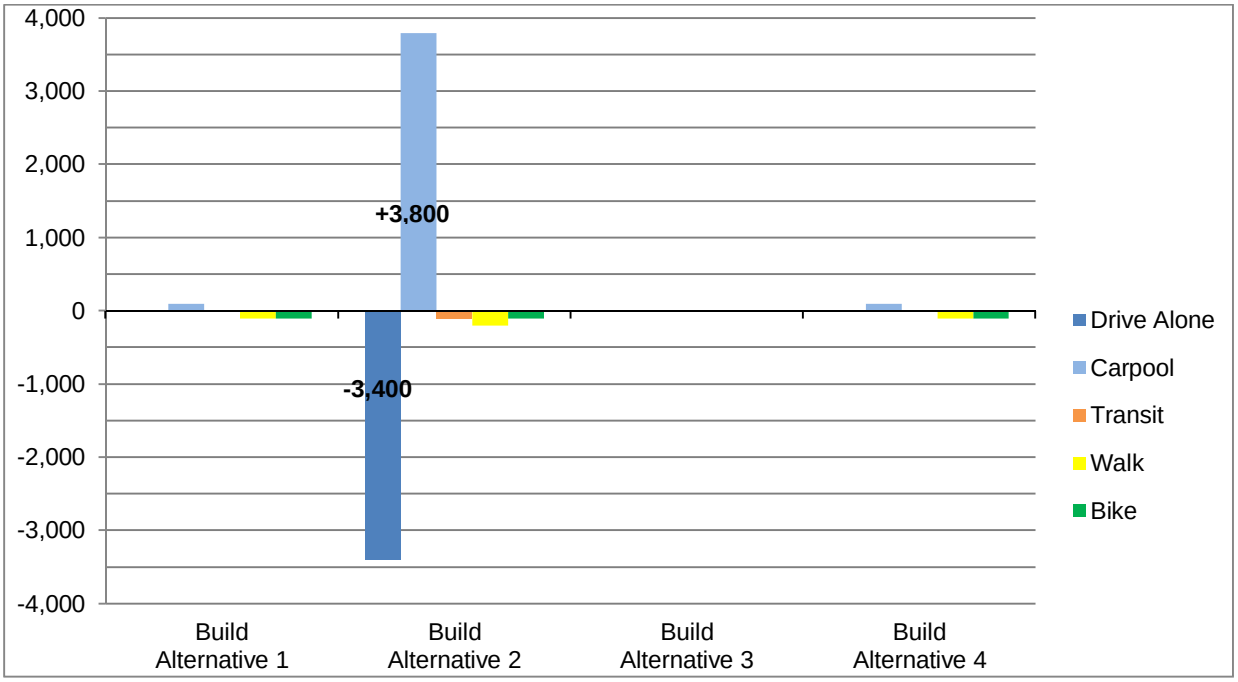
- **Build Alternative 2** would provide the greatest shift from the "drive alone" mode to other modes (i.e., 3,400 fewer "drive alone" trips and 3,800 additional "carpool" trips), due to the construction of the MLs.
- **Build Alternative 1** and **Build Alternative 4** would not provide any shifts from the "drive alone" mode; however, under these alternatives, there would be an additional 100 "carpool" trips from other modes.

There would be a mode shift under Build Alternative 2—3,400 fewer drive alone trips and 3,800 additional carpool trips—due to the construction of the managed lanes.

There would be no shift in modes under **Build Alternative 3**.

Figure 4-5. Regional Trips by Mode, 2035

Figure 4-6. Mode Shifts, Compared to No-Build Alternative



4.2.9 Improvements to Transit and HOV Mobility

Compared to the No-Build Alternative, **Build Alternatives 1 to 4**, when packaged with other MM improvements, would provide improvements to transit (i.e., bus on shoulder on SR 52 and TSP on Mission Gorge Road).

- Under **Build Alternative 4**, these improvements could be reduced slightly, as both vehicles (e.g., single-occupancy vehicles [SOVs] and HOVs) and buses would use shoulder running lanes during peak periods.

Additionally, **Build Alternative 2** would provide improvements to HOV mobility, as it would have the following roadway improvement:

- Transit, HOVs, and other vehicles willing to pay a fee can utilize the MLs.

4.2.10 Congestion Relief

This criterion considered five measures of congestion relief: freeway under capacity, travel time, daily hours of congested conditions, person-hours of delay saved, and arterial LOS. For this criterion, travel time is the only measure derived using the Aimsun model—all other measures were derived using the SANDAG model.

- **Build Alternative 4** would provide the greatest amount of overall congestion relief, due to the shoulder running lanes that would operate from Mission Gorge Drive to I-805 during peak periods only.
- **Build Alternative 2** would provide the second greatest amount of overall congestion relief, due to the number of roadway improvements, including MLs.
- **Build Alternative 1** and **Build Alternative 3** would provide congestion relief benefits as well.

The five measures are discussed below.

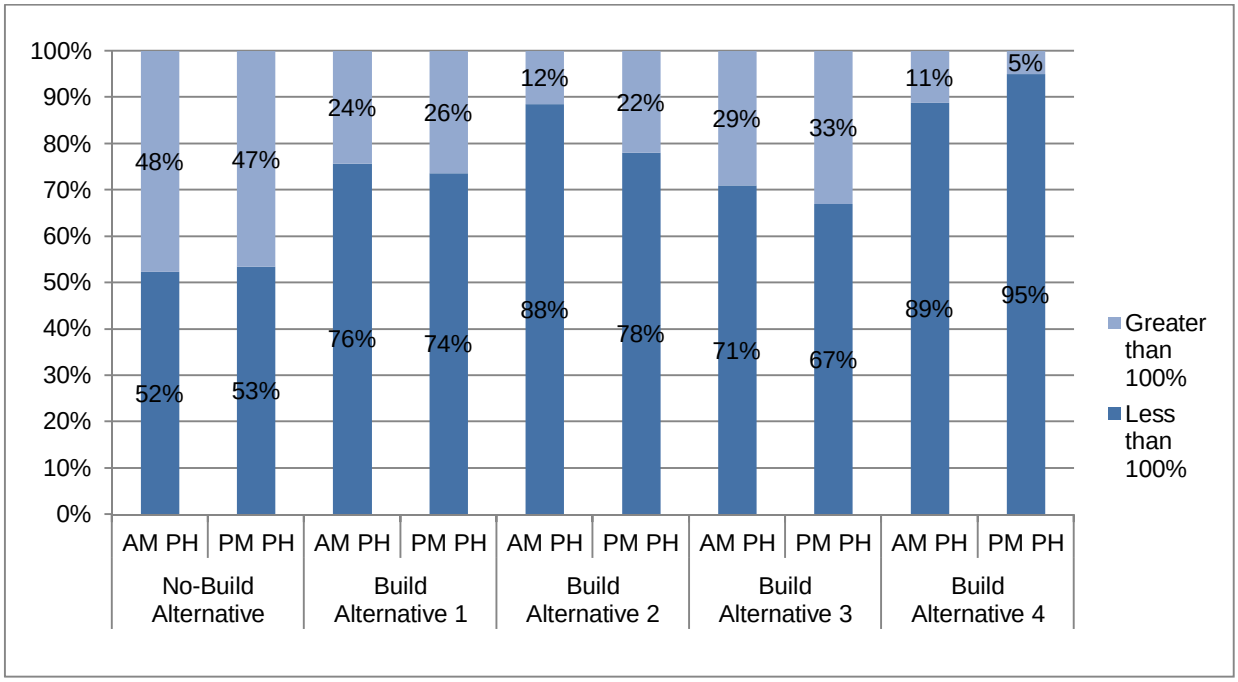
Freeway under Capacity

Under the No-Build Alternative, the GP lanes would operate under capacity (i.e., have a V/C ratio less than 10%) at 52% during the AM peak hour (PH) and 53% during the PM PH.

Compared to the No-Build Alternative, **Build Alternatives 1 to 4** would increase the percentage of GP lanes operating under capacity during the AM and PM PHs (see **Figure 4-7**).

- **Build Alternative 4** would provide the greatest increase, due to the shoulder running lanes that would operate from Mission Gorge Drive to I-805 during peak periods only.
- **Build Alternative 2** would provide the second greatest increase, due to a number of roadway improvements throughout the corridor, including an expansion of the San Diego River bridge (from four to six GP lanes). Additionally, this alternative would provide MLs, relieving congestion on the GP lanes by shifting traffic to the MLs.
- **Build Alternative 1** would provide the third greatest increase, due to roadway improvements in the corridor, including an expansion of the San Diego River bridge (from four to six GP lanes).
- **Build Alternative 3** would provide the fourth greatest increase.

Figure 4-7. Freeway under Capacity, 2035



Notes: AM PH = AM peak hour; PM PH = PM peak hour

Travel Time

Based on microsimulation AM peak travel times for WB SR 52, WB Mast Boulevard, and NB I-805 are summarized in **Table 4-1**. For SR 52 segments, AM and PM peak travel times are summarized in **Table 4-1** and **Table 4-1**.

Build 2 was not evaluated in the microsimulation since it is the ultimate regional project and consistent with regional policies for managed lanes. As the ultimate regional project, Build 2 provides managed lanes in addition to all of the improvements included the other alternatives. Therefore it provides the most capacity along the corridor of all of the alternatives and is assumed that Build 2 would operate very well.

Compared to the No-Build Alternative, Build Alternative 1, Build Alternative 3, and Build Alternative 4 would reduce travel time in the AM peak period on WB SR 52 and WB Mast Boulevard (see **Table 4-1**). On SR 52 (as shown in **Table 4-1** and **Table 4-2**):

- Of the alternatives analyzed **Build Alternative 1** would provide the greatest reduction in travel time in both the AM and PM peak periods.
- Of the alternatives analyzed **Build Alternative 4** would provide the second greatest reduction in travel times in both the AM and PM peak periods.

Table 4-1. AM Peak Travel Time: WB SR 52, WB Mast Blvd, and NB I-805

	WB SR 52				WB Mast Blvd	NB I-805
Alternative	**SR 67 to Mast Blvd**	**Mast Blvd to I-15**	**I-15 to I-805**	**Total**	**Carlton Hills Blvd to SR 52**	**SR 52 to Nobel Dr**
No-Build Alternative	34	10	13	57	51	7
Build Alternative 1	16	13	9	38	30	8
Build Alternative 3	21	10	15	46	34	7
Build Alternative 4	21	7	14	42	34	7

Table 4-2. PM Peak Travel Time: EB SR 52

Alternative	EB SR 52			
	I-805 to I-15	I-15 to Mast Blvd	Mast Blvd to SR 67	Total
No-Build Alternative	15	22	4	41
Build Alternative 1	4	5	3	12
Build Alternative 4	4	8	4	16

Note: Build Alternative 3 was excluded, as it does not include roadway improvements on EB SR 52

Daily Hours of Congested Conditions

Under the No-Build Alternative, there would be approximately 3.15 and 3.75 hours of congestion per day in the westbound and eastbound directions, respectively.

Compared to the No-Build Alternative, all of the build alternatives would reduce daily hours of congestion (see **Figure 4-8**). **Figure 4-9** shows the same data in minutes of congested conditions.

- **Build Alternative 4** would provide the greatest reduction (in both directions), due to the shoulder running lanes that would operate from Mission Gorge Road to I-805 during peak periods only.
- **Build Alternative 2** would provide the second greatest reduction (in both directions), due to a number of roadway improvements throughout the corridor, including an expansion of the San Diego River bridge (from four to six GP lanes). Additionally, this alternative would provide MLs, relieving congestion on the GP lanes by shifting traffic to the MLs.
- **Build Alternative 1** and **Build Alternative 3** would each provide reductions (in both directions) as well.

Figure 4-8. Daily Hours of Congested Conditions, 2035

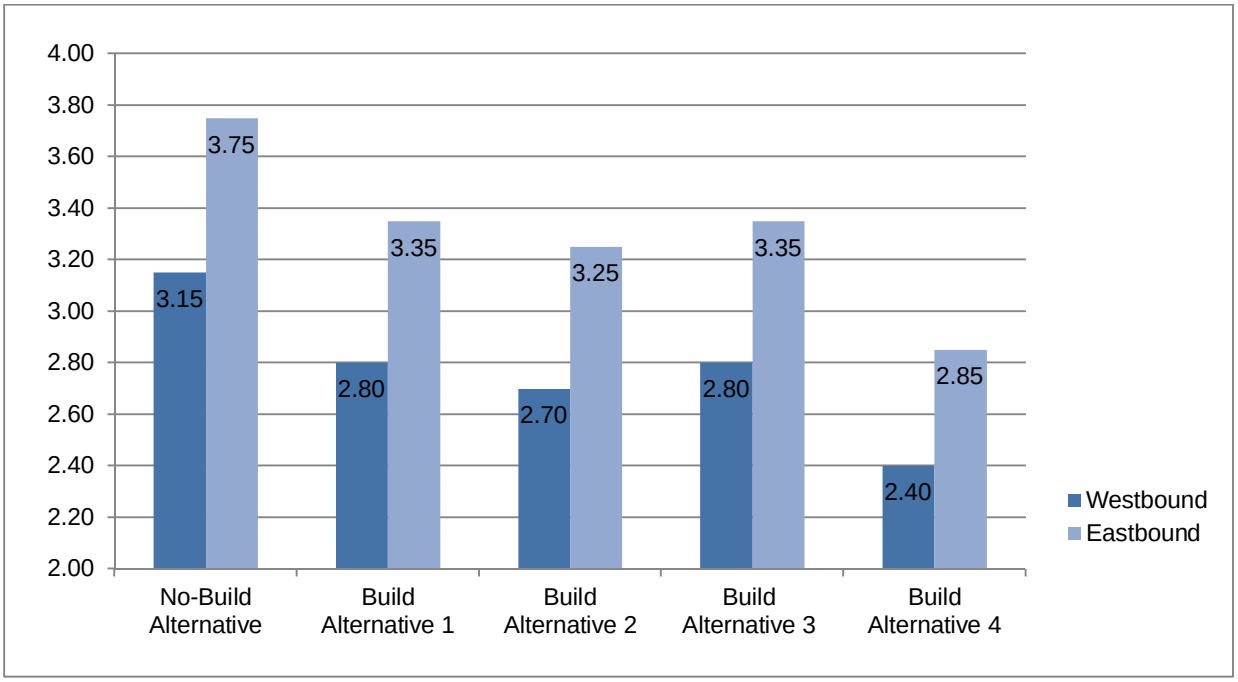
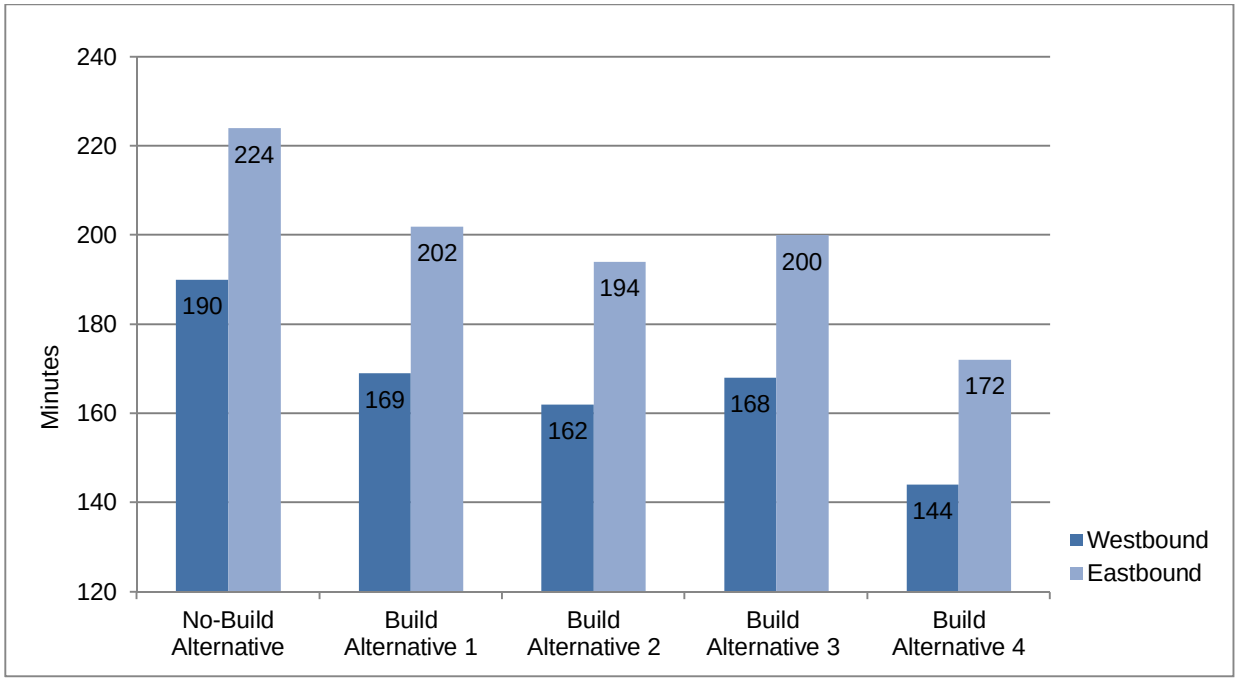


Figure 4-9. Daily Minutes of Congested Conditions, 2035



Person-Hours of Delay Saved in the Highest One Hour Peak

Although not shown in Table 4-3, Build Alternative 2 is assumed to be the most effective for improving Person-Hours of delay saved. It was not analyzed in the microsimulation model, since modeling the ultimate conditions would involve a more detailed model that is out of the scope of the project. It assumes that since the ultimate would provide for the most robust system of managed lanes and other freeway improvements, it would provide the greatest benefit. As shown in **Table 4-3**, **Build Alternative 1** would provide the second greatest total savings at 2,939 person-hours saved in the AM peak and 3,812 person-hours saved in the PM peak. **Build Alternative 4** would provide 2,709 person-hours saved in the AM peak and 364 person-hours saved in the PM peak. Of the three build alternatives, **Build Alternative 3** would provide 2,217 person-hours saved.

Table 4-3. Person-Hours of Delay Saved

	AM Peak Hour						PM Peak Hour			
	SR 52 WB			Mast Blvd	I-805 NB		SR 52 EB			
Person-Hours Saved[1,2]	**SR 67 to Mast Blvd**	**Mast Blvd to I-15**	**I-15 to I-805**	**Carlton Hills Blvd to SR 52**	**SR 52 to Nobel Dr**	**Total**	**SR 67 to Mast Blvd**	**Mast Blvd to I-15**	**I-15 to I-805**	**Total**
No-Build Alternative	-	-	-	-	-	**-**	-	-	-	-
Build Alternative 1	2216	(420)	505	978	(340)	**2,939**	77	2195	1540	**3,812**
Build Alternative 3	1659	(23)	(247)	753	76	**2,217**	-	-	-	**-**
Build Alternative 4	1616	429	(196)	804	56	**2,709**	3	(992)	1353	**364**

Notes:

Person-Hours Saved are compared to the No-Build Alternative

2 Numbers in parenthesis represent a decrease in person-hours saved as a result of an increase in travel time

Arterial LOS

Under the No-Build Alternative, of the arterial roadway segments analyzed, approximately 90% (1.24 miles) would operate under capacity (80% or less). Additionally, approximately 10% (0.15 miles) would operate at a level approaching capacity (between 81 and 100%) at the following location:

- Mission Gorge Road between SR 125 and Fanita Drive

Compared to the No-Build Alternative, there would be no changes under Build Alternatives 1 to 4 (see **Table 4-4**).

Table 4-5 provides a more in-depth summary of arterial roadway V/C ratios by segment. As shown in **Table 4-5**, Mission Gorge Road between SR 125 and Fanita Drive would be the only arterial roadway segment operating at a level approaching capacity, under all of the alternatives.

Table 4-4. Summary of Arterial Roadway V/C Ratios, 2035

V/C Ratio	Length (Miles)				
	No-Build Alternative	Build Alternative 1	Build Alternative 2	Build Alternative 3	Build Alternative 4
0% to 80%	1.24	1.24	1.24	1.24	1.24
81% to 100%	0.15	0.15	0.15	0.15	0.15
100%+	0.00	0.00	0.00	0.00	0.00

Table 4-5. Summary of Arterial Roadway V/C Ratios, 2035

Segment			Length (Miles)	Capacity[1,2]	V/C Ratio				
Street	From	To			No-Build Alternative	Build Alternative 1	Build Alternative 2	Build Alternative 3	Build Alternative 4
Magnolia Ave	EB SR 52 Off-Ramp	WB SR 52 On-Ramp	0.08	40,000	74%	74%	74%	74%	74%
Kearny Villa Rd	EB SR 52 Ramps	WB SR 52 Ramps	0.16	40,000	74%	75%	74%	74%	75%
Santo Rd	EB SR 52 Ramps	WB SR 52 Ramps	0.12	30,000	18%	17%	18%	18%	17%
Fanita Dr	Mission Gorge Rd	EB SR 52 On-Ramp	0.18	40,000	37%	35%	34%	37%	35%
Convoy St	EB SR 52 Ramps	WB SR 52 Ramps	0.09	40,000	40%	41%	42%	40%	41%
Cuyamaca St	EB SR 52 Ramps	WB SR 52 Ramps	0.09	50,000	68%	68%	67%	68%	68%
Mast Blvd	EB SR 52 Ramps	WB SR 52 Ramps	0.09	40,000	47%	46%	45%	47%	46%
Mast Blvd	WB SR 52 Ramps	West Hills Pkwy	0.12	50,000	71%	72%	71%	71%	72%
Mission Gorge Rd	EB SR 52 Off-Ramp	WB SR 52 On-Ramp	0.16	40,000	53%	51%	53%	53%	51%
Mission Gorge Rd	WB SR 52 On-Ramp	SR 125	0.14	50,000	47%	46%	49%	47%	46%
Mission Gorge Rd	SR 125	Fanita Dr	0.15	50,000	93%	92%	92%	93%	92%

Notes:
1 LOS E capacities from Table 2 in the *SANTEC / ITE Guidelines for Traffic Impact Studies (TIS) in the San Diego Region* (SANTEC/ITE, 2000)
2 Roadway classifications obtained from the *City of Santee General Plan 2020* (City of Santee, 2003) for roadways within the City of Santee. Classifications for roadways within the City of San Diego were obtained from the mobility element of each respective community plan.

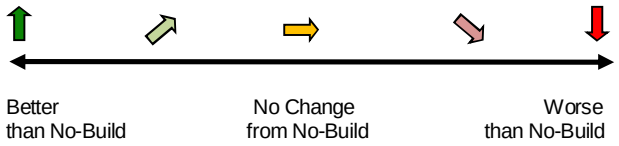
4.3 Summary of Results

The results of the screening analysis are summarized in **Table 4-6**. This table shows the results of each build alternative, compared to the No-Build Alternative.

Based on the screening analysis, Build Alternative 2 performs the best. Build Alternatives 1 and 4 are second in performance, followed by Build Alternative 3 (third in performance).

Table 4-6. Screening Results: Build Alternatives Compared to No-Build Alternative

	Criterion	Build Alternative 1	Build Alternative 2	Build Alternative 3	Build Alternative 4
1	Consistency with the Regional Plan	↑	↑	↑	↑
2	Near Term Implementation	↑	↗	↑	↗
3	Environmental Impacts	↓	↓	↘	↘
4	Capital Costs	↘	↓	↘	↘
5	VMT	↘	↘	→	↘
6	Person Throughput	↗	↑	→	↗
7	Reliability	↗	↑	↗	↗
8	Mode Share	↗	↑	→	↗
9	Improvements to Transit and HOV Mobility	↗	↑	↗	↗
10	Congestion Relief	↑	↑	↗	↑



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5.0 PUBLIC OUTREACH

5.1 Summary of Efforts

The WSP | Parsons Brinckerhoff team led public outreach efforts to provide and gather information about the study, including the alternatives. The outreach effort provided an opportunity to gain a local perspective about the study relating to the improvements, existing conditions (e.g., congestion "hot-spots"), and any other observations related to the study corridor. The outreach efforts also provided an opportunity to build consensus between local residents, jurisdictions, businesses, and others members of the public, offering additional perspective beyond that of the TWG.

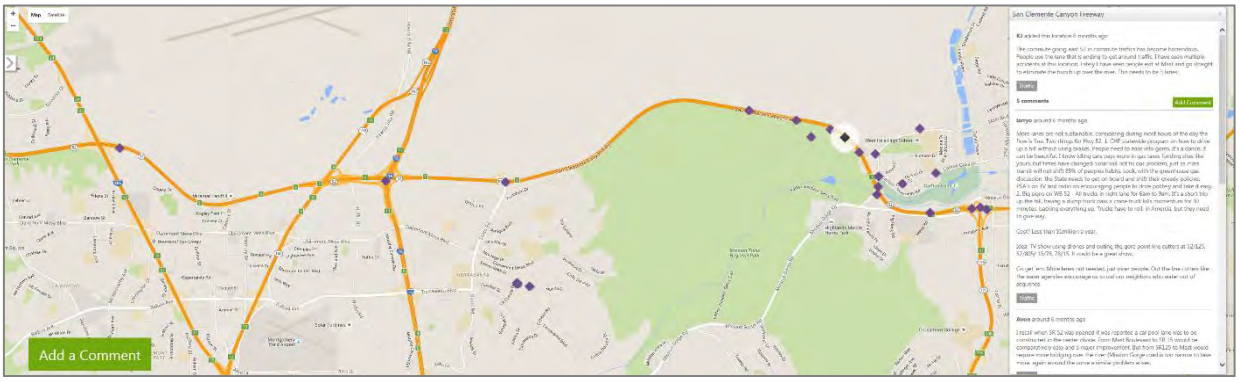
The public outreach plan consisted of the following three components:

- Webpage
- Email and social media
- Public workshops

5.1.1 Webpage

The webpage consisted of an interactive Google map that allowed public comments to be submitted both electronically and geographically, as shown in **Figure 5-1**. A total of 98 online comments were received. The webpage was promoted through electronic messages (emails/newsletter) that was distributed to community organizations and other interested parties along the corridor. The webpage was live and open for comments from September 15, 2015 to March 22, 2016.

Figure 5-1. Daily Webpage Comment Tool



5.1.2 Email and Social Media

Email and social media updates were used to notify the public about the study and public workshops. A comprehensive distribution list, which included local community groups and interested members of public, was maintained and was used for the

notifications. There were 105 people on the notification list. An example email is provided in Appendix E.

5.1.3 Public Workshops

Two public workshops (shown in **Figure 5-2**) were held to discuss the study. The first workshop was held at Santee City Hall on February 22, 2016 and the second workshop was held at the Tierrasanta Recreation Center on March 3, 2016. The purpose of the workshops was to provide an opportunity for interested stakeholders to learn about the alternatives and provide input on solutions to best improve mobility in the study corridor. The meeting began with a presentation, then transitioned to an open house format, where attendees were allowed to view detailed boards and discuss the alternatives with City of Santee and WSP | Parsons Brinckerhoff staff. SANDAG staff also was on hand to provide input and assist in answering questions. Workshop materials included the following:

- Study overview and purpose
- Existing conditions in the study corridor
- Framework and criteria for evaluating solutions
- High level concepts of each alternative
- Next steps in study process
- Overview of workshop and input we are seeking

Public input was collected at the various stations, including the E-comment station that included laptops connected to the online comment tool webpage. The stations included large boards with concept maps to illustrate the proposed improvements. Participants were able to review information presented in stations regarding each improvement concept and were asked to share any comments, suggestions, or opinions they have on sticky notes. A total of 43 comments were collected at the public workshops.

The first workshop garnered an article published in the San Diego Union Tribune. The second workshop was attended by three local news representatives (i.e., KUSI, CBS, NBC), who reported the study during the evening news on the day of the workshop.

Figure 5-2. Public Workshops

Note: From top to bottom: Public Workshop #1 and Public Workshop #2

5.2 Summary of Comments

The public comment period was open from September 15, 2015 to March 22, 2016. A total of 141 comments were received, with the majority of comments submitted through the webpage. The comments are summarized below and provided in Appendix E.

The comments were grouped into nine topics, with many comments covering multiple topics. **Figure 5-3** and **Figure 5-4** show the resulting analysis of the comments and the breakdown of the comments into specific topics. As expected, the “Freeway Capacity” topic received the highest number of comments and the highest percentage of comments. Under the “Misc” topic, comments discussed areas outside of the study corridor (e.g., SR 67), identified specific locations for the multi-modal improvements (e.g., park-and-ride lots and variable message signs), and discussed other topics (e.g., funding and staggered school times).

Figure 5-3. Number of Comments by Topic

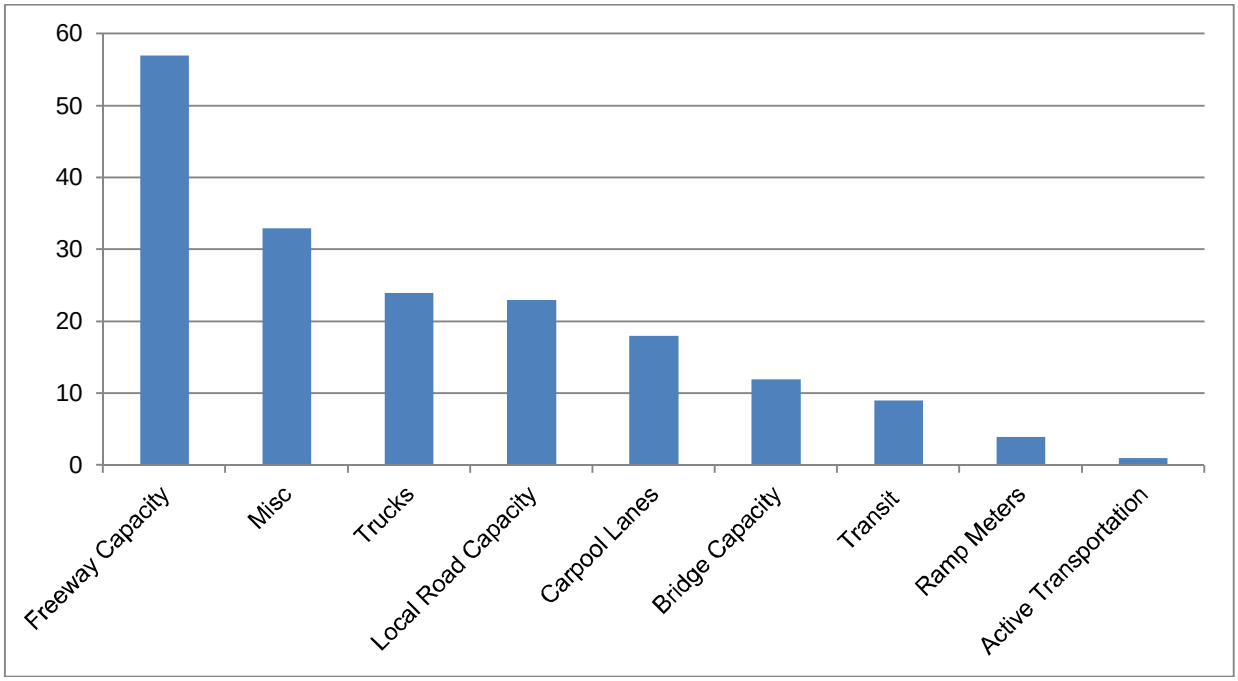
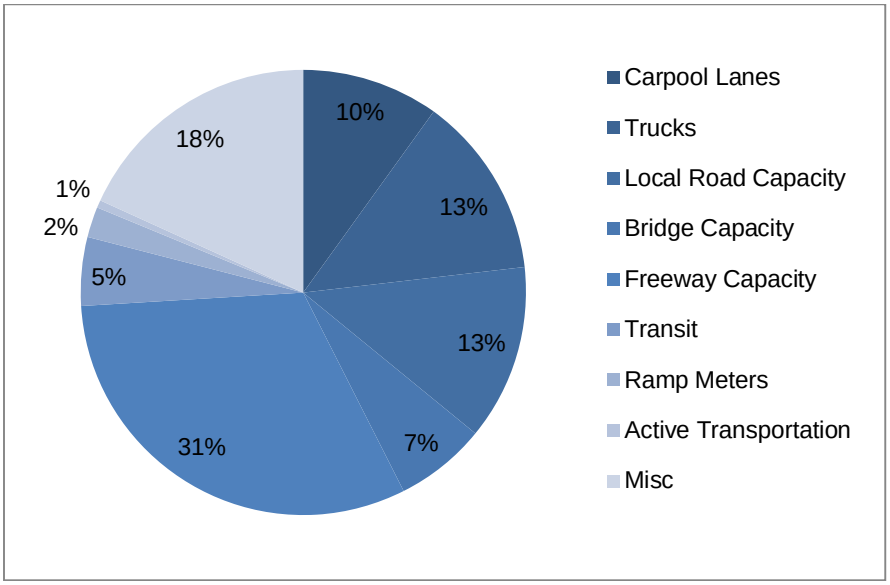


Figure 5-4. Percent of Comments by Topic



6.0 FUNDING STRATEGIES

This chapter identifies funding strategies to implement or advance improvements in the study corridor that would improve SR 52.

6.1 Tolling Analysis

The Regional Plan includes ML and ML connector projects on SR 52, noted as having capital costs of $610 million (2014$) (see Appendix D). These projects are listed as "revenue constrained projects" and are planned to be built by 2050. TransNet II (TransNet extension approved in 2004) has assigned $71 million (2015$) towards the ML improvements, as noted in the potential funding measure Expenditure Plan.[2] **Table 6-1** shows the SR 52 projects in the Regional Plan and the total unfunded amount that could be funded by toll revenue.

This section looks at the possibility of advancing the ML project or implementing a toll road project, using the adjusted net toll revenue to fund either project prior to 2050. The adjusted net toll revenue is the amount of potential funding that could be used to support financing (i.e., toll revenue bonds). This analysis is based on an understanding that all potential toll revenue is directly related to future traffic volumes, which could be influenced by future technologies, like the deployment of autonomous vehicle technology.

Table 6-1. SR 52 Ultimate Project Funding Required

Item	Limits	Capital Cost (2014$)[1]	Capital Cost (2016$)[2]	TransNet II Funds (2016$)[3]
2 ML	I-805 to I-15	$91,000,000	$93,000,000	$71,000,000
2 ML (Reversible)	I-15 to SR 125	$298,000,000	$304,000,000	
ML Connector	SR 52 and I-15 (West to North and South to East)	$130,000,000	$133,000,000	
ML Connector	SR 52 and I-805 (West to North and South to East)	$91,000,000	$93,000,000	$42,000,000
		TOTAL	**$622,200,000**	**$113,000,000**
		TOTAL UNFUNDED	**$509,200,000**	

[1] Capital Cost (2014$) from the Regional Plan
[2] Capital Cost (2016$) escalated from the Regional Plan (2014$)
[3] TransNet II Funds (2016$) escalated from 2015$ SANDAG Board of Directors Meeting Agenda, April 29, 2016

[2] The Expenditure Plan as presented at the April 29, 2016 SANDAG Board of Directors Meeting.

6.1.1 Methodology

To estimate toll revenue, a regional travel demand model (i.e., the SANDAG Series 12 Model) was used. Based on WSP | Parson Brinckerhoff's previous experience involving the use of travel demand models and toll optimization models (e.g., RapidTOM) for conceptual level toll revenue forecasting, on projects such as the SR 78 Corridor Study, it has been shown that revenue forecasts generally are within an order of magnitude of +/- 20 to 25% using a regional travel demand model or +/- 5 to 10% using a toll optimization model (e.g., RapidTOM), compared to actual revenue. The use of the regional travel demand model was deemed sufficient for the level of analysis and revenue projections required for this study since results would fall within an acceptable range and therefore analysis by a toll optimization model, such as RapidTom, was not used. As such, the estimated adjusted net toll revenue provided in Section 6.1.2 notes that toll projection values have a margin of error within +/- 20%.

This section describes the methodology used to estimate toll revenue, including the model runs developed, as well as the toll fees, toll revenue calculations, and toll revenue adjustments used. The toll fees and toll revenue adjustments used for this study are consistent with regional documents related to tolling, including the *SR 78 Corridor Study* (SANDAG, 2012), based on the experience of SANDAG operating the I-15 Express Lanes and information derived from other toll facility operations.

6.1.1.1 Traffic Forecasts

The SANDAG Series 12 Model was used to generate traffic forecasts, which were then used to estimate toll revenue. From the SANDAG Series 12 Model, the following model runs were developed:

- 2025 ML Model Run
- 2035 Toll Only (TO) Model Run
- 2050 ML Model Run

Each model run provided traffic volumes for the specified year and toll facility.[3] The 2035 TO Model Run is the only model run that includes the implementation of a toll road instead of the planned MLs, representing the maximum amount of possible toll revenue.

6.1.1.2 Toll Fees

The following toll fees, from the *SR 78 Corridor Study* and the *2050 Regional Travel Demand Model Documentation* (SANDAG, 2011), were assumed: $0.26 per mile in the peak period and $0.10 per mile in the off-peak period. Additionally, it was assumed that toll fees would be collected for 250 days per year (i.e., 5-day weekdays and 50 weeks).

[3] The Regional Plan contains two types of toll facilities: 1) MLs that charge a fee for use by single occupancy vehicles (SOVs) and 2) toll roads where tolls are charged for all vehicles using the facility.

6.1.1.3 Toll Revenue Calculations

For all model runs except the 2035 TO Model Run, daily toll revenue was calculated as follows:

Daily Toll Revenue (Peak Periods) = ML SOVs x ML Miles x $0.26
Daily Toll Revenue (Off-Peak Period) = ML SOVs x ML Miles x $0.10

where:
ML SOVs = Daily SOVs on a ML link
ML Miles = Length of the ML link

For the 2035 TO Model Run, the daily toll revenue calculations were similar to those shown above except, instead of "ML SOVs" or "daily SOVs on ML link," all daily vehicles (e.g., SOVs and HOVs) on the TO link would be charged toll fees, during both peak and off-peak periods.

For the ML option, toll revenue per year was interpolated between the 2025 and 2050 data points based on the 2025 ML Model Run and the 2050 ML Model Run, respectively. For the toll road option, the toll revenue per year was then adjusted based on the 2035 TO Model Run. In Section 6.1.2, the estimated adjusted net toll revenue is presented for two scenarios:

- 25 Years (2025 to 2050) using MLs
- 25 Years (2025 to 2050) using a Toll Road

6.1.1.4 Toll Revenue Adjustments

Toll revenue adjustments were made to account for revenue leakage, toll ramp up factors, and toll operations and maintenance (O&M) costs. The estimated adjusted net toll revenue includes these adjustments.

Revenue Leakage

Revenue leakage includes tolls that are not paid, as well as any users that are exempt from paying tolls, such as enforcement and emergency vehicles. To account for revenue leakage, toll revenue was reduced by 15% (for MLs) or 10% (for toll road). A higher rate was used for MLs because enforcement is more complex (i.e., HOVs are exempt from paying tolls).

Toll Ramp up Factors

Toll ramp up factors were assumed, which allow users to become comfortable with using the toll facilities (e.g., obtain FasTrak transponders). In Year 1 (2025), 85% of users were assumed. In Year 2 (2026), 95% of users were assumed. Years following assumed 100% of users.

Toll O&M Costs

Toll O&M costs include the following:

- **Highway O&M Costs** include roadway maintenance related to flexible pavement, drainage, cleaning, and other standard roadway maintenance activities performed by Caltrans. Approximately 25 lane miles (20 miles for MLs and 5 miles for ML connectors) were assumed.
- **Enforcement and Toll Collection Equipment Costs** include violation enforcement systems (e.g., camera-based automatic license plate recognition) and automatic vehicle identification systems (e.g., communication with each vehicle to charge a fee).
- **Toll Collection Backend Operating Costs** include toll processing, technical services, telecommunications, administration, marketing, transaction costs, banking fees, credit card fees, and violation enforcement processing.
- **Toll Equipment Maintenance Costs** include maintenance costs for toll equipment, such as variable message signs.

Currently, the regional practice is to use tolls collected from a toll facility to operate and maintain the toll facility and to help provide transit service in the corridor.

Toll O&M costs are shown in **Table 6-2**. Toll revenue was reduced by $691,000 per year to account for toll O&M costs.

Table 6-2. Toll Operations & Maintenance Costs (2016$)

Category	Units	Cost
Highway O&M Costs	Per lane mile per year	$5,657
Enforcement and Toll Collection Equipment Costs	Per year	$113,141
Toll Collection Backend Operating Costs	Per trip per year	$1.13
Toll Equipment Maintenance Costs	Per year	$260,224
TOTAL	Per year	$691,000

6.1.2 Estimated Adjusted Net Toll Revenue

Over the course of 25 years (2025 to 2050), the estimated adjusted net toll revenue is approximately $156 million using MLs and $212 million using a toll road, as shown in **Figure 6-1** and **Figure 6-2**.

Figure 6-1. Estimated Toll Revenue: Managed Lanes (2016$)

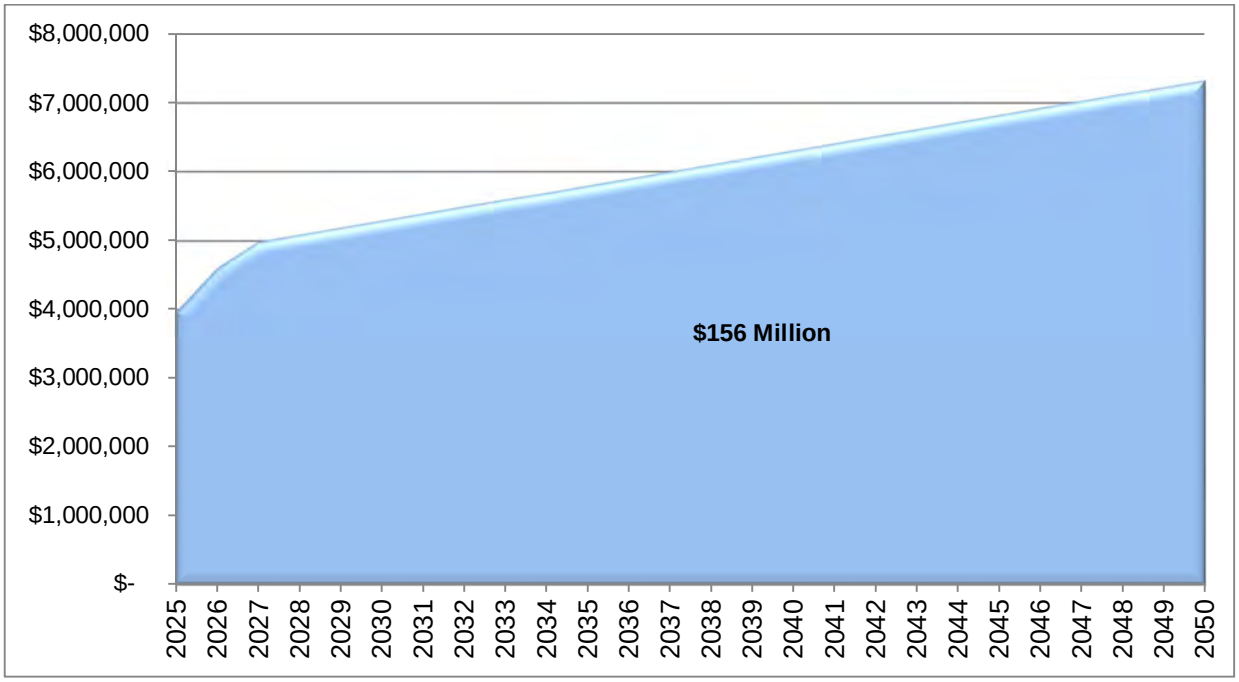
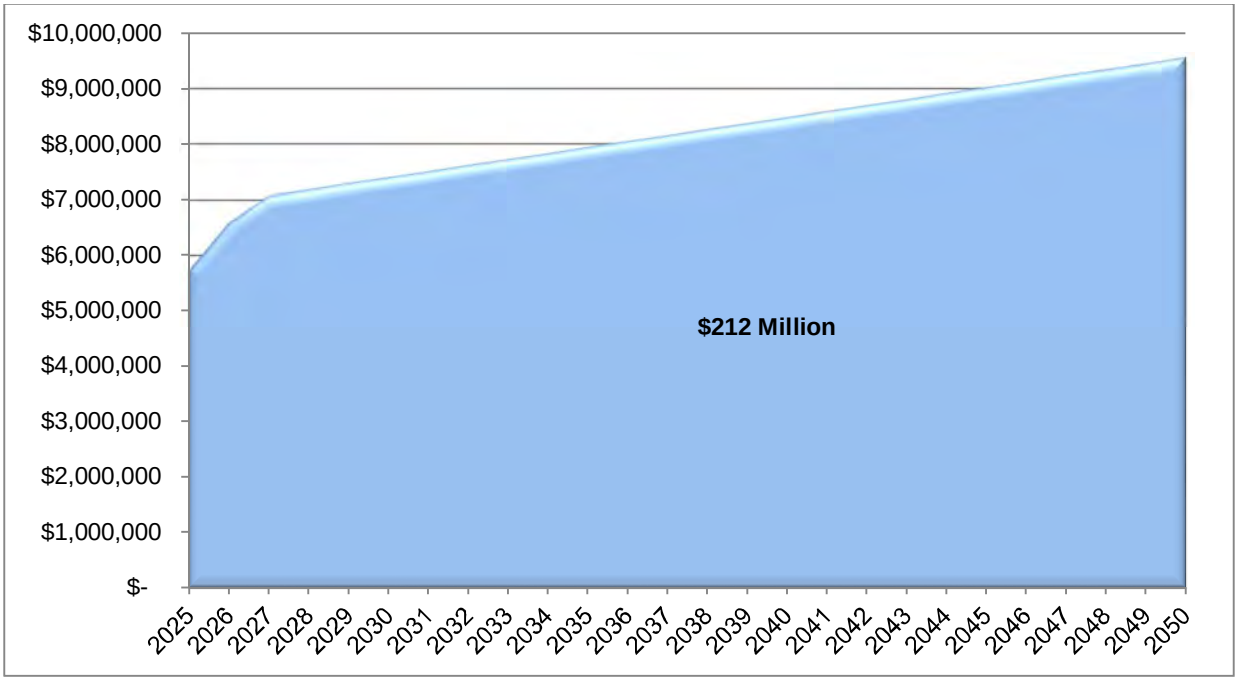


Figure 6-2. Estimated Toll Revenue: Toll Road (2016$)



A breakdown of the estimated adjusted net toll revenue, by ML and toll road segment, is provided in **Table 6-3**, as well as **Figure 6-3** to **Figure 6-6**.

Table 6-3. Estimated Toll Revenue, 2025 to 2050 (2016$)

	Managed Lanes			Toll Road		
	I-805 to I-15	I-15 to SR 125	Total	I-805 to I-15	I-15 to SR 125	Total
Total Unadjusted Toll Revenue [1]	$46,610,000	$127,750,000	$174,360,000	$67,350,000	$162,810,000	$230,150,000
Total Revenue Leakage	$30,000	$90,000	$120,000	$20,000	$60,000	$80,000
Total Toll O&M Costs	$6,610,000	$11,350,000	$17,960,000	$6,610,000	$11,350,000	$17,960,000
Total Adjusted Net Toll Revenue [1, 2, 3]	**$39,970,000**	**$116,310,000**	**$156,280,000**	**$60,720,000**	**$151,400,000**	**$212,110,000**

[1] Includes ramp up factors (Years 1 and 2)
[2] Includes revenue leakage (15% for MLs and 10% for toll road)
[3] Includes toll O&M costs

The estimated total toll revenue range is provided in **Table 6-4** taking into consideration of the margin of error of +/- 20%. Although this estimated total toll revenue may not fully fund toll facilities in the study corridor, it could be leveraged into additional funds.

Table 6-4. Estimated Total Toll Revenue Range, 2025 to 2050 (2016$)

	Managed Lanes		Toll Road	
	Lower Range	Upper Range	Lower Range	Upper Range
TOTAL	$125,024,000	$187,536,000	$169,688,000	$254,532,000

6.1.3 Bonding Capacity Estimate

Toll revenue bonds are typical financial instruments that allow for the use of toll revenues to be used to pay for infrastructure improvements. In this case, the construction of the ML or Toll Road improvements to the corridor would be financed and secured through bond issuance paid for by the projected ML and Toll revenues. Typically the rates for these instruments are 3.5% to 4.5% and the terms are 20 to 25 years. In order to estimate the amount that could be financed, a calculation was done showing the loan payments over the life of the 25 year loan and including a 2% escalation in revenues per year due to inflation. This increase per year would help pay down the loan. The total projected 25 year ML and Toll revenues were used as the basis for the calculation. Table 6-5 shows the possible bonding capacity available for

construction of the ML and Toll road improvements based on a term of 25 years at 3.5% annual interest rate.

Table 6-5. Estimated Bonding Capacity (2016$)

	Total (2025-2050)	Term/Rate	Total
Managed Lanes	$156,000,000	25 yr/3.5%	$131,700,000
Toll Road	$212,000,000	25 yr/3.5%	$179,000,000

Table 6-6 shows the difference between the potential bonding capacity and the total estimate for the construction of the improvements.

Table 6-6. Estimated Difference in Construction Dollars (2016$)

Total Funds Needed	**$509,200,000[1]**
Total Bonding Capacity	$179,000,000
Total Difference	**$330,200,000**

Note: [1]See Table 6-1 for total ultimate project costs

Figure 6-3. Estimated Toll Revenue: Managed Lane I-805 to I-15 Segment (2016$)

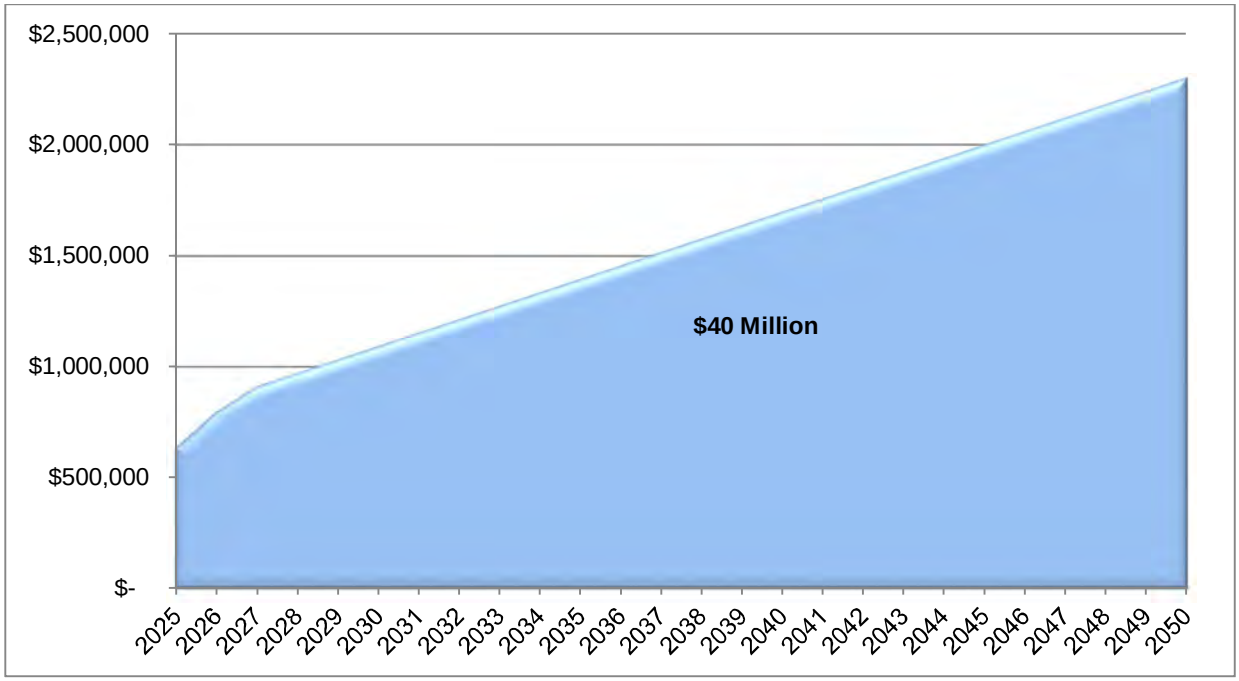


Figure 6-4. Estimated Toll Revenue: Managed Lane I-15 to SR 125 Segment (2016$)

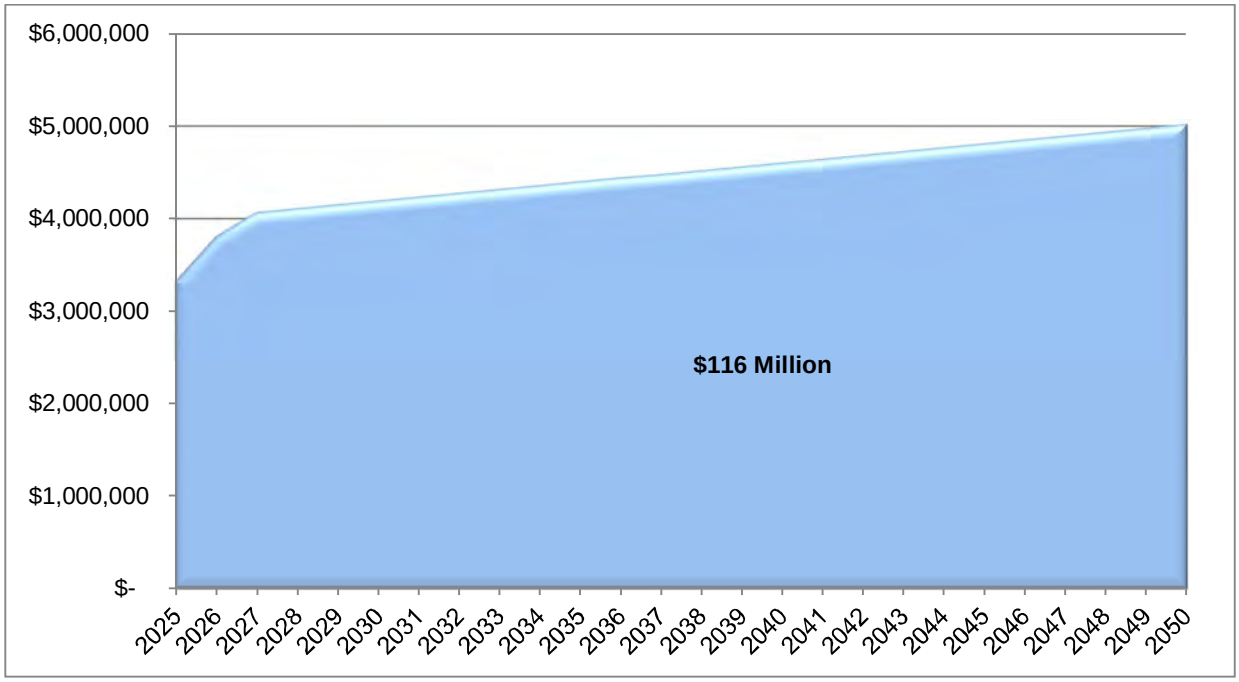


Figure 6-5. Estimated Toll Revenue: Toll Road I-805 to I-15 Segment (2016$)

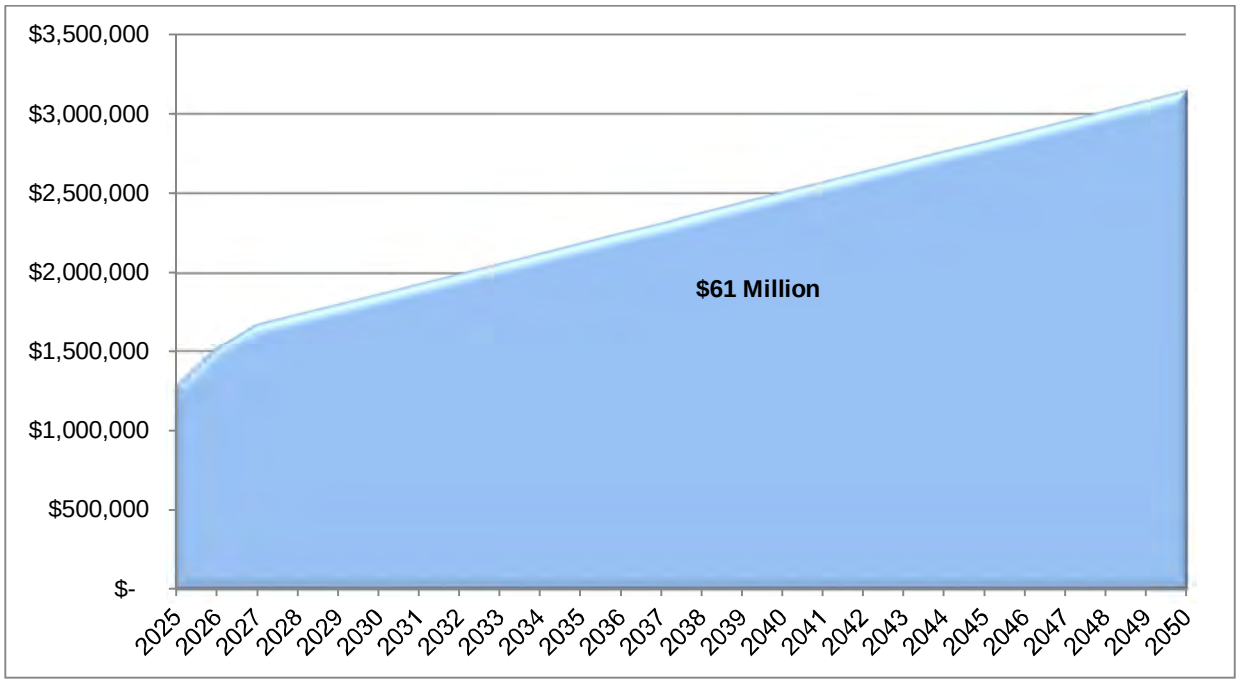
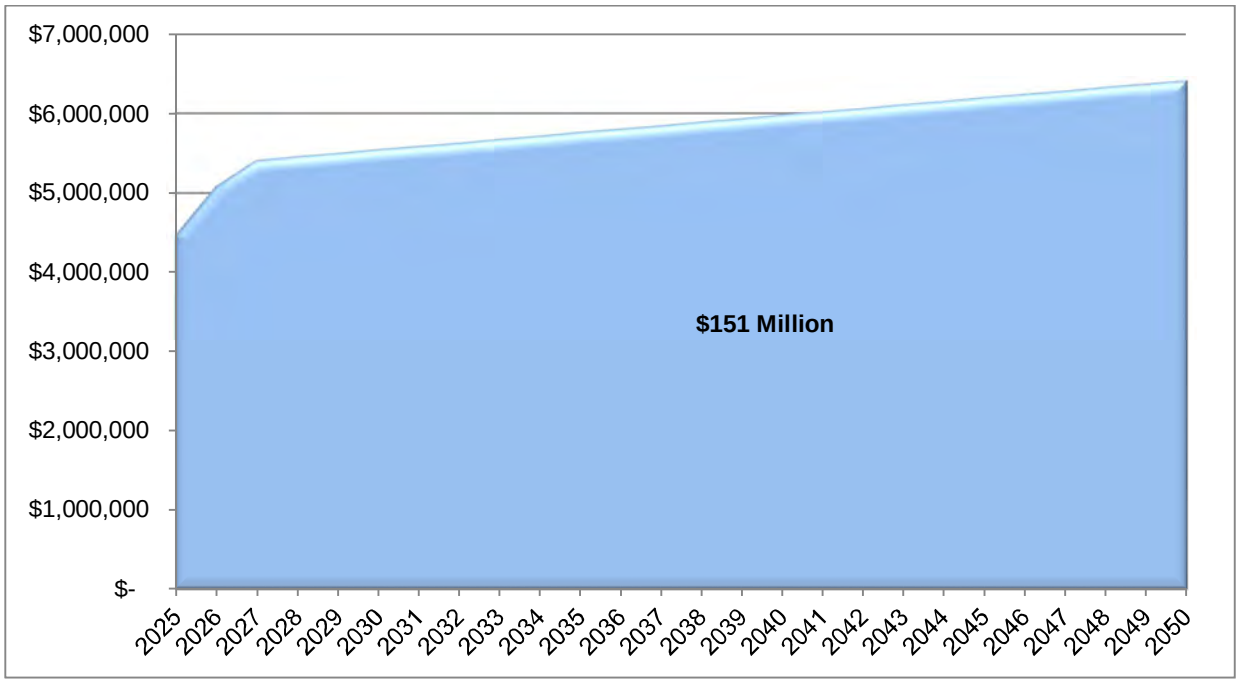


Figure 6-6. Estimated Toll Revenue: Toll Road I-15 to SR 125 Segment (2016$)



6.2 Potential Funding Sources

Other funding strategies could include local, state, or federal revenues. This study identifies MM improvements, which could be added to existing or future local, regional (i.e., SANDAG), and state (e.g., Caltrans) plans, which better align the MM improvements for targeted funding.

6.2.1 Local Revenues

TransNet

TransNet is the half-cent sales tax for local transportation projects. *TransNet* was approved by voters in 1987, and then extended by voters in 2004. *TransNet* generates billions of dollars for public transit, highway, and local street and road improvements. SANDAG leverages these funds with state and federal resources to improve the region's transportation infrastructure and directly tackle growing traffic congestion. Some MM improvements identified in this study (e.g., the MLs and ML connectors) are already included in the Regional Plan with identified TransNet funding.

FasTrak Revenues

FasTrak—the toll collection system used on the I-15 Express Lanes and South Bay Expressway and could be used on the SR 52 MLs. Whereas Section 6.1 provided a tolling analysis using flat tolls (i.e., $0.26 per mile in the peak period and $0.10 per mile in the off-peak period), FasTrak uses a different form of congestion pricing (i.e., dynamic tolls). Dynamic tolls are demand based, with tolls set dynamically (e.g., maximum tolls set in advance by time period, but actual tolls based on real-time traffic). Congestion pricing shifts purely discretionary rush hour travel to other modes or to off-peak periods and generates funding. On the I-15 Express Lanes, tolls varying between $0.50 and $8.00 depending on the distance traveled and traffic in the lanes. FasTrak generated revenue would first cover toll O&M costs, as well as funds for transit. It potentially could generate more revenue than analyzed in Section 6.1.

General Fund/Miscellaneous Local Road Funds

City funds, consisting of property taxes, street assessments, bonds, fines, and forfeitures, are used to improve local streets and road improvements. City funds could be added to specific MM improvements identified in this study.

Impact Fees

An impact fee is a charge on new development to pay for the construction or expansion of off-site public capital facilities that are necessitated by and benefit the new development. Impact fees could include development impact fees (DIFs) and traffic impact fees (TIFs). TIFs are used for transportation projects, like streets and roads. Impact fees are part of the development approval process.

Impact fees typically are payments or one-time charges, but could include credit for in-kind improvements. Impact fee payments and in-kind agreements are determined in coordination with local government regulations.

6.2.2 State Revenues

Most of California's transportation funding comes from federal and state gas taxes, appropriated through ongoing programs, including those listed below. The MM improvements identified in this study could be added to Caltrans programs, where additional funding could be leveraged.

- **State Highway Operation and Protection Program (SHOPP)**. A 4-year program of projects that addresses traffic safety, roadway rehabilitation, roadside rehabilitation, and operations related to the state highway system. Funded by the State Highway Account, which in turn is funded by federal and state gas taxes.
- **State Transportation Improvement Program (STIP)**. For new highway or transit projects that add capacity to the transportation network. Funded by the State Highway Account, which in turn is funded by federal and state gas taxes. It consists of:
  - *Interregional Transportation Improvement Program (ITIP)*. Programmed by the California Transportation Commission, with input from Caltrans and regional transportation planning agencies (RTPAs).
  - *Regional Transportation Improvement Programs (RTIPs)* for each region. Programmed by each RTPA (e.g., SANDAG).
- **Active Transportation Program**. For safe routes to school and active transportation projects. Funded by state gas taxes.

Additional state funding programs include:

- **Local Transportation Funds (LTF)** also called "TDA funds" after the Transportation Development Act of 1971. For transit and active transportation planning, capital and operations. Funded by 0.25% of the state general sales tax, and returned to counties in proportion to their contributions.
- **Public Transportation Account**. For transit planning, capital, and operations. Funded by state sales tax on diesel fuel. Consists of:
  - Fifty percent State Transit Assistance Program (STA). For transit capital and operations. Programmed by RTPAs.
  - Fifty percent retained by the state for administration, planning, and other services.

6.2.3 Federal Revenues

Most federal transportation funds derive from the Federal Highway Trust Fund, which is largely funded by the federal gas tax. The federal government distributes the majority of these funds to California on a formula basis. The state government then appropriates the formula funds through the various state programs listed above.

Most federal funding opportunities that are not directly programmed by the states are competitive grant programs, including:

- **Transportation Investment Generating Economic Recovery (TIGER)**. For highway and transit projects aimed at economic benefits.
- **Nationally Significant Freight and Highway Projects Program (FASTLANE)**. For highway, rail, and port projects that improve the movement of freight.
- **Advanced Transportation and Congestion Management Technologies Deployment Program**. For ITS projects.
- **Surface Transportation System Funding Alternatives Program**. For demonstration projects employing user-fee-based alternative revenue mechanisms.

Additional federal programs provide financing assistance—as opposed to capital or operating funds— including:

- **Transportation Infrastructure Finance and Innovation Act (TIFIA)**. For federal direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance.
- **Private Activity Bonds**. Allows private activity and investment in transportation projects, while maintaining the tax-exempt status of the bonds.

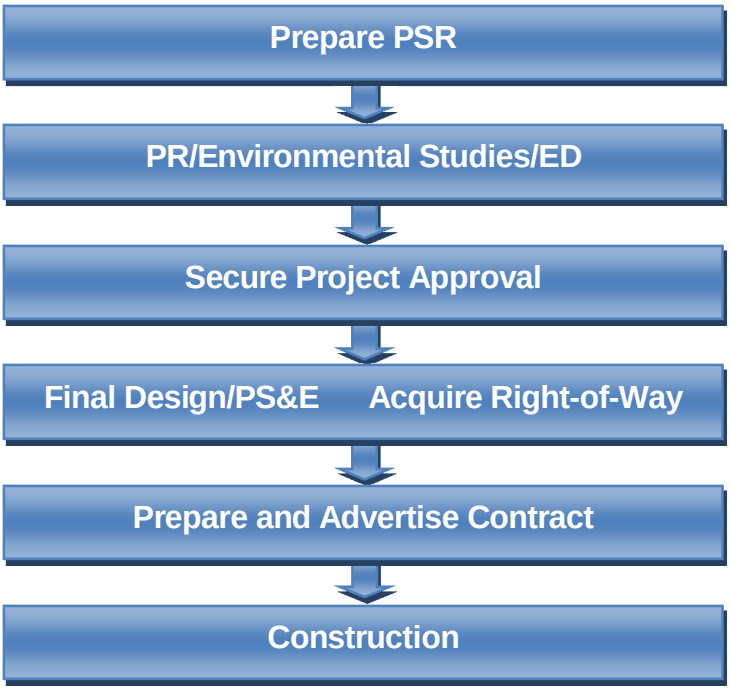
7.0 NEXT STEPS

This study is an initial step in implementing the SR 52 Corridor Project. The Caltrans project development process contains many phases, which the project will follow. The project will expand upon the analysis completed for this study.

7.1 Caltrans Project Development Process

The Caltrans project development process regulates the development of a project from feasibility studies through project completion. **Figure 7-1** highlights key steps in the process. This process reflects a traditional design-bid-build project delivery; therefore, an alternate delivery method may merge or change some of the steps in the process.

Figure 7-1. Caltrans Project Development Process



Following the completion of this study, the first step of the process would be the preparation of the Project Study Report (PSR), which would include scoping of the physical work, budget, and schedule to deliver the project. The need and purpose of the project would be defined and the full range of possible project alternatives, including avoidance alternatives, would be identified. The viable alternatives would be studied in detail and documented in the PSR.

The next step would be the preparation of the Draft Project Report (PR), which is an engineering report that describes the scope of the work and considers alternatives. It provides a greater level of detail than the PSR so that areas of potential effects can be identified. This step would occur concurrently with the development of the Environmental Document (ED), which includes environmental studies. The goal of the ED is to find the least environmentally damaging alternative that fulfills the need and purpose. When the environmental studies are complete, the Draft PR would be finalized and approved and the draft ED would be circulated to the public. After completion of public comments and a public hearing, a preferred alternative would be selected and a final ED would be completed.

Through the PSR, PR, and ED processes, a range of issues will be investigated and potential impacts identified. By selecting a preferred alternative, the completion of the PR would authorize project approval. The National Environmental Policy Act and the California Environmental Quality Act require review of environmental impacts caused by projects, likely triggering the need to prepare an Initial Study/Mitigated Negative Declaration and “Routine” Environmental Assessment/Finding of No Significant Impact (FONSI), respectively. The environmentally preferred alternative would be identified in a FONSI published in the Federal Register.

Following the project approval and selection of a preferred alternative, the project would enter Final Design/preparation of plans, specifications, and estimates (PS&E). Design details, plans, quantity calculations and contract specifications would be developed. Reevaluation should be conducted to ensure the project remains within the framework of the project approval document. Concurrent with Final Design would be the acquisition of right-of-way and obtaining approvals, agreements, and permits.

Once the design work is complete, the final project documents and bid package would be assembled so the project can be advertised. After bids have been submitted, they would be reviewed, a contractor would be selected, and the construction contract would be awarded. Finally, construction would commence.

7.2 Project Delivery Methods

At this point in the Caltrans project development process, it is inappropriate to select a project delivery method. However, multiple methods will be considered for project delivery in future stages of project development, each of which has benefits and drawbacks. These methods are described in the following sections.

Design-Bid-Build

Design-Bid-Build is the traditional delivery strategy. Caltrans, or engineers acting on their behalf, would develop a complete design and detailed specifications. This design would be put out to contractors for bid with construction being performed by the lowest bidder. A Request for Qualifications could be used to develop a short list to pre-qualify bidders and ensure that a contractor with a record of proven performance is selected.

This delivery method is well understood by Caltrans, SANDAG, potential design consultants, and the contractor community. Caltrans and SANDAG would maintain full

control of the design process through Final Design. However, Caltrans and SANDAG would rely only on a traditional professional services team to provide input during the design phase for constructability reviews, value engineering, cost estimating, and project scheduling. Eventually when a contractor is chosen, their understanding of the design would be based entirely on their review of the construction documents.

Design-Build

For Design-Build, Caltrans would complete preliminary engineering and after that, a contractor would be selected with responsibility for Final Design and construction. The contractor would assume full responsibility for the Final Design, including any errors and omissions due to their design consultant's work thereby transferring this risk from Caltrans and SANDAG to the contractor team. The language of the Design-Build contract would define the degree of involvement by Caltrans and SANDAG during the Final Design and construction phases of the project, but in general, their roles are more limited. There would be potential to reduce the project schedule by overlapping some design and construction activities. The designer-contractor team would have an incentive to consider the constructability of the design and look for value engineering opportunities, which can reduce the overall project cost. The Final Design schedule and project budget would be optimized and realistic because they would be developed in conjunction with the contractor.

This approach is less common and therefore Caltrans, SANDAG, and other stakeholders are less familiar with it. This could result in decision making and approval delays that may outweigh other schedule benefits. Caltrans and SANDAG would have less control over the project design. Clear definition of scope, design criteria, contract conditions and performance specifications would be essential to ensure later cost increases would not be required and to avoid sacrifices in project quality. While Design-Build has the potential to transfer risk from Caltrans and SANDAG, the benefits would be reduced the more they are involved with the design development.

Currently, Caltrans has designated ten projects for Design-Build, as authorized by the pilot program of Senate Bill (X2) 4. As the legislation expired January 1, 2014 and pilot program projects are still under construction, the potential for the SR 52 Corridor Project to use the Design-Build strategy is unclear.

Construction Management/General Contracting

In the Construction Management/General Contracting (CMGC) or Construction Manager (CM)-at-Risk approach, a contractor is selected to provide both pre-construction and construction services. This allows Caltrans and SANDAG to maintain control over design while gaining valuable input from the construction contractor who will eventually build the job. Selection of the contractor is based on qualifications. Pre-construction work consists of providing input from the perspective of a contractor into the Final Design. This may maximize opportunities for value engineering, constructability review, technical compatibility, as well as contractor-produced cost and schedule projections. At the end of Final Design, the contractor would offer a guaranteed maximum price for some or all of the construction work based on earlier agreed upon terms. The Final Design engineer would be a separate entity from the contractor.

With this approach, Caltrans and SANDAG would maintain control of Final Design and would establish contract provisions for construction while obtaining some of the benefits of a more integrated project delivery approach. While a contractor would be selected ahead of the traditional bid process, competitive pricing can still be obtained through low bid subcontracts and open-book estimating and contracting between the contractor and Caltrans and SANDAG. Risk of claims could be reduced because of early contractor involvement. A team developed during the design phase could result in a more collaborative working relationship through construction.

Because CMGC pre-selects a contractor ahead of a traditional bid, an exemption from the low bid process would have to be justified at a public hearing. Similarly, Caltrans and SANDAG may have less leverage with the contractor when pricing construction beyond the CMGC agreement and open-book pricing provisions. If Caltrans and SANDAG were not able to negotiate a guaranteed maximum price with the selected contractor, the project could still be completed under the traditional design-bid-build process.

CMGC is not a common method utilized on Caltrans or SANDAG projects. Currently, Caltrans has designated six projects for CMGC, as authorized by the pilot program of Assembly Bill 2498. The potential for the SR 52 Corridor Project to use the CMGC strategy is unclear.

Design-Sequencing

Design-sequencing is a method of contracting that enables the sequencing of design activities to permit each construction phase to commence when design for that phase is complete, instead of requiring design for the entire project to be completed before beginning construction. A construction contract would be awarded when only the initial phase is completely designed and the design for remaining phases is partially complete. Sequencing of design could occur through all three delivery methods previously defined. For Design-Bid-Build, contracts could be bid as design is completed. A Design-Build contractor would likely utilize design sequencing. For CMGC, contract packages could be released as design is completed.

This process allows for the successful contractor to work with the designers to incorporate innovative designs and construction methods on the still in-progress phases to improve delivery. With design-sequencing, there would be a potential for earlier delivery of the project to the public.

Caltrans recommends that projects be considered for design sequencing if they have minimal public controversy, have a completed environmental document, an approved project report, right-of-way acquisition complete, utility conflicts identified, and full project funding in place. Design sequencing has been utilized on the I-15 and SR 76 projects in San Diego County.

7.3 Project Phasing Strategies

The Regional Plan includes the implementation of MLs and ML connectors on SR 52 by 2050, but does not consider additional phased implementation. The development of project phasing strategies could provide several advantages, as described below.

As full funding may not be available at the same time, phasing could allow some segments or improvements to be advanced with only initial funding. Implementing segments or improvements earlier could allow for advanced congestion relief and revenue collection, the latter of which could help fund the construction of the remaining segments or improvements. While all construction within the corridor would be disruptive, limiting construction to a particular area could help alleviate impacts. However, constructing the project over a longer period would result in prolonged construction impacts.

A variety of potential project phasing strategies could be implemented in the corridor, including phasing by segment, by improvement, or utilizing a hybrid approach to phasing. The strategy utilized will depend on traffic analysis, constructability, and funding.

7.3.1 Phasing by Segment

If the project were phased by segment, one geographical area would be constructed in advance of other areas in the corridor. The new segment could be opened while other segments undergo construction. Alternatively, phasing could be staged rapidly, with the next segment under construction before the previous segment is opened, or spaced out, with breaks in the corridor construction between phases. The number and length of phases would vary based on available funding, constructability review, and potential benefit to corridor congestion.

7.3.2 Phasing by Improvement

If the project were phased by improvement, one type of improvement would be constructed prior to other types of improvements. This would allow for targeted congestion relief, postponing improvements with greater environmental effects, greater costs, or which provide greater congestion relief when used in combination with other improvements.

The potential SR 52 improvements for phased construction are listed below:

1. On SR 52, a westbound TC lane from Mast Boulevard to just west of the crest of the hill
2. On SR 52, two GP lanes from Mast Boulevard to SR 125
3. On SR 52, an eastbound AUX lane from just east of the Spring Canyon bridge to Mast Boulevard
4. On SR 52, a westbound AUX lane from Convoy Street to I-805

5. On I-805, a northbound AUX lane from SR 52 to north of Governor Drive

The first improvement, the SR 52 westbound TC lane from Mast Boulevard to just west of the crest of the hill, would be a good candidate for early construction because it would address the existing bottleneck at Mast Boulevard during the a.m. peak hours. Additionally, this improvement would support and could be seen as a first step to the planned MLs in the Regional Plan, as both the TC lane and the MLs would require widening two bridges. Additionally, this improvement could be broken up into smaller segments (e.g., from Mast Boulevard to just east of Spring Canyon bridge and just east of Spring Canyon bridge to the crest of the hill).

Likewise, the second improvement, SR 52 GP lanes from Mast Boulevard to SR 125, would provide congestion relief and support the planned MLs (i.e., widen the San Diego River bridge).

7.3.3 Hybrid Approach to Phasing

A hybrid approach would include the phasing of some parts of the corridor by segment and others by improvement. A blended approach may best meet constructability, impact minimization, and financing requirements. This approach is what is currently being planned for the I-5 North Coast Corridor Managed Lanes Project.

As SANDAG is planning a ML network, including the existing I-15 Express Lanes, MLs in the corridor should be phased in a way that provides for an expanded, contiguous, regional ML network.

8.0 CONCLUSION

This study developed various MM improvements that would benefit SR 52. This study demonstrates that any of the build alternatives would improve SR 52, providing congestion relief for East County commuters prior to the planned improvements in the Regional Plan. Ultimately, advancement of a build alternative would depend primarily upon available funding.

For the next SR 52 Corridor Project study or report, the build alternatives could be broadened or narrowed, by revising, repackaging, or phasing the MM improvements presented in this study. Additionally, the build alternatives presented in this study could be broken into smaller pieces for implementation, making improvements more feasible by reducing construction costs and duration. As part of this study, options to add additional lanes, including restriping the San Diego River bridge (both directions) and removing/relocating the SR 52 bike lane, were explored and could be further evaluated.

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Exhibit A - Build Alternative 1 (Operational)

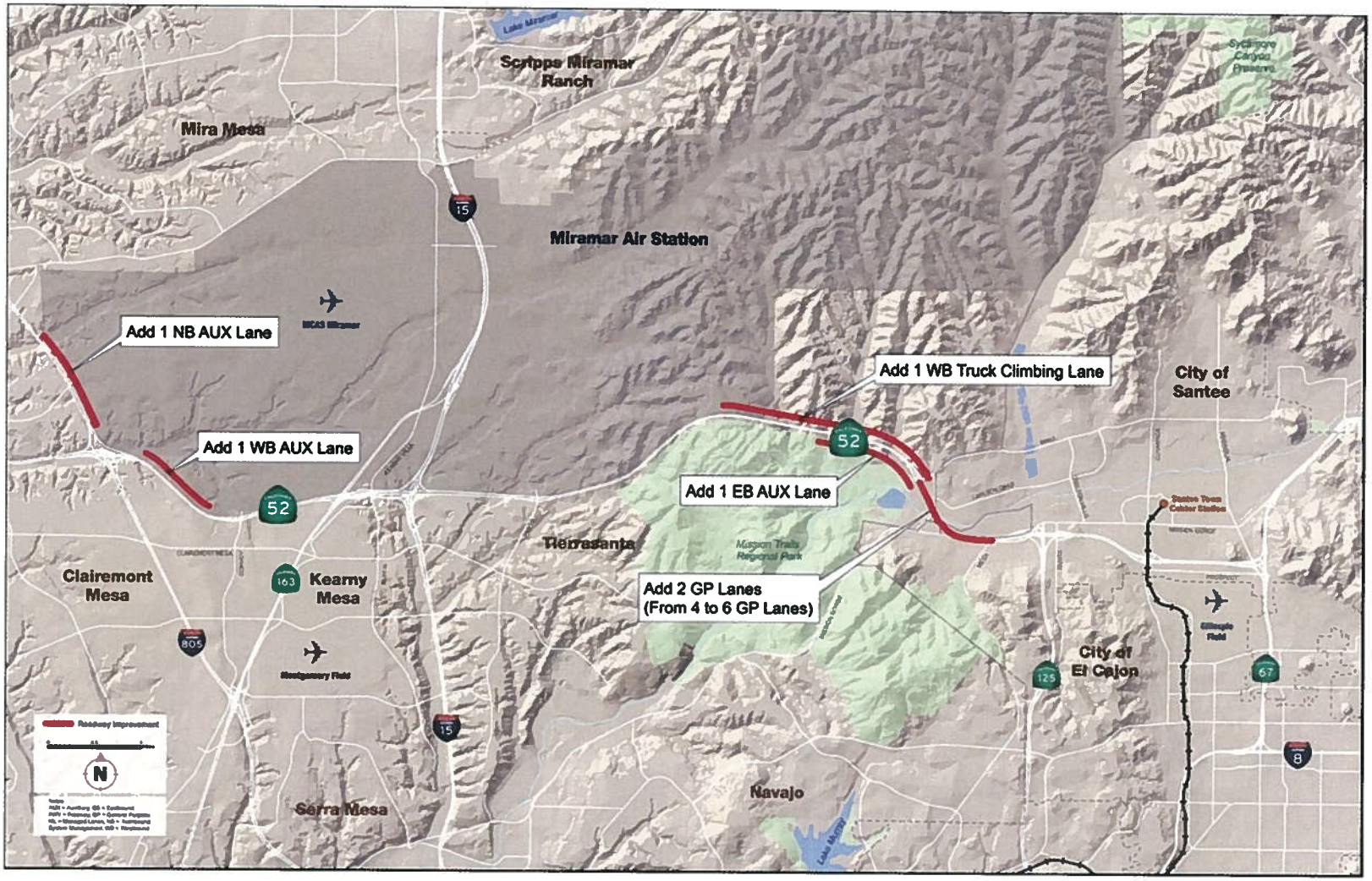


Exhibit B - Build Alternative 2 (Ultimate Improvements)

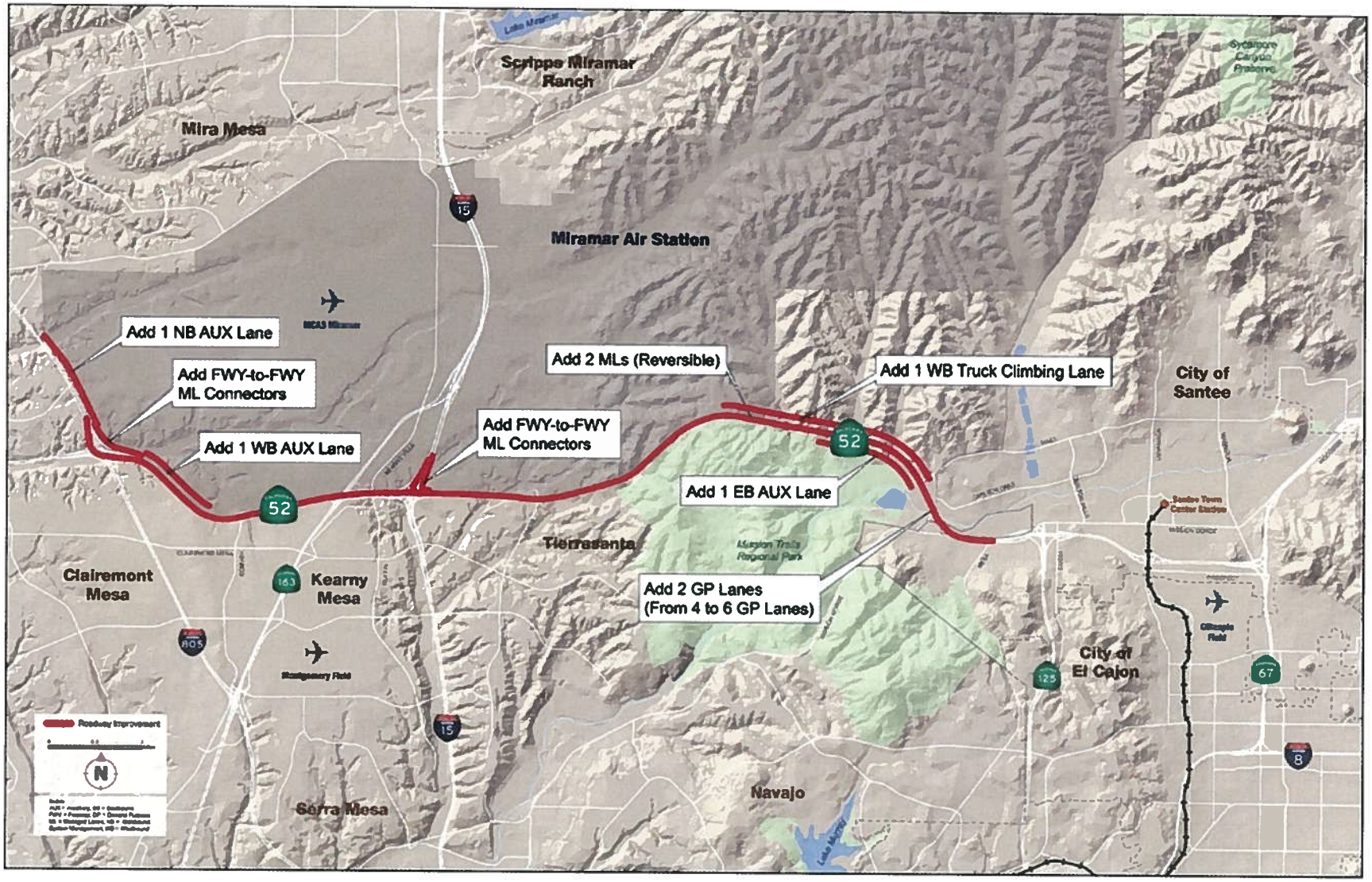


Exhibit C - Build Alternative 3 (Minimal)

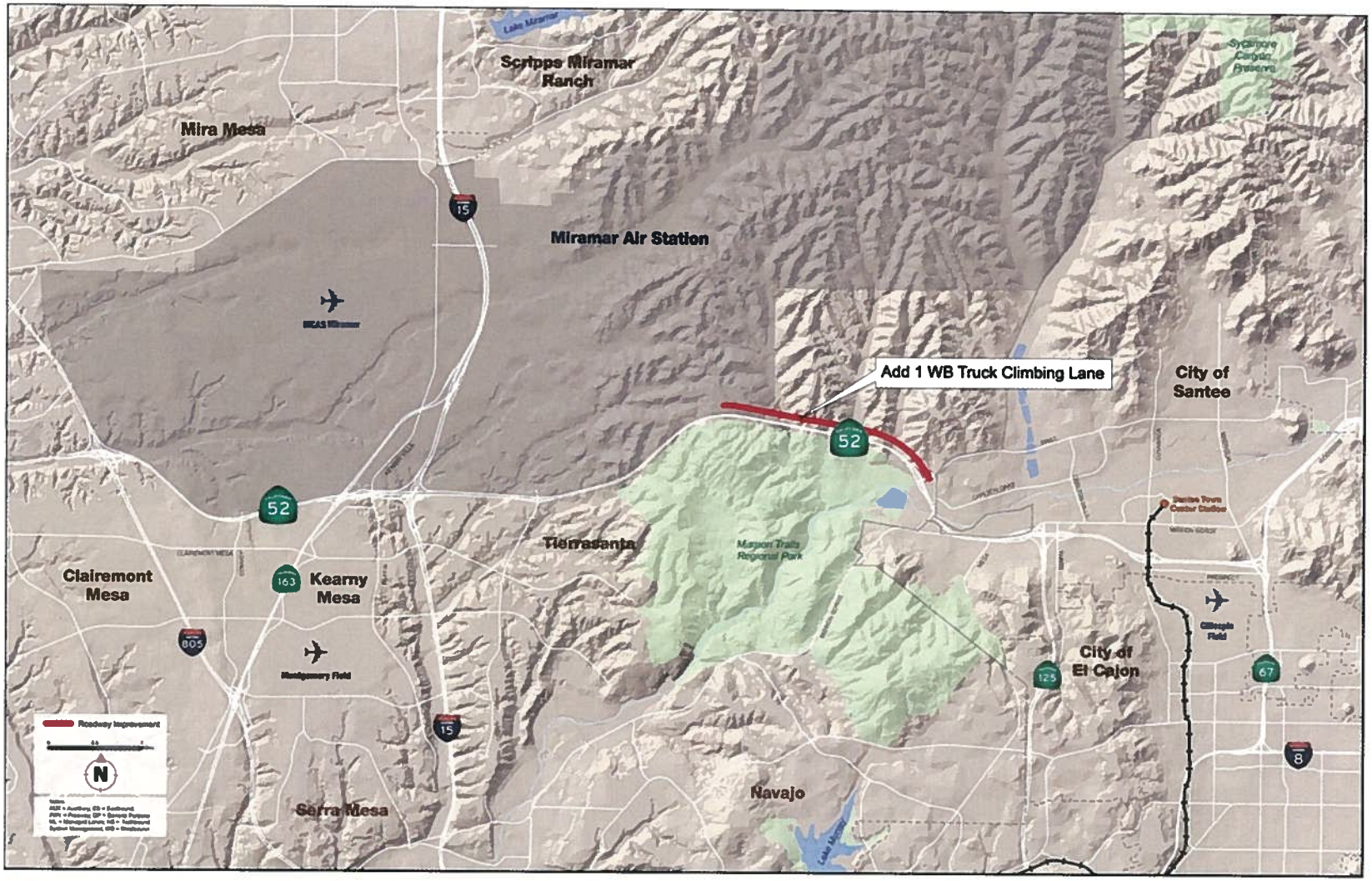
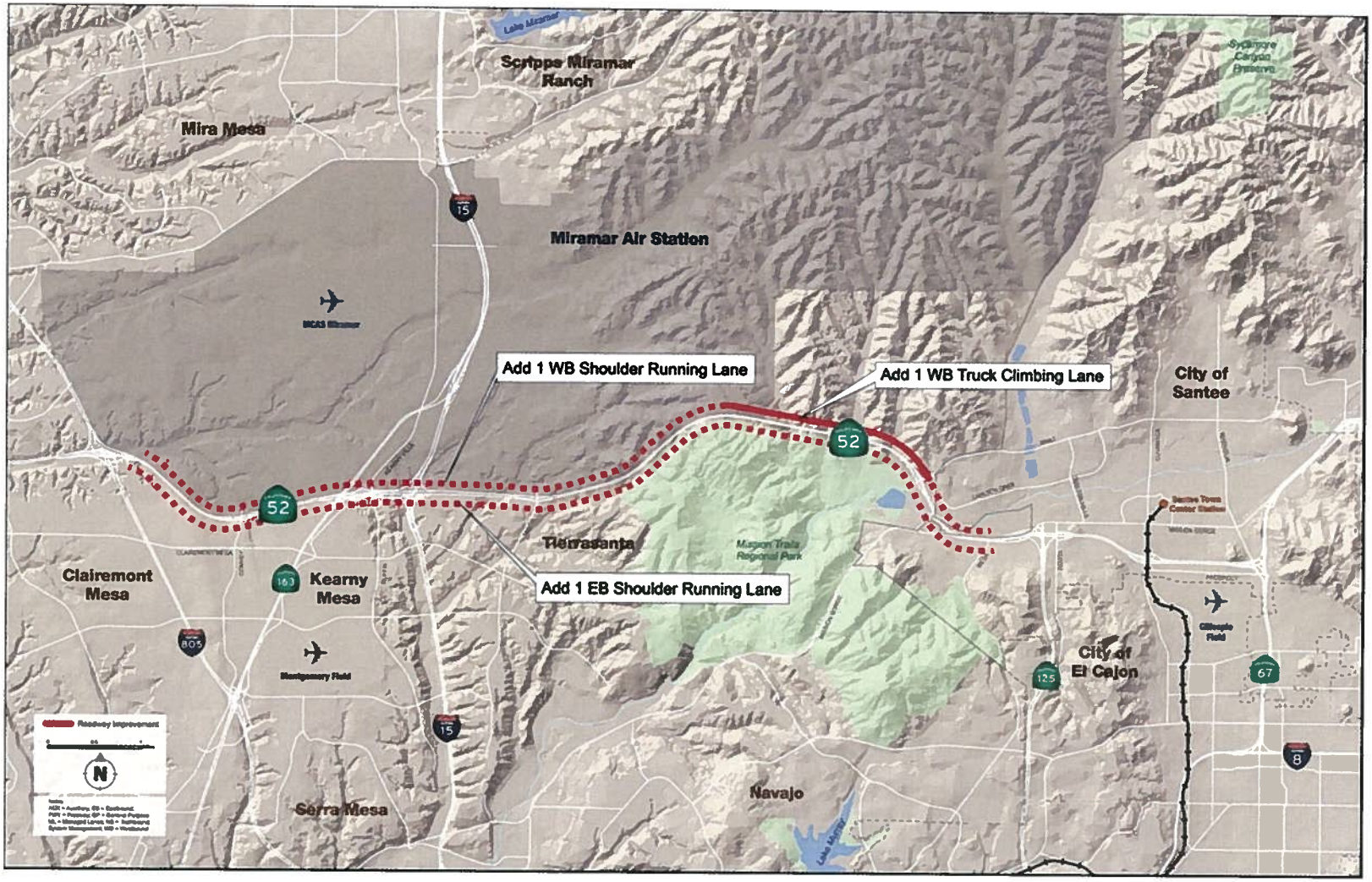


Exhibit D - Build Alternative 4 (Shoulder Running)



Acronyms

RTP – Regional Transportation Plan

SANDAG – San Diego Association of Governments

SR – State Route

HOV – High Occupancy Vehicles

City of Santee
COUNCIL AGENDA STATEMENT

6C

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **AUTHORIZE PAYMENT TO THE COUNTY OF SAN DIEGO FOR THE CITY'S SHARE OF THE NEXT GENERATION REGIONAL COMMUNICATION SYSTEM**

DIRECTOR/DEPARTMENT Kathy Valverde, Assistant to the City Manager KV

SUMMARY

In 1995, twenty-seven agencies, including the City of Santee, entered into an agreement for the implementation, operation and funding of a regional radio system to provide communication services to public safety and public service agencies throughout San Diego and Imperial counties. The County of San Diego, through the Sheriff's Department, operates and maintains this Regional Communication System (RCS). The expected service life of the system was originally 15 years, but is now expected to be in place until late 2018, when the new or "next generation" (NextGen RCS) system is up and running. The NextGen RCS will replace, modernize and update the current RCS.

In February 2014, the City Council authorized the City to enter into a new agreement, which establishes a commitment to participate in the NextGen RCS, as well as share in the backbone infrastructure costs for the new system. To date, the County has successfully awarded a contract for the NextGen RCS to Motorola Systems Inc. for a total cost of just over $70 million. Based on the number of radios currently on the system and in use by the Santee Sheriff's Station, Fire Department and Public Services, the City's share of this cost is $786,450.97. A First Amendment to the NextGen RCS Agreement was issued by the County, which amends Exhibit C of the Agreement, outlining the final infrastructure cost for each participating agency. The NextGen RCS Agreement and First Amendment are attached for reference.

FINANCIAL STATEMENT

The City of Santee's share of the backbone infrastructure cost for the Next Generation Regional Communication System (NextGen RCS) is $786,450.97. This amount is included in the amended Fiscal Year 2016-17 Budget, as approved by City Council on July 13, 2016.

CITY ATTORNEY REVIEW ☐ N/A Completed ☑

RECOMMENDATION

MSB

Authorize payment to the County of San Diego for the City's share of the Next Generation Regional Communication System (NextGen RCS).

ATTACHMENTS

1. NextGen RCS Agreement previously approved and executed by City Council
2. First Amendment to the NextGen RCS Agreement issued by the County

Agreement
Between and Among the County of San Diego
and
Participating Cities and Jurisdictions
Regarding the Next Generation Regional Communication System
Providing Communication Services to Public Safety and Public Service Agencies
Operating in San Diego County and Imperial County
("NextGen RCS Agreement")

1. THE 1995 RCS AGREEMENT; TRANSITION TO NEXT GENERATION RCS

1.1 The 1995 RCS Agreement. Effective March 7, 1995, the County of San Diego ("County") and certain local governments and agencies entered into an agreement entitled the "San Diego County – Imperial County Regional Communications System Agreement Between the County of San Diego and Participating Cities and Jurisdictions Regarding the Implementation, Governance, Method of Funding and Costs of a Regional Radio System Providing Communication Services to Public Safety and Public Service Agencies Operating in San Diego County and Imperial County" (referred to as the "1995 RCS Agreement," a copy of which is attached as **Exhibit A**. Additional local governments and agencies signed onto the 1995 RCS Agreement, and all original and additional signatories (referred to as "1995 RCS Parties") are listed in **Exhibit B**. The 1995 RCS Agreement provides for the operation of a regional communication system by the County through its Sheriff's Department with the financial contribution of the 1995 RCS Parties. Other agencies and entities ("Customers") are allowed to use the RCS, upon recommendation by the RCS Board of Directors, through contracts with the County wherein a Customer pays fees as approved by the Board of Directors, with the revenues from such contracts flowing to the RCS Operating Account and RCS Trust Fund maintained by the County.

1.2 <u>1995 RCS Governance</u>. The 1995 RCS Agreement establishes a governance structure wherein the County, through the Sheriff's Department Wireless Services Division, operates and maintains the RCS with other County departments providing additional administrative support, and the County Board of Supervisors having ultimate fiscal and operational control over the RCS. The 1995 RCS Agreement establishes an RCS Board of Directors to make recommendations to the Board of Supervisors.

1.3 **1995 RCS Fiscal Components**. There are three basic fiscal components to RCS Party participation in the 1995 RCS Agreement and use of the RCS: (1) contribution to the construction of the RCS "backbone", (2) monthly operating charges, and (3) each RCS Party's own equipment and certain infrastructure costs. 1995 RCS Parties have paid or are paying their contribution to the backbone construction through several fiscal vehicles, including financing provided by the County and County Service Area (CSA) 135, formed pursuant to Government Code section 25210 et. seq. Relevant actions pertaining to CSA 135 include, but may not be limited to the following: In Fiscal Years 1995-1996 and 1996-1997, pursuant to Government Code section 25210.77a (repealed 2009), the County levied parcel charges for CSA 135. On June 2, 1998, voters in three cities approved special taxes without sunset dates to replace the parcel charges as follows: The City of Poway (CSA 135 Zone F) - Proposition J; The City of Del Mar (CSA 135 Zone B) -Proposition F; The City of Solana Beach (CSA 135 Zone H) - Proposition L.

1.4 **1995 RCS Agreement Extensions**. On May 5, 2009 (Minute Order No. 2) on recommendation of the RCS Board of Directors, the County Board of Supervisors approved the extension of the RCS Agreement to March 31, 2013. On August 7, 2012 (Minute Order No. 1), again on recommendation of the RCS Board of Directors, the County Board of Supervisors approved the extension of the 1995 RCS Agreement to March 31, 2016 in order to allow sufficient time to transition to a new or "next generation" ("NextGen RCS") replacement regional communication system and to develop a new participating agency agreement governing the new system.

1.5 **Next Generation Regional Communication System ("NextGen RCS")**. The transition from the existing RCS to the NextGen RCS is to be implemented and facilitated by this NextGen RCS Agreement and will occur over the course of approximately five years as follows: The County intends to issue the Request for Proposals for the NextGen RCS ("NextGen RFP") near the middle of calendar year 2014, close NextGen RFP responses by end of calendar year 2014, and award the NextGen RCS Contract in mid-2015. It is further anticipated that while performance on the NextGen RCS Contract will begin shortly thereafter, infrastructure and equipment replacement of the RCS by the NextGen RCS will begin in early 2016. It is anticipated that NextGen RCS installation will be completed in late 2018.

1.6 **NextGen RCS Agreement; Purpose**. The purpose of this NextGen RCS Agreement is to establish a degree of certainty among all Parties to the 1995 RCS Agreement and additional parties as to participation and partnership in the NextGen RCS. Such degree of certainty is necessary because the County, as the contracting and administering entity, must issue the Request For Proposals ("NextGen RCS RFP") in 2014, and the scope of work, funding and financing discussions require a framework for participation be in place. This NextGen RCS Agreement also provides incentive for 1995 RCS Parties to execute this NextGen RCS

Agreement and become NextGen RCS Parties, indicating their good faith intention to participate, by establishing late joining penalties as set forth in section 3 of this NextGen RCS Agreement.

1.7 **Transition from 1995 RCS Agreement.** The purposes of this NextGen RCS Agreement include establishing participation in the sharing of NextGen RCS Shared Backbone Infrastructure costs and NextGen RCS governance. Given that the transition from the RCS to the NextGen RCS will occur in stages and over time, the NextGen RCS Parties agree that the 1995 RCS Agreement shall continue to be operative and govern the operation, maintenance, governance and administration of the RCS system until such time as the 1995 RCS Agreement expires in 2016, *except as follows*: This NextGen RCS Agreement will govern with respect to matters pertaining to setting NextGen RCS performance objectives, NextGen RCS implementation planning, and other matters that may relate to the NextGen RCS after transition from the RCS is complete. Upon expiration of the 1995 RCS Agreement, this NextGen RCS Agreement shall govern the RCS as it evolves to the NextGen RCS. Thus, from the execution of this NextGen RCS Agreement to the expiration of the 1995 RCS Agreement, there will be, to the extent required by the foregoing, dual governance structures, including dual boards of directors, which may or may not have members in common.

1.8 **NextGen RCS Agreement; Authority**. On ***December 3, 2013 (Item No. 6)***, the Board of Supervisors authorized the Clerk of the Board to execute this NextGen RCS Agreement on behalf of the County. Each other NextGen RCS Party was authorized to enter into this NextGen RCS Agreement as indicated on their individual signature page.

2. NEXTGEN RCS OVERVIEW

2.1 **1995 RCS**. The RCS replaced the participating public service and public safety agencies' existing radio communication systems throughout San Diego and Imperial counties with what was at the time a modern, trunked radio system.

2.2 **NextGen RCS**. The NextGen RCS will replace, modernize and update the RCS and shall provide effective and reliable voice radio communications for routine intra- and inter-agency operations as well as inter-agency communications throughout the region during mutual aid and disaster operations. The NextGen RCS will include the following subsystems: a new trunked voice system, new microwave backhaul network, and a conventional voice system.

2.2.1 **Trunked Voice System Description**. The Trunked Radio System consists of the radio transmission equipment located at remote radio sites and the centralized system networking and management equipment necessary to provide voice radio services to the participating agencies in the RCS service area.

2.2.2 **Microwave Backhaul Network Description**. The Microwave Backhaul Network consists of the point-to-point radio and data switching equipment necessary to interconnect the sites where components of the trunked radio system and conventional radio systems (network hub and remote radio sites) are located.

2.2.3 **Conventional Voice System Description**. The Conventional Voice System consists of non-trunked ("conventional") radio base station equipment installed at remote radio sites to support voice radio communications between users of the RCS trunked radio system and non-RCS user agencies as required in day-to-day, mutual aid and disaster operations. The conventional voice system also provides limited backup voice communications capability in the event of a trunked system failure.

2.3 **"Public Safety" and "Public Service" Agencies Defined**

2.3.1 Public Safety agencies include all public law enforcement, fire service, EMS and disaster preparedness agencies in San Diego County and Imperial County.

2.3.2 Public Service agencies includes the State of California Department of Transportation (Caltrans) District 11 and other participating public agencies in the counties of San Diego and Imperial whose primary responsibility is providing citizens with services other than law enforcement, fire service, EMS, and disaster preparedness. Public Service agencies may also include Private-Non-Profit agencies operating under an agreement with a public agency.

2.4 **Mutual Aid Communications**. All law enforcement, fire service, EMS, disaster preparedness and participating public service agencies in San Diego County and Imperial County shall have access to mutual aid communications capabilities.

3. NEXTGEN RCS PARTICIPATION PARAMETERS AND CONTINGENCIES

3.1 **Time Is Of The Essence**. Due to the aging of the RCS, time is of the essence in the deployment of the NextGen RCS. Due to the anticipated construction time, the County intends to issue the NextGen RFP near the middle of calendar year 2014, close NextGen RFP responses by the end of 2014, and award the NextGen Contract in mid-2015. In order to provide a measure of confidence that there will be a certain level of participation and sharing in the NextGen RCS Shared Infrastructure Cost (See section 11.2), and to provide a minimal degree of certainty to the County of San Diego before it undertakes the extensive task of preparing and issuing a request for proposals or other form of solicitation to potential vendors of the NextGen RCS, the County has asked, and the NextGen RCS Parties have agreed to the participation parameters herein.

3.2 **Signing Deadline**. 1995 RCS Parties and other local governments and agencies that desire to be NextGen Parties must sign this NextGen RCS Agreement no later than March 31, 2014.

3.3 **Late Signers; Penalties**. 1995 RCS Parties or other local governments or agencies who have not signed the NextGen RCS Agreement by March 31, 2014 will be allowed to later sign onto the NextGen RCS Agreement and become NextGen RCS Parties during the period April 1, 2014 to July 31, 2014; however, such late-joining NextGen RCS Parties ("late signers") will pay their NextGen RCS Shared Infrastructure Cost they would have paid had they executed this NextGen RCS Agreement by March 31, 2014, plus a late penalty amounting to 15% of the original participation share. Penalty fees will be handled according to Section 3.5.

3.3.1 1995 RCS Parties or other local governments or agencies who have not signed the NextGen RCS Agreement by July 31, 2014, will be allowed to sign onto the NextGen RCS Agreement and become NextGen RCS Parties until January 1, 2015; however, such late-joining NextGen RCS Parties (also "late signers") will pay the NextGen RCS Shared Infrastructure Cost they would have paid had they executed this NextGen RCS Agreement by March 31, 2014, plus a late penalty amounting to 25% of the original participation share.

3.4 **Final Cut Off**. No 1995 RCS Parties or other local governments or agencies will be allowed to sign onto the NextGen RCS Agreement and become NextGen RCS Parties after January 1, 2015.

3.5 **Disposition of Penalties Collected**. Late penalties will be deposited to the NextGen RCS Trust Fund.

3.6 **Financing**. For NextGen RCS Parties that choose not to pay their share of the total NextGen RCS Shared Infrastructure Cost in total within sixty days of the issuance of the revised Exhibit C and prior to contract award, which is anticipated to occur in the spring or summer of 2015, a financing mechanism will be determined and made available by the County. Nothing in this section prohibits any NextGen RCS Parties from pursuing and obtaining their own financing. Payment and financing agreements will be separate and apart from this NextGen RCS Agreement. Financing mechanisms will not be available to pay for late signing penalties.

3.7 **Contingencies**. To facilitate the execution of this NextGen RCS Agreement, it is understood that a NextGen RCS Party may choose to be excused from performing under this NextGen RCS Agreement if any of the following contingencies are not met:

3.7.1 **Vendor Contract** – A contract must be awarded pursuant to the County's NextGen RCS RFP or other solicitation.

3.7.2 **County Funding**. Funds for the County to undertake the NextGen RCS project must exist.

3.7.3 **Actual Shared Infrastructure Costs**. The total NextGen RCS Shared Infrastructure Costs, as determined by the vendor contract, does not exceed the budgetary estimate in Exhibit C by more than 10 percent (10%).

4. SCOPE OF AGREEMENT; CERTAIN REQUIREMENTS

4.1 **NextGen RCS Parties.** The purpose of the NextGen RCS and NextGen RCS Agreement is to provide a next generation communications system that provides optimum service to the NextGen RCS Parties. To that end, the NextGen RCS will be designed to provide optimum required service. Additionally, the NextGen RCS Parties, while executing this NextGen RCS Agreement, do not intend to cede any of their constitutional or statutory autonomy.

4.2 **Frequency Licensing Or Transfer.** NextGen RCS Parties shall co-license or transfer their currently allocated 800 MHz frequencies to the County of San Diego for use in the NextGen RCS.

5. NEW NEXTGEN PARTIES

5.1 "New Parties" are defined as public safety and public service agencies that are not "1995 RCS Parties". New Parties will be allowed to participate in this agreement and become a NextGen RCS Party.

5.2 If participation by a New Party requires enhancement or expansion of coverage beyond what is provided by the existing RCS on the effective date of this NextGen RCS Agreement, the New Party shall pay the costs associated with such enhancement or expansion, separate and apart from the financial responsibilities addressed in this NextGen RCS Agreement.

5.3 For informational purposes only that may be of benefit to the 1995 Parties, the County has identified potential New Parties and they are listed in Exhibit D.

6. NEXTGEN RCS PERFORMANCE REQUIREMENTS

6.1 **Reliability**. The NextGen RCS shall be designed to provide a high level of redundancy and reliability to support mission critical public safety communications. The overall system availability design objective shall be 99.999%. (Note: 99.999% system availability is the public safety "best practice" design objective; it is not a formally adopted standard.)

6.2 **Design Objectives**. The NextGen RCS design objectives for the performance of portable and mobile voice and the quality of coverage provided shall be determined by the NextGen RCS Board of Directors and appropriate County of San Diego staff.

6.3 **Loading Requirements**. The NextGen RCS shall be designed to meet the loading requirements of the anticipated busiest hour for all planned users over the life of the system.

6.4 **Coverage Plan**. The goal of the NextGen RCS is to provide the same general coverage footprint as is provided by the existing RCS and to correct existing deficiencies where practicable. The actual NextGen RCS radio service coverage plan shall be determined by a NextGen RCS Project Management Office to be created by the Sheriff's Department and with the consultation of the NextGen RCS Board of Directors.

7. NEXTGEN RCS ACCESS PRIORITIES

7.1 **User Prioritization**. In the event that all radio channels in the RCS are busy, users wanting to speak shall be prioritized as follows, regardless of how long they have been waiting:

7.1.1 **Priority One - Emergency Identification**. An Emergency Identification is defined as the message received when a public safety member calls for immediate assistance by activating an emergency button or switch on the user radio equipment.

7.1.2 **Priority Two - Public Safety**

7.1.2.1 - Public Safety includes the normal daily radio transmissions of law enforcement, fire service, paramedic providers and disaster preparedness personnel using the RCS.

7.1.2.2 - Public Safety also includes RCS users whose normal lower priorities have been temporarily changed to resolve an unusual occurrence or large scale disaster.

7.1.3 **Priority Three - Non-Public Safety, Special Event**. Non-Public Safety, Special Event includes planned events involving public service agency participants that are beyond the scope of their normal daily operations.

7.1.4 **Priority Four - Non-Public Safety, Regular**. Non-Public Safety, Regular includes the normal daily radio transmissions of public service agencies using the system.

8. NEXTGEN RCS GOVERNANCE; CONTINUED RCS GOVERNANCE

8.1 . **Limited Period Of Concurrent Governance**. It is the intent of the NextGen RCS Parties that there shall be concurrent operation of, and governance by, this NextGen RCS

Agreement and the 1995 RCS Agreement during the construction of the NextGen RCS, as set forth in Section 1.7 above.

8.2 **General NextGen RCS Governance Structure.** The County of San Diego Sheriff's Department will operate and maintain the NextGen RCS. Other departments of the County of San Diego will provide support as necessary. As the governing body for the County, the Board of Supervisors shall have ultimate fiscal and operational control over the NextGen RCS and shall be ultimately responsible for the overall administration and direction of the RCS through interaction with the NextGen RCS Board of Directors, the assigned San Diego County staff and the NextGen RCS Parties.

9. NEXTGEN RCS BOARD OF DIRECTORS

9.1 **Representation.** There shall be a NextGen RCS Board of Directors, subject to the Ralph M. Brown Act (California's Open Meeting Law), that shall be the advisory body to the Board of Supervisors with respect to matters concerning the NextGen RCS, and shall make recommendations to the Board of Supervisors that serve the interest of all NextGen RCS Parties.

Except as noted below, the Board of Directors shall be composed of 10 (ten) directors representing public safety and public service agencies as outlined below:

County of San Diego (ONE)

City Manager (ONE)

San Diego County Sheriff's Department (ONE)

San Diego County Municipal Police Department (ONE)

San Diego County Fire Agencies (TWO)

Imperial Valley Emergency Communications Authority (TWO)

State of California Department of Transportation (ONE)

Schools Group (ONE)(Schools Group membership on the Board requires that at least four school districts are NextGen RCS Parties)

9.2 **Members.** Members of the NextGen RCS Board of Directors shall be determined in the following manner, according to the type of agency.

9.2.1 **County of San Diego.** The representative for the County of San Diego shall be the Deputy Chief Administrative Officer for Public Safety or his/her designee, preferably the Director of the Office of Emergency Services.

9.2.2 **City Manager.** The City Manager representative shall be a City Manager of a NextGen RCS agency selected by the San Diego City/County Managers Association.

9.2.3 **Sheriff's Department.** The delegate from the San Diego Sheriff's Department shall be the Sheriff or the Sheriff's designee.

9.2.4 **Police.** The municipal police representative shall be a police chief or designate from a NextGen Party municipal police department who shall be selected by the San Diego County Police Chiefs' and Sheriff's Association.

9.2.5 **Fire.** The two fire service representatives shall be fire chiefs or designees from NextGen RCS Party fire departments or fire services who shall be selected by the San Diego County Fire Chiefs' Association.

9.2.6 **Imperial Valley Emergency Communications Authority ("IVECA").** IVECA shall designate two members of its Board of Directors to serve on the NextGen RCS Board of Directors.

9.2.7 **Caltrans.** The representative for Caltrans shall be selected by appropriate state authority.

9.2.8 **Schools Group.** The representative from the RCS Schools Group shall be selected by mutual agreement (or majority vote) of the superintendents of the member school districts.

9.3 **Responsibilities of the NextGen RCS Board of Directors.** Responsibilities shall include but not be limited to:

- Adopting by-laws to govern the NextGen RCS Board of Director's internal operations, consistent with the provisions of this Agreement.
- Meeting quarterly or more frequently, if necessary.
- Developing and approving NextGen RCS operating policies and procedures.
- Identifying participating agency needs and requirements.
- Addressing concerns of participating agencies.

- Reviewing and adopting recommendations regarding the establishment of system priorities and talk groups.
- Establishing subcommittees as necessary to ensure the interests and concerns of NextGen RCS Parties are represented and to ensure technical issues are thoroughly researched.
- Formulating the annual budget and submitting it to the County Board of Supervisors, via the Sheriff's Department, for approval.
- Monitoring the implementation of the NextGen RCS.
- Conducting programmatic reviews.
- Overseeing the establishment of long range plans.
- Making recommendations to the County Board of Supervisors.
- Making recommendations concerning the approval of customer contracts and rates for NextGen RCS services.

9.3.1 **Board Transition**. As set forth in Section 1.6 and 1.7, upon expiration of the 1995 RCS Agreement, the NextGen RCS Board of Directors shall have all the responsibilities set forth in this section also with respect to the RCS as it transitions to the NextGen RCS.

9.4 **NextGen RCS Board of Directors Terms and Qualifications**

9.4.1 **Written Designation.** Members of the NextGen RCS Board of Directors ("NextGen RCS Directors") shall be designated in a writing submitted to the Sheriff's Department by their respective NextGen RCS Party appointing authority. The term for each NextGen RCS Director shall be determined by her or his respective appointing authority provided, however, that each NextGen RCS Director shall at all times be an incumbent of a NextGen RCS Party. All NextGen RCS Directors serve at the pleasure of their appointing authority.

9.4.2 **Alternates**. The NextGen RCS Party appointing authority shall also select an alternate to the NextGen RCS Directors. Alternate members are encouraged to attend

regular Board of Directors meetings, but shall vote only in the absence of the primary NextGen RCS Director. No proxy voting is allowed.

9.4.3 **Chairperson and Vice-Chairperson**. The Chairperson and a Vice Chairperson of the NextGen RCS Board of Directors shall be biennially elected by a majority vote of the NextGen RCS Directors. The Chairperson and Vice Chairperson shall serve at the discretion of a majority of the NextGen RCS Directors, i.e., they may be replaced at any time by a majority vote of the NextGen RCS Directors. The Chairperson and Vice-Chairperson shall be selected from members representing NextGen RCS Parties other than IVECA, Caltrans and the Schools Group. For a NextGen RCS Board of Directors meeting to occur, either the Chairperson or Vice-Chairperson, and not their alternates, must be present.

9.5 **Attendance at NextGen RCS Board of Directors meetings**

9.5.1 NextGen RCS Directors are expected to attend all possible meetings to represent their group interests and to help conduct NextGen RCS business. Arrangements should be made for the alternate to attend in the absence of the primary representative.

9.5.2 The NextGen Board of Directors shall develop and promulgate a policy relating to attendance and absences by Directors and alternates.

9.5.3 Resignation from the NextGen RCS Board of Directors shall be submitted in writing to the chairperson and to the appointing authority.

9.6 **NextGen RCS Board of Directors Voting**

9.6.1 Members of the NextGen RCS Board of Directors and committees formed by NextGen RCS Board of Directors ("committees") shall vote on all items on the basis of one vote per member.

9.6.2 A quorum for the conduct of business exists when six (6) of the members are present at NextGen RCS Board of Directors meetings and three (3) of the six present represent NextGen RCS Parties other than IVECA, Caltrans or the Schools Group.

9.6.3 For any action to be taken by the Board of Directors, the vote in favor of the action must be a majority vote of the members of the Board of Directors present.

10. SHERIFF'S DEPARTMENT; WIRELESS SERVICES DIVISION

10.1 Sheriff's Wireless Services Division ("WSD") staff shall serve as advisors and staff to the NextGen RCS Board of Directors. The Manager of the WSD shall serve as the NextGen RCS Manager.

10.2 WSD staff shall manage the day-to-day operation and maintenance of the NextGen RCS subject to direction from and review by the NextGen RCS Board of Directors.

10.3 WSD staff shall provide support as necessary, but shall not have a voting right on any business before the NextGen RCS Board of Directors.

10.4 WSD staff shall perform the functions necessary to ensure that specific system performance guarantees are maintained throughout the term of the agreement.

10.5 **WSD Manager**. As the manager and operator of the NextGen RCS, the Sheriff's Department, and more specifically the WSD manager and staff, shall have the responsibility to:

10.5.1 Implement the NextGen RCS.

10.5.2 Seek NextGen RCS Board of Directors approval of major policy decisions.

10.5.3 Develop contracts with vendors.

10.5.4 Provide appropriate staff support to the NextGen RCS Board of Directors.

10.5.5 Retain employees and agents.

10.5.6 As authorized and limited by the County, acquire, hold or dispose of property necessary to operate the NextGen RCS.

10.5.7 Charge participating agencies for expenses incurred in ongoing maintenance and operation of the NextGen RCS.

10.5.8 Implement policy a set by the County, the Sheriff and the NextGen RCS Board of Directors.

10.5.9 Monitor and maintain NextGen RCS performance.

10.5.10 In conjunction with the NextGen RCS Board of Directors, develop and recommend the annual NextGen RCS budget to the County Board of Supervisors.

10.5.11 Reassign NextGen RCS priorities in extraordinary circumstances and make emergency repairs as required.

10.5.12 Provide information and support as necessary to the NextGen RCS Board of Directors.

10.5.13 Provide operating reports and technical information as necessary to assist the NextGen RCS Board of Directors.

10.5.14 Establish and maintain accounts and records, including personnel, property, financial, programmatic and other records deemed necessary by the NextGen RCS Board of Directors to ensure proper accounting for all ongoing operations and maintenance costs.

10.5.15 Use the records to justify any recommended adjustments to agency monthly operating charges.

10.6 **Notice of WSD Staff Changes**. The Sheriff's Department shall provide the NextGen RCS Board of Directors timely advance notice of impending personnel changes affecting any management staff assigned NextGen RCS responsibilities.

11. INFRASTRUCTURE, EQUIPMENT, SERVICES AND FISCAL ELEMENTS

11.1 **Infrastructure**. The NextGen RCS shall be divided into two infrastructure components: (a) the "shared backbone infrastructure" and (b) the participating agencies' infrastructure and equipment. These two parts are divided by a "line of demarcation" at the NextGen RCS network connection, which is the microwave network or common carrier termination point(s) used to interconnect the agency's radio consoles and other electronic communications devices to the RCS network.

11.2 **NextGen RCS Shared Backbone Infrastructure Costs**. The NextGen RCS Shared Backbone Infrastructure Cost is defined as the total cost of the equipment and services required to plan, design, procure and implement a P25 Trunked Voice Land Mobile Radio System, Microwave Transport Network, and Mutual Aid Conventional Radio System. NextGen RCS Shared Backbone Infrastructure costs shall not include agency equipment or services used to connect to the NextGen RCS (such as agency owned microwave transport or leased commercial connectivity), dispatch center equipment, and subscriber radios (mobile, portable, control stations) and ancillary devices.

11.3 **NextGen RCS Shared Backbone Infrastructure Cost Apportionment – Imperial County Agencies**. The NextGen RCS shall support NextGen Parties in both San Diego County and Imperial County. In 1995, local government entities in Imperial County formed the Imperial Valley Emergency Communications Authority (IVECA). IVECA was formed as a Joint Powers Authority to provide public safety communications services to the residents of the County of Imperial and its constituent cities. NextGen RCS Backbone Infrastructure costs for Imperial County sites, except as noted in 11.3.2, shall be the responsibility of IVECA.

11.3.1 IVECA shall bear the full cost of and retain ownership of all infrastructure installed in Imperial County which primarily supports IVECA agencies. IVECA shall also bear the

cost for any software and licenses required to operate the IVECA infrastructure on the NextGen RCS.

11.3.2 Costs for infrastructure installed at the two NextGen RCS sites that border the two counties, Hendrix Peak and Superstition Mountain, will be apportioned between San Diego County infrastructure costs and IVECA infrastructure costs based on talk group usage ratio calculated for calendar year 2013.

11.3.3 IVECA shall be responsible for paying a proportional cost of the "RCS Core" infrastructure equipment. The "RCS Core" is comprised of the computers networking devices that manage and control the NextGen RCS. The proportion shall be based on the same formula used to determine proportional costs for all SD County participating agencies (the average number of subscriber radios each participating agency had active on the RCS on September 1, 2013 and July 1, 2014 based on RCS billing invoices. The average number of radios on the system on those dates will be measured against the total number of all participating agency subscriber radios.)

11.3.4 The Request for Proposals issued by the County shall require responding vendors to include a proposal for separate vendor financing for IVECA.

11.3.5 IVECA may be excused from performance under this NextGen RCS Agreement if IVECA is unable to obtain financing on terms acceptable to IVECA.

11.4 **<u>San Diego County Agencies; Cost apportionment</u>**. NextGen RCS Shared Backbone Infrastructure costs for San Diego County governments and agencies that are NextGen RCS Parties but that are not members of the Imperial Valley Emergency Communications Authority are as follows:

11.4.1 The NextGen RCS Parties agree that they must pay a proportional cost of the NextGen RCS Shared Backbone Infrastructure costs.

11.4.2 NextGen RCS Parties further agree that they shall be responsible for paying their one-time NextGen RCS Shared Backbone Infrastructure Cost as determined by the apportionment model in Exhibit C, including any penalties for late signing, and any financing cost.

11.4.3 Total cost for the NextGen RCS Shared Backbone Infrastructure supporting San Diego County will be divided among all San Diego County NextGen RCS Parties. The portion of the total cost allocated to each NextGen RCS Party will be based on the number of radios each NextGen RCS Party has on the RCS, i.e., the "Radio Inventory Method" ("RIM"). In order to provide NextGen RCS Parties a pre-RIM calculation opportunity to make *bona fide*

adjustments to their radio inventories based on their respective individual agency requirements, the RIM calculation will be done as follows:

- Each NextGen RCS Party's radio inventory for purposes of the RIM calculation will be an average of the number of subscriber radios each NextGen RCS Party had on the RCS on September 1, 2013 and July 1, 2014. The average number of radios over those two dates will be measured against the total number of all participating agency subscriber radios.

- If two or more agencies consolidate, the active radio quantities will be combined from each agency for the two dates listed above.

- For New Parties that did not have radios on the RCS prior to or on September 1, 2013, their radio inventory for purposes of the RIM calculation will be determined by a review of the New Party's requirements for radio communications services on the NextGen RCS in the future. The review shall be conducted by County staff and presented to the RCS Board of Directors for approval.

11.4.4 Subscriber Radio Inventory Reductions. Radios deactivated from the RCS between May 1, 2013, and July 1, 2014, will be permanently deprogrammed from the RCS and will not allowed to be reactivated for use on the RCS or NextGen RCS except as direct one-to-one replacements for radios that are lost or become nonfunctional.

11.5 Final Cost Apportionment Totals. After all NextGen Parties have signed the agreement and after the final contract amount for the NextGen system has been determined, the County will issue an amendment to this agreement to update Exhibit C. (See section 14.3.) The amended Exhibit C will provide the final cost apportioned to each NextGen Party for shared infrastructure costs based on the final contract cost and total number of radios (to calculate the cost per radio). Exhibit C will include the September 1, 2013 and July 1, 2014 radio inventory totals for each agency and the final average.

11.6 <u>Connection Costs; Maintenance</u>. All NextGen RCS Parties, including both San Diego County and IVECA agencies, are responsible for all costs associated with procuring and installing the equipment necessary to connect to the NextGen RCS network and infrastructure and ongoing costs of connecting to the NextGen RCS. This shall not include maintenance of agency-owned microwave equipment used to connect to the NextGen RCS network which will be performed by the Sheriff's Department as a component of the NextGen RCS microwave network (supported by the NextGen RCS monthly operating fees).

11.6.1 Maintenance and other costs associated with the provision of primary and back up electrical power and other facility related costs in support of agency owned equipment shall be the responsibility of the agency.

11.7 **Agency Subscriber and Dispatch Equipment.** Subscriber and dispatch equipment are not part of the backbone infrastructure. The costs of purchasing, operating, and maintaining P25 compatible radio equipment, P25-compatible dispatch equipment, and any ancillary agency equipment is the sole responsibility of NextGen Parties.

11.8 **Monthly Operating Fees**

11.8.1 The costs of ongoing operations and maintenance of the trunked voice radio system, microwave network, and conventional radio systems shall be allocated to the participating agencies on a per radio basis.

11.8.2 The cost per radio shall be limited to those radios used on the NextGen RCS during normal operations.

11.8.3 Radios temporarily added by an agency to handle a disaster or emergency shall not be a part of determining the agency's ongoing NextGen RCS costs unless the radios are retained for normal operations following resolution of the disaster or emergency.

11.8.4 The monthly per-radio network operating fee shall be in effect for a period of one year and shall be adjusted annually to reflect actual costs.

11.9 **Other Fees**. User fees for as-needed services such as programing and de-programing radios, training, or other services may be implemented by the NextGen RCS Board of Directors as required.

11.10 **NextGen RCS Reserve "Trust Fund"**

11.11.1 The RCS TRUST FUND was established by the Board of Supervisors on June 19, 2001 (14) for the purpose of having funds available for contingencies and future RCS upgrades, enhancements and eventual replacement.

11.12.2 Reserve funds, including interest, shall be maintained in the RCS Trust Fund.

11.13.3 All excess monthly operating fee revenue shall be transferred to the RCS Trust Fund at the close of each fiscal year.

11.14.4 Other revenue from non-parties shall either be used for NextGen RCS operations or may be directed to the RCS Trust Fund upon recommendation of the NextGen RCS Board of Directors and approval of the Board of Supervisors.

11.15.5 The NextGen RCS Board of Directors shall recommend to the Board of Supervisors the disbursement of money from the RCS Trust Fund as required.

12. PURCHASE OF NEXTGEN COMPATIBLE EQUIPMENT BY NEXTGEN PARTIES

12.1 **Compatibility of Equipment Purchased By NextGen RCS Parties.** It is the responsibility of each NextGen RCS Party to ensure that when purchasing equipment to connect to the NextGen RCS that such equipment is compatible. The NextGen RCS will be a "standards based" P25 system which is compatible with subscriber radios and dispatch consoles from numerous manufacturers provided the equipment has been tested and certified as being P25 compliant. NextGen RCS Parties may submit the specifications of equipment they intend to purchase to the WSD for back up verification of compatibility. However, the County bears no responsibility for the purchase of incompatible equipment.

12.2 **Contract "Piggybacking".** The County agrees that it will endeavor to include a "piggyback clause" in contracts into which it enters that involve NextGen RCS equipment. For purposes of this NextGen RCS Agreement, a "piggyback clause" means written permission for other government agencies to enter into contracts with the vendor on equally favorable or better terms and conditions.

13. TERM OF AGREEMENT

13.1 The term of the Agreement is for twenty (20) years from the date of this Agreement.

14. AGREEMENT MODIFICATION; ENTIRE AGREEMENT

14.1. Except as otherwise provided herein, all changes to the NextGen RCS Agreement may only be amended in writing with the approval of the governing bodies of all parties to this NextGen RCS Agreement. Prior to processing an amendment, a recommendation shall be requested from the NextGen RCS Board of Directors.

14.2. Except as otherwise provided herein, this NextGen RCS Agreement constitutes the entire agreement of the parties and any previous oral or written agreements are superseded by this NextGen RCS Agreement except as provided for in this NextGen RCS Agreement, except to the extent that (1) State or Federal agencies may require standard form contracts incorporating the terms of this NextGen RCS Agreement, (2) supplemental agreements may be required

relating to IVECA, and (3) separate agreements may be required related to financing and frequency licensing or transfer.

14.3 Exhibit C Revisions. Notwithstanding any other provision of this NextGen RCS Agreement, including but not limited to section 14.1, the NextGen Parties agree that, when final system costs are known, the County is authorized by the NextGen RCS Parties to amend Exhibit C of this NextGen RCS Agreement to reflect the final system costs in accordance with the cost apportionment method described in section 11. The NextGen Parties agree that the final Exhibit C as amended by the County and in accordance with the apportionment method described in section 11 (see, in particular, section 11.5) shall be the legally-binding Exhibit C to this NextGen RCS Agreement without further approval by the NextGen RCS Parties. The County shall distribute the amended final Exhibit C to the NextGen RCS Parties.

15. TERMINATION BY A NEXTGEN RCS PARTY OF ITS PARTICIPATION

15.1 Notice. In order to terminate participation prior to the end of the TWENTY year term, the withdrawing agency must provide to the NextGen RCS Board of Directors and the Sheriff's Department no less than a one year written notice of intent to terminate participation. In the event there are extensions to the NextGen RCS Agreement, written notice of termination must be given no less than 120 days prior to the end of the extension.

15.2 Conditions of Termination. A NextGen RCS Party may terminate pursuant to Section 15.1 on the following conditions:

15.2.1 The terminating NextGen RCS Party must return to the Sheriff's Department all County-purchased equipment unless the Sheriff's Department determines otherwise.

15.2.2 The terminating NextGen RCS Party is responsible for any and all NextGen RCS debts attributable to that NextGen RCS Party, regardless of extra-contractual consequences of termination, including but not limited to breach by the terminating NextGen Party of its own financing obligations or CSA 135 obligations.

15.2.3 If a terminating NextGen RCS Party brought frequencies to the NextGen RCS, the terminating NextGen Party and the NextGen RCS Board of Directors shall negotiate in good faith a settlement that either returns the same or equivalent operable frequencies to the terminating NextGen Party, or provides equitable compensation if frequencies are left with the NextGen RCS.

16. GOVERNING LAW

This NextGen RCS Agreement shall be governed, interpreted, construed and enforced in accordance with the laws of the State of California.

17. DISPUTE RESOLUTION

NextGen RCS Parties shall meet, confer and attempt in good faith to resolve any disputes involving performance under this NextGen RCS Agreement. Disputes that are not resolved by the NextGen RCS Parties shall, upon written request by any one of the NextGen RCS Parties involved in the dispute, be submitted to non-binding mediation by a mediator agreed upon by the NextGen RCS Parties involved in the dispute. If the NextGen RCS Parties involved in the dispute cannot agree on a mediator, they shall ask the American Arbitration Association to appoint a mediator. Each party shall bear its own costs of participating in the mediation.

18. SIGNATURE PAGES

Each signature page shall include a description and reference to the source of authority for the person who is signing to execute contracts on behalf of their NextGen RCS Party. This NextGen RCS Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same agreement.

Signature Page to NextGen RCS Agreement

Name of Party: County of San Diego

Party Authorization and Acceptance
On December 3, 2013 (Date), Item or Agenda No. 6, the San Diego County Board of Supervisors (Name of Governing Body) Authorized the Undersigned to Accept, Agree to and Execute This NextGen RCS Agreement on behalf of the County of San Diego (Name of Party) As reflected in the attached Minute Order or similar documentation of the action taken.
Typed Name and Title of Authorized Party Official: Thomas J. Pastuszka Clerk of the Board of Supervisors
Signature of Authorized Party Official: Thomas J Pa-
Date of Signature: 12.9.13

Approved as to form and legality
County Counsel

By
Senior Deputy

Approved and/or authorized by the
Board of Supervisors of the County of San Diego.
Meeting Date: 12/3/13 Minute Order No. 6
By: Nancy Vizcarra Date: 12/6/13
Deputy Clerk of the Board Supervisors

SP

Signature Page to NextGen RCS Agreement

Name of Party: City of Santee

Party Authorization and Acceptance
On 2/26/14 (Date), Item or Agenda No. 6B, the Santee City Council (Name of Governing Body) Authorized the Undersigned to Accept, Agree to and Execute This NextGen RCS Agreement on behalf of the City of Santee, California (Name of Party) As reflected in the attached Minute Order or similar documentation of the action taken.
Typed Name and Title of Authorized Party Official: Randy Voepel, Mayor
Signature of Authorized Party Official:
Date of Signature: 3/4/14

Approved as to form.

By: _____
City Attorney

List of Exhibits

Exhibit A	*San Diego County-Imperial County Regional Communications System Agreement of March 7, 1995*
Exhibit B	*1995 RCS Parties*
Exhibit C	*Estimated RCS NextGen System Cost. (Includes Exhibit C-1, C-2, and C-3)*
Exhibit C-1	*Cost Apportionment for San Diego County Shared Infrastructure Per Party*
Exhibit C-2	*Cost Apportionment for RCS NextGen Core (Portion of the Shared Infrastructure Cost)*
Exhibit C-3	*Cost Apportionment for the Combined Infrastructure and RCS NextGen Core*
Exhibit D	*Potential New RCS NextGen Parties*

Exhibit A

"San Diego County-Imperial County Regional Communications System Agreement of March 7, 1995"

Exhibit A

San Diego County – Imperial County

Regional Communications System

Agreement

Between the County of San Diego and Participating Cities and Jurisdictions Regarding the Implementation, Governance, Method of Funding and Costs of a Regional Radio System Providing Communication Services to Public Safety and Public Service Agencies Operating in San Diego County and Imperial County.

March 7, 1995

San Diego County - Imperial County
RCS
Regional Communications System

San Diego County - Imperial County

REGIONAL COMMUNICATIONS SYSTEM AGREEMENT

Table of Contents

SECTION	SUMMARY	PAGE
1.	Purpose and Intent of Agreement	1
2.	Regional Communications System (RCS) Overview	1
3.	Agreement Contingencies	2
4.	RCS Participants	2
5.	Additional Participants	2
6.	Performance Requirements	3
7.	RCS Access Priorities	3
8.	RCS Governance	3
9.	Roles and Responsibilities	4
10.	RCS Member Board	4
11.	RCS Board of Directors	5
12.	Representation on the RCS Board of Directors	7
13.	RCS Board of Directors Terms and Qualifications	8
14.	Attendance and Participation by the Public	9
15.	RCS Voting Requirements	9
16.	Department of Information Services Support Staff Role	9
17.	Agency Costs and CSA Benefit Charges	10
18.	Point of Demarcation - Responsibility of Equipment	13
19.	Purchase of RCS Compatible Equipment	13
20.	Term of Agreement; Entire Agreement	13
21.	Agreement Modification	13
22.	Termination of Agreement	14
23.	Binding Arbitration	14
Signatures	Authorizing Signatures of Governing Parties	15 - 18
Exhibit "A"	Parties to the Agreement	
Exhibit "B"	Estimated Agency One-Time Costs (Voice and Data)	
Exhibit "C"	Example of Estimated Post Agreement Start-up Costs	
Exhibit "D"	RCS Governance Structure Flow Chart	

San Diego County — Imperial County

REGIONAL COMMUNICATIONS SYSTEM

Participating Agency Agreement

1. Purpose and Intent of Agreement

1.1. This Memorandum of Agreement dated as of March 7, 1995, between the parties named in Exhibit "A" and the County of San Diego, a political subdivision of the State of California, provides for the development and operation of a Regional Communications System ***(RCS)*** benefiting the radio communication needs of public safety and public service agencies operating in the counties of San Diego and Imperial.

1.2. Nothing in this Agreement is intended to lessen participating member jurisdictions' authority over and responsibility for events occurring within their jurisdiction.

1.3. In order to provide an alternate source of funding for agencies participating in the RCS, the County of San Diego has formed County Service Area ***(CSA)*** 135 pursuant to Government Code ***(GC)*** Section 25210.1 et. seq.

1.4. For participating agencies deciding to use CSA 135 to fund their system costs, the County intends to levy parcel charges according to benefit per §25210.77a GC.

NOW THEREFORE, THE PARTIES HERETO AGREE AS FOLLOWS:

2. Regional Communications System *(RCS)* Overview

2.1. The RCS will replace the participating public service and public safety agencies' existing radio communication systems throughout San Diego and Imperial counties with a modern, trunked radio system.

2.2. The RCS will include a separate Mobile Data System (MDS) that will be used to transmit data for regional public safety and public service users over 800 MHz radio frequencies dedicated to that purpose. Participation in the MDS is not mandatory, and the MDS coverage area will be subject to agency participation.

2.3. The RCS shall provide effective and reliable radio communications for routine intra-agency operations as well as inter-agency communications throughout the region during mutual aid and disaster operations. Public safety and public service agencies throughout the counties of San Diego and Imperial will have the opportunity to join the RCS.

2.4. For the purposes of this Agreement, ***Public Safety*** and ***Public Service*** agencies are defined to include:

2.4.1. ***Public Safety*** includes all law enforcement, fire service, EMS and disaster preparedness agencies in San Diego County and Imperial County.

2.4.2. ***Public Service*** includes the State of California Department of Transportation ***(CALTRANS)*** District 11 and other participating agencies in the counties of San Diego and Imperial whose primary responsibility is providing citizens with services other than law enforcement, fire service and disaster preparedness.

2.5. All law enforcement, fire service, disaster preparedness and participating public service agencies in San Diego County and Imperial County shall have access to mutual aid communications capabilities.

2.6. Communications with agencies that have installed their own 800 MHz radio systems shall be facilitated via interfaces to the RCS.

3. Agreement Contingencies

This agreement is void unless financing for the radio system infrastructure is approved by the San Diego County Board of Supervisors and the necessary financing closes. As to the County of Imperial, this Agreement shall terminate if a CSA or other funding mechanism for communications purposes is not established within two years of the date of this Agreement.

4. RCS Participants

4.1. The RCS shall be designed to support the requirements of San Diego and Imperial county public safety and designated public service participants.

4.2. CALTRANS radio requirements shall be supported throughout District 11, which includes the counties of San Diego and Imperial in their entirety.

4.3. All participants shall receive equitable representation on the Regional Communications System Member Board ***(RCS Member Board)*** as set forth in this Agreement.

4.4. As part of implementing this agreement, participating agencies shall co-license or transfer their currently allocated 800 MHz frequencies to the County of San Diego for use in the RCS.

4.5. No actions by the RCS Board of Directors, by the County of San Diego or by the County of Imperial may be so broad in nature that they negatively affect or impact the operational or legal integrity of its individual member agencies.

5. Additional Participants

5.1. As system capacity permits, the RCS Board of Directors may approve other agencies joining the RCS on a case-by-case basis after the date of this Agreement.

5.2. Priority consideration shall be given to agencies with licensed, public safety/public service 800 MHz frequencies that can be co-licensed or trans-

ferred to the RCS, if such action can result in enhanced radio communications capabilities for all participants.

6. Performance Requirements

6.1. The RCS shall be designed to provide a high level of service and responsiveness, with region-wide coverage and capacity for all planned users throughout the term of this Agreement.

6.2. The RCS design objectives for the performance of portable and mobile voice and data radio equipment, and the quality of coverage provided shall be determined by the RCS Board of Directors and appropriate County of San Diego staff.

6.3. The RCS shall be designed to meet the loading requirements of the anticipated busiest hour for all planned users over the life of the system.

6.4. The actual RCS coverage plan shall be determined by the RCS Board of Directors.

7. RCS Access Priorities

7.1. In the event that all radio channels in the RCS are busy, users wanting to speak shall be prioritized as follows, regardless of how long they have been waiting.

7.1.1. Priority One — ***Emergency Identification.***
An Emergency Identification is defined as the message received when a public safety member calls for immediate assistance by activating an emergency button or switch on the user radio equipment.

7.1.2. Priority Two — ***Public Safety***

7.1.2.1. Public Safety includes the normal daily radio transmissions of law enforcement, fire service, paramedic providers and disaster preparedness personnel using the RCS.

7.1.2.2. Public Safety also includes RCS users whose normal lower priorities have been temporarily changed to resolve an unusual occurrence or large scale disaster.

7.1.3. Priority Three — ***Non-Public Safety, Special Event.***
Non-Public Safety, Special Event includes planned events involving public service agency participants that are beyond the scope of their normal daily operations.

7.1.4. Priority Four — ***Non-Public Safety, Regular.***
Non-Public Safety, Regular includes the normal daily radio transmissions of public service agencies using the system.

8. RCS Governance

8.1. The overall goal in governing the RCS shall be to establish an operational and management structure that will provide authority to participants during the RCS's development and in the subsequent ongoing administration and management throughout the term of this agreement. Exhibit "D" depicts an RCS governance flowchart.

8.2. The RCS Member Board and the RCS Board of Directors are established by this Agreement, the duties and responsibilities of which are set forth in §10 and §11.

8.3. The governance objectives include:

8.3.1. Provide a structure which retains administration and fiscal responsibility of the system in the control of the participating agencies.

8.3.2. Allow the use of a CSA funding mechanism.

8.3.3. Establish an organization which facilitates decision making.

8.3.4. Leverage resources where appropriate.

8.3.5. Develop an organization which will remain flexible and meet the needs of the participants over the term of the agreement.

9. Roles and Responsibilities

As required by the California CSA law, the San Diego County Board of Supervisors shall have ultimate legal and fiscal control over the RCS. Subject to such ultimate control, the Board of Supervisors shall delegate the fiscal control and operational administration of the RCS to the RCS Board of Directors.

10. RCS Member Board

10.1. Each of the parties to this Agreement desires to participate in the governance of the RCS as a member of the Regional Communications System Member Board to be formed under the provisions of this Agreement.

10.2. The Regional Communications System Member Board shall have responsibility for, and shall provide administration of components of the RCS that are common to all participating agencies.

10.3. Each participating agency shall appoint one representative to serve on the RCS Member Board. Representatives to the RCS Member Board shall serve at the pleasure of their respective appointing authority.

10.4. A participating jurisdiction with multiple agencies whose public safety and service radio communication needs are being met by the RCS shall be entitled to one representative on the RCS Member Board for each type of agency. (I. E., a participating city whose police and fire departments use the RCS shall have a RCS Member Board representative from each department.)

10.5. The RCS Member Board shall be responsible for recommending operational changes and for participating in other committees, or in other ways deemed appropriate by the RCS Board of Directors.

10.6. The RCS Member Board shall be responsible for approving the annual budget.

11. RCS Board of Directors

11.1. The RCS Board of Directors shall be composed of RCS representatives of each type of participating public safety/public service agency.

11.2. Members of the RCS Board of Directors shall be determined in the following manner, according to the type of agency.

11.2.1. San Diego County:

11.2.1.1. The delegate from the San Diego Sheriff's Department shall be the Sheriff or the Sheriff's designate.

11.2.1.2. The representative for the County of San Diego shall be the Chief Administrative Officer *(CAO)* or the CAO's designate, preferably from the Office of Disaster Preparedness.

11.2.1.3. The municipal police representative shall be a police chief or designate from RCS member agencies who shall be selected by the San Diego County Police Chiefs and Sheriff's Association.

11.2.1.4. The municipal fire representative shall be a fire chief or designate from RCS member agencies who shall be selected by the San Diego County Fire Chiefs Association.

11.2.1.5. The fire district representative shall be a fire chief or designate from RCS member agencies who shall be selected by the San Diego County Chapter, Fire Districts Association of California.

11.2.1.6. The North County Dispatch Joint Powers Authority *(JPA)* representative shall be a fire chief or designate from RCS member agencies who shall be selected by the North County Dispatch JPA governing body.

11.2.1.7. The Heartland Communications Facility JPA (HCFA) representatives shall be designates from RCS member agencies who shall be selected by the HCFA governing body.

11.2.2. Imperial County:

11.2.2.1. The delegate from the Imperial County Sheriff's Office shall be the Sheriff or a designate.

11.2.2.2. The representative for the County of Imperial shall be the CAO or a designate.

11.2.2.3. The municipal police representative shall be a police chief or designate from RCS member agencies who shall be selected by the Imperial County Police Chiefs Association.

11.2.2.4. The municipal fire representative shall be a fire chief or designate from RCS member agencies who shall be selected by the Imperial County Fire Chiefs Association.

11.2.2.5. The fire district representative shall be a fire chief or designate from RCS member agencies who shall be selected by the Imperial County Chapter, Fire Districts Association of California.

11.2.3. The representative for CALTRANS shall be a designate selected by appropriate state authority.

11.2.4. This Agreement provides for the addition of two public service members of the RCS Board of Directors, to be added when public service agencies join the RCS.

11.3. The RCS Board of Directors shall be responsible for the overall administration and direction of the RCS through interaction with the San Diego County Board of Supervisors, the assigned San Diego County staff and the RCS Member Board.

11.4. Specific responsibilities of the RCS Board of Directors shall include:

11.4.1. Formulating the annual budget and submitting it to the RCS Member Board for approval.

11.4.2. Identifying participating agency needs and requirements.

11.4.3. Establishing subcommittees as necessary to ensure the interests and concerns of each user agency are represented and to ensure technical issues are thoroughly researched.

11.4.3.1. The RCS Board of Directors shall establish a committee of MDS user agencies to administer the MDS and to make appropriate recommendations.

11.4.3.2. If all RCS user agencies are MDS participants, administration of the MDS shall revert to the RCS Board of Directors.

11.4.4. Monitoring the implementation of the RCS.

11.4.5. Reviewing and adopting recommendations regarding the establishment of system priorities and talk groups.

11.4.6. Developing and approving RCS operating policies and procedures.

11.4.7. Overseeing the establishment of long range plans.

11.4.8. Overseeing scheduled system reviews at intervals determined by the RCS Board of Directors, but not to exceed three years.

11.4.9. Budgeting and approving the disbursement of money from all CSA 135 funds.

11.4.10. Making recommendations to the San Diego County Board of Directors regarding the inclusion of additional RCS participants.

11.4.11. Addressing concerns of participating agencies.

11.4.12. Adopting appropriate actions to adjust RCS policies or procedures.

11.4.13. Adopting by-laws to govern the RCS Board of Director's internal operations.

11.4.14. Meeting quarterly or more frequently, if necessary.

11.4.15. Appointing a new Chairperson annually.

11.4.16. Conducting an annual fiscal audit.

11.4.17. Conducting periodic RCS audits.

11.4.18. Discharging other duties as required by statute.

12. Representation on the RCS Board of Directors

12.1. As of the date of this Agreement, the following types of agencies shall be represented by appointment to the RCS Board of Directors:

12.1.1. San Diego County:

12.1.1.1. Sheriff's Department

12.1.1.2. County Representative (Office of Disaster Preparedness)

12.1.1.3. Municipal Police

12.1.1.4. Municipal Fire

12.1.1.5. Fire Districts

12.1.1.6. North County Dispatch Joint Powers Authority

12.1.1.7. Heartland Communications Facility Joint Powers Authority

12.1.2. Imperial County:

12.1.2.1. Sheriff's Department

12.1.2.2. County Representative

12.1.2.3. Municipal Police

12.1.2.4. Municipal Fire

12.1.2.5. Fire Districts

12.1.3. CALTRANS

12.1.4. Public Service agencies shall select two delegates at large.

13. RCS Board of Directors Terms and Qualifications

13.1. Terms for members of the RCS Board of Directors shall be determined by their appointing authority. All members of the Board of Directors serve at the pleasure of their respective appointing authority.

13.2. The appointing authority shall also select an alternate to the RCS Board of Directors. Alternate members are encouraged to attend regular Board of Directors meetings, but shall vote only in the absence of the regular member.

13.3. Only representatives of agencies participating in the RCS may be selected to the RCS Board of Directors.

13.4. The Chairperson and a Vice Chairperson of the RCS Board of Directors shall be biannually elected by a majority vote of the Directors. During their term, the Chairperson and Vice Chairperson shall serve at the discretion of a majority of the Directors.

13.5. Attendance at Board of Directors meetings:

13.5.1. Members of the Board of Directors are expected to attend all possible meetings to represent their group interests and to help conduct RCS business. Arrangements should be made for the alternate to attend in the absence of the primary representative.

13.5.2. To remain on the Board of Directors, a director may not exceed more than three absences from regularly scheduled Board of Directors meetings during a County of San Diego fiscal year (July 1 through June 30).

13.5.3. If a director exceeds more than the allowable three absences in a fiscal year, the Board of Directors shall request a replacement from the appointing authority unless, because of extraordinary circumstances, the Board of Directors votes to allow one additional absence.

13.5.4. Alternate directors shall be subject to the same requirements for all meetings they are required to attend.

13.5.5. An absence by both the primary director and the alternate director representing the same appointing authority shall be counted against both parties.

13.5.6. By vote of the Board of Directors, a leave of absence may be granted to a primary or alternate director for no more than 180 days. Only one leave of absence may be granted in any twelve month period.

13.5.7. Resignation from the Board of Directors shall be submitted in writing to the chairperson and to the appointing authority.

14. Attendance and Participation by the Public

14.1. ***Ralph M. Brown Act.*** All meetings of the RCS Board of Directors and RCS Member Board shall be noticed and conducted in accordance with the provisions of the Ralph M. Brown Act (GC §54950 et. seq.).

14.2. Local, state and federal representatives of public safety or service agencies who are not parties to this Agreement may participate in RCS Board of Directors, Member Board or committee meetings as members of the public, but shall not have voting rights.

14.3. Representatives from non-participating agencies may not serve in any official capacity in respect to RCS administration, management or operation.

15. RCS Voting Requirements

15.1. Members of the RCS Member Board, Board of Directors and committees shall vote on all items on the basis of one vote per member.

15.2. A quorum for the conduct of business exists when a majority of the members are present at Board of Directors, Member Board and other committee meetings.

15.3. Actions on all boards and committees shall be determined by a majority vote of members present at a meeting when a quorum exists.

15.4. An agency may not designate another agency to be its proxy.

15.5. In the case of RCS Board of Directors actions, the alternate delegate shall only have a voting right in the absence of the regular delegate.

16. County of San Diego, Department of Information Services (DIS) Support Staff Role

16.1. DIS staff shall serve as an advisory and staff function to the RCS Member Board and RCS Board of Directors.

16.2. DIS staff shall manage the day-to-day operation of the RCS subject to direction from and review by the RCS Board of Directors .

16.3. DIS staff shall provide support as necessary, but shall not have a voting right on any business before the RCS Member Board, the RCS Board of Directors, or any committees.

16.4. DIS staff shall perform the functions necessary to ensure that specific system performance guarantees are maintained throughout the term of the agreement.

16.5. As the manager and operator of the RCS, the Department of Information Services shall have the responsibility to:

16.5.1. Provide appropriate staff support to the RCS Board of Directors as requested, within budgetary restraints.

16.5.2. Seek RCS Board of Directors approval of major policy decisions related to the RCS.

16.5.3. Develop contracts with vendors and submit to RCS Board of Directors for approval.

16.5.4. Implement the regional 800 MHz public safety voice and data radio systems.

16.5.5. Retain employees and agents.

16.5.6. Acquire, hold or dispose of property necessary to operate the RCS.

16.5.7. Charge participating agencies for expenses incurred in ongoing maintenance and operation of the RCS.

16.5.8. Implement policy.

16.5.9. Monitor and maintain RCS performance.

16.5.10. In conjunction with the RCS Board of Directors, develop and recommend the annual RCS budget.

16.5.11. Reassign RCS priorities in extraordinary circumstances and make emergency repairs as required.

16.5.12. Provide information and support as necessary to the RCS Board of Directors.

16.5.13. Provide operating reports and technical information as necessary to assist the RCS Board of Directors.

16.5.14. Establish and maintain accounts and records, including personnel, property, financial, programmatic and other records deemed necessary by the RCS Board of Directors to ensure proper accounting for all ongoing operations and maintenance costs.

16.5.15. Use the records to justify any adjustment to agency benefit charges.

16.6. The Director of DIS shall provide the RCS Board of Directors timely advance notice of impending personnel changes affecting any management staff assigned RCS responsibilities.

17. Agency Costs and CSA Benefit Charges

17.1. The Department of Information Services shall implement, manage and operate the 800 MHz trunked radio backbone and microwave systems.

17.1.1. Costs for agencies participating at the time the RCS is implemented are reflected in Exhibit "B". MDS participation costs are separate from voice radio system costs.

17.1.2. Costs for agencies joining subsequent to the implementation of the RCS:

17.1.2.1. The County of San Diego shall assume the costs of implementing the voice and data radio backbone systems in areas where agencies have not committed to RCS participation.

17.1.2.1.1. RCS coverage in those areas shall meet the requirements of the County of San Diego.

17.1.2.1.2. Costs to enhance coverage to satisfy the needs of an agency joining the RCS subsequent to the original implementation shall be the joining agency's responsibility.

17.1.2.2. An agency joining the RCS shall be responsible for paying their original one-time costs as represented in Exhibit "B", plus financing costs that have incurred since the date of this Agreement. The RCS Board of Directors shall reimburse appropriate financing expenses to the County of San Diego in relation to §17.1.2.3.

*(**EXAMPLE**: If Santee decides to join the RCS after five years of the 15 year agreement have passed, their costs will include:*

(1) their estimated one-time costs as shown in Exhibit "B" and,
(2) associated financing costs for the first five years, as shown in Exhibit "C".

The RCS Board of Directors shall then reimburse the County of San Diego for principal and financing expenses that resulted because of Santee's absence during the initial five years.)

17.1.2.3. An agency or jurisdiction that wants to join the RCS must pay a proportional cost of the overall voice radio backbone and microwave development investment.

If the agency or jurisdiction decides to use CSA 135 for funding, it must file an application with the San Diego County Local Area Formation Commission (LAFCO) to join CSA 135. Each agency is responsible for its own costs associated with the LAFCO process.

17.1.2.4. All funds received from agencies joining the RCS shall be deposited in the CSA 135 account for appropriate distribution by the RCS Board of Directors.

17.2. The agency may use a funding method other than CSA 135 to pay for its RCS origination and operating expenses.

17.3. Ongoing operations and maintenance costs shall be shared equally by the participating agencies and shall be based on the established formula. (See Exhibit "B")

17.4. Monthly Operating Fees

17.4.1. The costs of ongoing operations and maintenance of the trunked voice radio system, mobile data radio system and microwave system shall be allocated to the participating agencies on a per radio basis.

17.4.1.1. The cost per radio shall be limited to those radios used on the RCS during normal operations.

17.4.1.2. Radios temporarily added by an agency to handle a disaster or emergency shall not be a part of determining the agency's ongoing RCS costs unless the radios are retained for normal operations following resolution of the disaster or emergency.

17.4.1.3. The costs of ongoing operations and maintenance on the voice system and the mobile data system shall be determined separately, since not all agencies will decide to use both systems. Therefore, the monthly operating fees for radios on each system may be different.

17.4.2. After resolving which agencies are participating and determining the actual number of radios to be included in each system (voice and data), the cost per agency shall be finalized.

17.4.3. The final cost shall be in effect for a period of one year and shall be adjusted annually to reflect actual costs.

17.5. Reserve Funds in CSA 135 Account

17.5.1. One of the responsibilities of the RCS Board of Directors is to budget the disbursement of money from the CSA 135 account.

17.5.2. All funds received by the County of San Diego from all RCS participating agencies, for the purpose of funding the RCS shall be deposited into the CSA 135 account.

17.5.3. Reserve funds, including interest, shall be maintained in the CSA 135 account for the purposes of contingencies and for RCS upgrades and enhancements.

17.5.4. CSA 135 reserve funds can only be used for Regional Communications System purposes and on approval of the RCS Board of Directors by majority vote.

17.5.5. The RCS Board of Directors shall review CSA 135 fund levels annually and take appropriate action.

17.6. CSA 135 Zone Option and Costs

17.6.1. Each participating agency shall have the ability to customize their own CSA 135 requirements for other RCS components, including user equipment, communications center equipment and operating costs, by developing a CSA zone.

17.6.2. Each agency establishing a zone shall have the responsibility to develop an annual zone budget and zone benefit fee schedule.

17.6.3. The CSA funds generated within the zone may only be utilized to meet the requirements of that zone.

17.7. Unless otherwise agreed, maintenance of agency owned RCS equipment shall be provided by Department of Information Services staff assigned to the RCS. All associated maintenance costs shall be included as a part of the agency monthly operating fees.

17.8. Maintenance and other costs associated with the provision of primary commercial and back up 110/240 volt A. C. electrical power shall be the responsibility of the agency.

17.9. Unless otherwise determined by separate agreement, each participating agency shall be responsible for the costs associated with connecting to the RCS backbone from the point of demarcation to the agency radio system equipment.

18. Point of Demarcation for Responsibility of Equipment

18.1. Unless otherwise determined by separate agreement, the demarcation point between RCS responsibility and agency responsibility is the microwave radio channel bank equipment termination blocks that are used to interconnect the agency radio consoles and other electronic devices used for voice and data communications to the channel banks.

18.2. Each participating agency shall be responsible for all costs associated with their mobile data system application development, user equipment and integration from the point of demarcation.

19. Purchase of RCS Compatible Equipment

19.1. Each participating agency agrees to meet County of San Diego specifications, including brands and models when appropriate, for associated equipment used to interconnect to the RCS.

19.2. Participating agencies agree to submit specifications of radio system related equipment orders to County RCS staff to ensure compatibility before purchase.

19.3. Associated equipment may be purchased through the County of San Diego to insure compatibility and favored pricing.

20. Term of Agreement

The term of agreement is for fifteen years from the date of this Agreement.

21. Agreement Modification; Entire Agreement

21.1. This Agreement may only be amended in writing with the approval of the governing bodies of all parties to this Agreement. Prior to processing an amendment, a recommendation shall be requested from the RCS Board of Directors.

21.2. This Agreement constitutes the entire agreement of the parties and any previous oral or written agreements are superseded by this Agreement. Subsequent agreements may be entered into with CALTRANS and the County of Imperial concerning RCS matters.

22. Termination of Agreement

22.1. In order to terminate participation prior to the end of the fifteen year term, the withdrawing agency must provide no less than a one year written notice of intent to terminate participation.

22.2. Termination shall be granted provided that the withdrawing party:

22.2.1. Returns to the RCS all equipment for value that the RCS Board of Directors determines is required to maintain the RCS for all remaining users; and,

22.2.2. If the termination compromises the legality of the CSA benefit charges in the jurisdiction of the withdrawing agency, such agency shall be responsible for the remaining debt payments which would have aggregated from the CSA.

22.2.3. If an agency that brought frequencies to the RCS opts to terminate, the RCS Board of Directors shall negotiate a settlement that either returns the same or equivalent operable frequencies, or provides equitable compensation if frequencies are left with the RCS.

23. Arbitration

23.1. If settlement on an issue cannot be reached between the grieving or terminating agency and the RCS Board of Directors, binding arbitration shall be employed to reach a settlement.

23.2. The arbitrator shall be selected by mutual agreement of the RCS Board of Directors and the terminating agency.

23.3. It shall be the duty of the arbitrator to hear and consider evidence submitted by the parties and to thereafter make written findings of fact and a disposition of the settlement which shall be binding in nature, except as to issues of law.

23.4. Each party to a hearing before an arbitrator shall bear his own expenses in connection therewith.

23.5. All fees and expenses of the arbitrator shall be borne one-half by remaining members of the RCS and one-half by the grieving or withdrawing agency.

San Diego County - Imperial County
RCS
Regional Communications System

Participating Agency Agreement

IN WITNESS WHEREOF, the parties hereto do affix their signatures.

COUNTY OF SAN DIEGO

Board of Supervisors Approval
Date: MAR 7 1995

By _____
Chairwoman Dianne Jacob

CITY OF CARLSBAD

Council Approval
Date: MARCH 22, 1995

By _____
Mayor

CITY OF DEL MAR

Council Approval
Date: 4-3-95

By _____
Mayor

CITY OF ENCINITAS

Council Approval
Date: MARCH 22, 1995

By _____
Mayor

CITY OF IMPERIAL BEACH

Council Approval
Date: _____

By _____
Mayor

CITY OF LEMON GROVE

Council Approval
Date: _____

By _____
Mayor

CITY OF POWAY

Council Approval
Date: 4-18-95

By _____
Mayor

CITY OF SAN MARCOS

Council Approval
Date: 4/13/95

By _____
Mayor
City Manager

CITY OF SOLANA BEACH

Council Approval
Date: 4-17-95

By _____
Mayor

San Diego County - Imperial County
RCS
Regional Communications System

Exhibit "A"
Participating Agency Agreement

PARTIES TO THE MARCH 7, 1995 AGREEMENT

1. Alpine Fire Protection District
2. Bonita-Sunnyside Fire Protection District
3. Borrego Springs Fire Protection District
4. City of Carlsbad
5. City of Del Mar
6. City of Encinitas
7. City of Imperial Beach
8. City of Lemon Grove
9. City of Poway
10. City of San Marcos
11. City of Solana Beach
12. City of Vista
13. California Department of Transportation, District 11
14. County of Imperial (all county and city public safety agencies, all territories)
15. County of San Diego (county public safety and service agencies)
16. Deer Springs Fire Protection District
17. East County Fire Protection District
18. Heartland Communications Dispatch Facility JPA
19. Julian - Cuyamaca Fire Protection District
20. Lakeside Fire Protection District
21. Lower Sweetwater Fire Protection District
22. North County Dispatch JPA
23. Pine Valley Fire Protection District
24. Rancho Santa Fe Fire Protection District
25. Rural Fire Protection District
26. San Miguel Consolidated Fire Protection District
27. Valley Center Fire Protection District

San Diego County - Imperial County
RCS
Regional Communications System

Exhibit "B"
Participating Agency Agreement

ESTIMATED AGENCY ONE-TIME COSTS
Combined Voice and Data Backbone

Jurisdiction	Number of Parcels*	Number of Benefit Units*	Per Cent of Total Benefit Units	Data One-Time $ Based on Benefit Unit % **	Voice One-Time $ Based on Benefit Unit %	Estimated Annual Cost Data ***	Estimated Annual Cost Voice ***
Unincorporated	178,479	1,124,170	31.28%	$2,498,528	$8,755,256	$300,874	$1,054,312
Carlsbad	34,851	203,725	5.67%	452,790	1,586,650	54,525	191,065
Del Mar	4,880	19,533	0.54%	43,413	152,127	5,228	18,319
Encinitas	19,785	158,735	4.42%	352,797	1,236,259	42,484	148,871
Imperial Beach	4,998	63,198	1.76%	140,481	492,198	16,914	59,271
Lemon Grove	6,940	65,225	1.81%	144,966	507,985	17,457	61,172
Poway	14,445	111,924	3.11%	248,757	871,686	29,955	104,959
San Marcos	12,878	118,743	3.30%	263,913	924,794	31,760	111,364
Solana Beach	12,900	47,666	1.33%	105,939	371,228	12,757	44,703
Vista	19,630	203,328	5.66%	451,907	1,583,558	54,418	190,693
Chula Vista	35,652	360,726	10.04%	801,733	2,809,405	96,545	338,310
Coronado	10,456	62,388	1.74%	138,661	485,890	16,698	58,511
El Cajon	17,918	240,280	6.68%	533,991	1,871,192	64,303	225,330
La Mesa	16,051	168,620	4.69%	374,767	1,313,246	45,130	158,142
National City	8,823	113,982	3.17%	253,331	887,714	30,508	106,899
Oceanside	48,610	406,690	11.32%	903,889	3,167,377	108,847	381,417
Santee	14,596	125,247	3.48%	278,368	975,448	33,521	117,464
TOTAL	461,890	3,594,159	100%	$7,988,212	$27,992,013	$961,044	$3,370,911

* Based on 1994 counts. Does not include Benefit Units for trailer parks in the cities. The approach still needs to be refined with the individual cities.

** Data One-time cost is for backbone only. It does not include agency integration costs.

*** Based on 8.5% annual percentage rate.

San Diego County - Imperial County
RCS
Regional Communications System

Exhibit "C"
Participating Agency Agreement

ESTIMATED COSTS OF AGENCY ENTERING SYSTEM AFTER MARCH 7, 1995
City of Santee

Number of Benefit Units 125,247

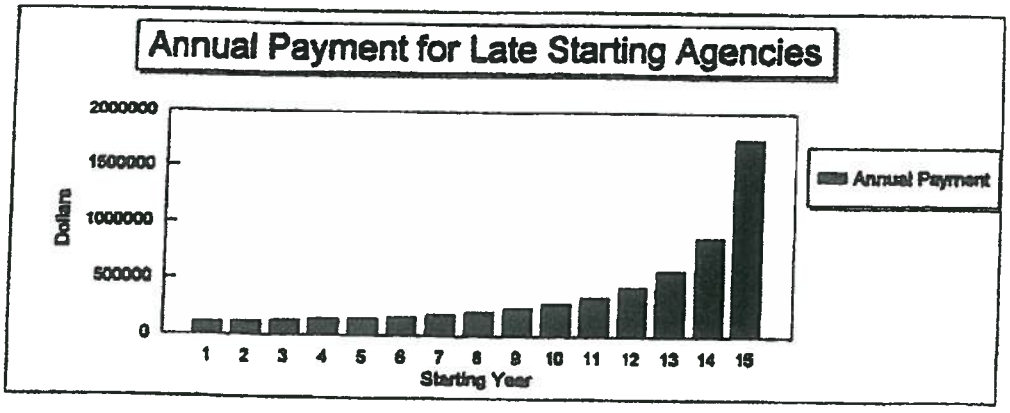
Percent of Total Benefit 3.48%

Financing Costs of One Time Cost for 15 Years at 8.5% APR

Principal	Financing	Total	Annual Payment
$975,448	$786,510	$1,761,958	$117,464

Annual Payment if Join in Year

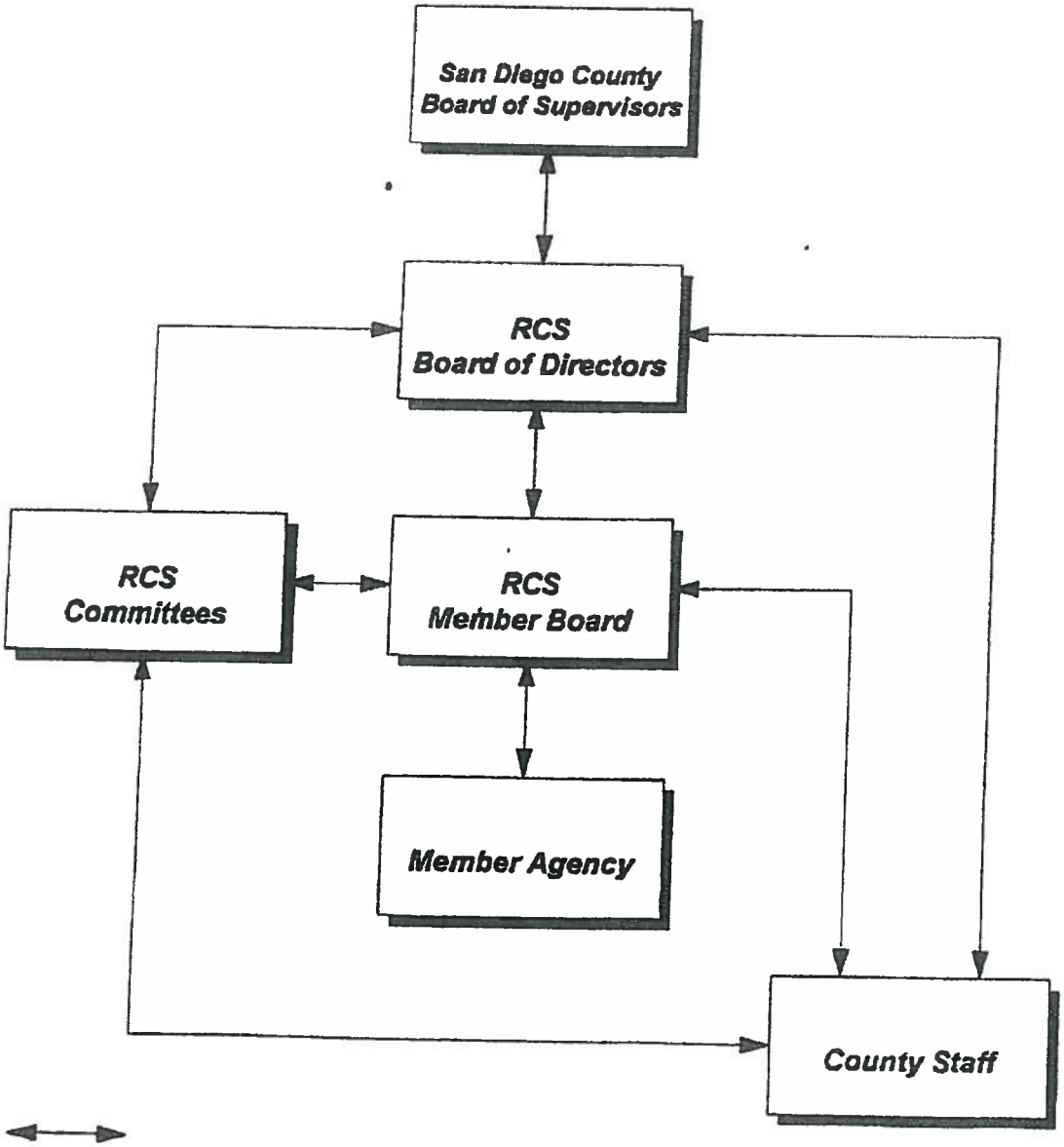
Year	Annual Payment
1	$117,464
2	$125,854
3	$135,535
4	$146,830
5	$160,178
6	$176,196
7	$195,773
8	$220,245
9	$251,708
10	$293,660
11	$352,392
12	$440,490
13	$587,319
14	$880,979
15	$1,761,958



San Diego County - Imperial County
RCS
Regional Communications System

Exhibit "D"
Participating Agency Agreement

GOVERNANCE STRUCTURE



Reporting Relationships,
Lines of Communication

Exhibit B

1995 RCS Parties

1995 RCS Parties	Status
Alpine Fire Protection District	Existing
Bonita-Sunnyside Fire Protection District	Existing
Borrego Springs Fire Protection District	Existing
City of Carlsbad	Existing
City of Chula Vista	Existing
City of Coronado	Existing
City of Del Mar	Existing
City of El Cajon	Existing
City of Encinitas	Existing
City of Escondido	Existing
City of Imperial Beach	Existing
City of La Mesa	Existing
City of Lemon Grove	Existing
City of National City	Existing
City of Oceanside	Existing
City of Poway	Existing
City of San Marcos	Existing
City of Santee	Existing
City of Solana Beach	Existing
City of Vista	Existing
County of San Diego	Existing
Deer Springs Fire Protection District	Existing
Heartland Communications Facility Joint Powers Authority	Existing
Imperial Valley Emergency Communications Authority (IVECA)	Existing
Julian-Cuyamaca Fire Protection District	Existing
Lakeside Fire Protection District	Existing
Metropolitan Transit System	Existing
Mira Costa Community College District	Existing
North County Dispatch Joint Powers Authority	Existing
North County Fire Protection District	Existing
North County Transit District	Existing
Rancho Santa Fe Fire Protection District	Existing
San Diego Rural Fire Protection District	Existing
San Diego Unified Port District	Existing
San Miguel Consolidated Fire Protection District	Existing
Santee School District	Existing
State of California Department of Transportation (Caltrans)	Existing
State of California, California Highway Patrol/El Cajon CHP	Existing
Valley Center Fire Protection District	Existing
Viejas Reservation Fire Department	Existing
Vista Fire Fire Protection District	Existing
Pine Valley Fire Protection District[1]	*Former*
Padre Dam Water District[2]	*Former*
East County Fire Protection District[3]	*Former*

[1]*Original Signator - Never came on system (no radios on system)*
[2]*Terminated RCS Agreement on January 7, 2013*
[3]*Consolidated with San Miguel Consolidated Fire District in 2008*

Exhibit C

Estimated RCS NextGen System Cost

NextGen Shared Infrastructure Cost	
NextGen System Components - Shared Infrastructure	Estimated Cost
Estimated Total Shared Infrastructure Cost	$ 105,000,000
Less estimated IVECA Infrastructure of $9 Million (includes estimated proportional share of NexGen core)	*$ (9,000,000)*
Less Grants/RCS Trust Fund	*$ (10,000,000)*
Estimated Remaining Shared Infrastructure Costs to be Apportioned among San Diego County NextGen RCS Parties	**$ 86,000,000**

Estimated Total Subscriber Radio Count	
Total Estimated NextGen Parties Subscriber Radio Count	**13,953**

To Calculate Your Agency's Estimated Cost Apportionment

1. Divide the **Remaining Costs to be Apportioned** by the **Total Estimated NextGen Parties Subscriber Radio Count**. Multiply this number by the projected average number of your agency's subscriber radios for the two dates.

Formula

$$\frac{\text{Remaining Costs to be Apportioned}}{\text{Estimated Total Subscriber Radio Count}} \times \text{Two Year Average Radio Count} = \text{Estimated Agency Cost for Shared Infrastructure}$$

Example

1. Agency X has an average of 50 radios for the two dates.
2. Total Estimated Cost of System divided by the Total Estimated Parties Subscriber Radio Count is $6,164
3. Fifty (50) subscriber radios X $6,164 estimated cost = Estimated Agency Cost $308,177

Exhibit C-1

Cost Apportionment for <u>San Diego County Shared Infrastructure</u> Per Party: *Costs are apportioned in two categories--infrastructure and core. Below are the estimated* **<u>shared infrastructure</u>** *apportionment costs per agency*

San Diego County Party Name	Radio Count 9/1/13	Radio Count 7/1/2014	Average Radio Count	Estimated Cost for San Diego Shared Infrastructure
Alpine Fire Protection District	26			
Bonita-Sunnyside Fire Protection District	16			
Borrego Springs Fire Protection District	21			
City of Carlsbad	436			
City of Chula Vista	694			
City of Coronado	182			
City of Del Mar	97			
City of El Cajon	460			
City of Encinitas	246			
City of Escondido	752			
City of Imperial Beach	117			
City of La Mesa	291			
City of Lemon Grove	95			
City of National City	284			
City of Oceanside	744			
City of Poway	296			
City of San Marcos	419			
City of Santee	176			
City of Solana Beach	58			
City of Vista	284			
County of San Diego	5,848			
Deer Springs Fire Protection District	21			
Heartland Communications Facility JPA	12			
Julian-Cuyamaca Fire Protection District	29			
Lakeside Fire Protection District	98			
Metropolitan Transit System	251			
Mira Costa Community College District	20			
North County Dispatch JPA	18			
North County Fire Protection District	127			
North County Transit District	33			
Rancho Santa Fe Fire Protection District	92			
San Diego Rural Fire Protection District	107			
San Diego Unified Port District	299			
San Miguel Consolidated Fire Protection District	135			
Santee School District	44			
State of CA Department of Transportation (Caltrans)	893			
State of California, CA Highway Patrol/El Cajon CHP	174			
Valley Center Fire Protection District	25			
Viejas Reservation Fire Department	33			
Potential New Party				
Potential New Party				
Potential New Party				
TOTAL	13,953	-	-	

Exhibit C-2

Cost Apportionment for RCS NextGen Core (Portion of the Shared Infrastructure Costs): *Costs are apportioned in two categories--infrastructure and core. Below are the estimated **RCS NextGen Core** apportionment costs per agency for both San Diego County agencies and the Imperial Valley Emergency Communications Authority (IVECA).*

San Diego County Parties & IVECA	Radio Count 9/1/13	Radio Count 7/1/2014	Average Radio Count	Estimated Cost for RCS NextGen Core
Alpine Fire Protection District	26			
Bonita-Sunnyside Fire Protection District	16			
Borrego Springs Fire Protection District	21			
City of Carlsbad	436			
City of Chula Vista	694			
City of Coronado	182			
City of Del Mar	97			
City of El Cajon	460			
City of Encinitas	246			
City of Escondido	752			
City of Imperial Beach	117			
City of La Mesa	291			
City of Lemon Grove	95			
City of National City	284			
City of Oceanside	744			
City of Poway	296			
City of San Marcos	419			
City of Santee	176			
City of Solana Beach	58			
City of Vista	284			
County of San Diego	5,848			
Deer Springs Fire Protection District	21			
Heartland Communications Facility JPA	12			
Julian-Cuyamaca Fire Protection District	29			
Lakeside Fire Protection District	98			
Metropolitan Transit System	251			
Mira Costa Community College District	20			
North County Dispatch, JPA	18			
North County Fire Protection District	127			
North County Transit District	33			
Rancho Santa Fe Fire Protection District	92			
San Diego Rural Fire Protection District	107			
San Diego Unified Port District	299			
San Miguel Consolidated Fire Protection District	135			
Santee School District	44			
State of CA Department of Transportation (Caltrans)	893			
State of California, CA Highway Patrol/El Cajon CHP	174			
Valley Center Fire Protection District	25			
Viejas Reservation Fire Department	33			
IVECA*	1,302			
Potential New Party				
Potential New Party				
Potential New Party				
TOTAL	15,255	-	-	

**IVECA will pay for infrastructure for Imperial County (an estimated $ 9,000,000) and a portion of the NextGen core costs.*

Exhibit C-3

Cost Apportionment for the <u>Combined Infrastructure and RCS NextGen Core:</u> *Costs are apportioned in two categories--infrastructure and core. Below are both the estimated Combined Infrastructure and RCS Core apportionment costs per agency.*

San Diego County Parties & IVECA	Exhibit C-1 Estimated Cost for San Diego Shared Infrastructure	+	Exhibit C-2 Estimated Cost for RCS NextGen Core	=	Combined Estimated Cost for San Diego Shared Infrastructure and NextGen RCS Core (C-1 + C-2)
Alpine Fire Protection District					
Bonita-Sunnyside Fire Protection District					
Borrego Springs Fire Protection District					
City of Carlsbad					
City of Chula Vista					
City of Coronado					
City of Del Mar					
City of El Cajon					
City of Encinitas					
City of Escondido					
City of Imperial Beach					
City of La Mesa					
City of Lemon Grove					
City of National City					
City of Oceanside					
City of Poway					
City of San Marcos					
City of Santee					
City of Solana Beach					
City of Vista					
County of San Diego					
Deer Springs Fire Protection District					
Heartland Communications Facility JPA					
Julian-Cuyamaca Fire Protection District					
Lakeside Fire Protection District					
Metropolitan Transit System					
Mira Costa Community College District					
North County Dispatch, JPA					
North County Fire Protection District					
North County Transit District					
Rancho Santa Fe Fire Protection District					
San Diego Rural Fire Protection District					
San Diego Unified Port District					
San Miguel Consolidated Fire Protection District					
Santee School District					
State of CA Department of Transportation (Caltrans)					
State of California, CA Highway Patrol/El Cajon CHP					
Valley Center Fire Protection District					
Viejas Reservation Fire Department					
IVECA					
Potential New Party					
Potential New Party					
Potential New Party					
TOTALS					

Exhibit D

Potential New RCS NextGen Parties

Potential New Parties	Radio Count Sept 1, 2013	Radio Count July 1, 2014	Average Radio Count
Barona Fire Department	35		
Cajon Valley Union School District	125		
California Department of Corrections & Rehabilitation Division of Adult Parole Operations	109		
California Department of Corrections & Rehabilitation Office of Correctional Safety	13		
California State University San Marcos (Police)	49		
Grossmont Union High School District	128		
Grossmont-Cuyamaca Community College	16		
Jamul-Dulzura Unified School District	15		
La Jolla Band of Luiseño Indians (La Jolla Tribal Police)	4		
Los Coyotes Police Department	6		
Olivenhain Municipal Water District	3		
Palomar College	41		
Pala Band of Mission Indians	25		
Pauma Band of Luiseño Mission Indians (Pauma Band of Mission Indians)	21		
Poway Unified School District	240		
Ramona Water District Fire Department	21		
Rancho Santa Fe Patrol	17		
San Diego Association of Governments (SANDAG)	59		
San Diego County Regional Airport Authority	164		
San Diego Humane Society	34		
San Diego State University (Police & Parking)	102		
Southwestern College Police Dept.	22		
Sycuan Band of the Kumeyaay Nation (Sycuan Fire/Police Department)	72		
University of California San Diego (Police and Environment Health & Safety)	108		
Vista Unified High School District	188		

First Amendment
to
Agreement
Between and Among the County of San Diego
and
Participating Cities and Jurisdictions
Regarding the Next Generation Regional Communication System
Providing Communication Services to Public Safety and Public Service Agencies
Operating in San Diego County and Imperial County
("NextGen RCS Agreement")

RECITALS

R1. On December 3, 2013 (6), the Board of Supervisors for the County of San Diego authorized the Chief Administrative Officer to execute the NextGen RCS Agreement and this First Amendment which will amend Exhibit C to reflect the finalized system costs and cost apportionment.

R2. The NextGen RCS Agreement was executed on and about December 9, 2013, by the parties to the NextGen RCS Agreement.

R3. The NextGen RCS Parties agreed to the NextGen RCS Shared Backbone Infrastructure cost apportionment set forth in NextGen RCS Agreement section 11.4 and related sections.

R4. The NextGen RCS Parties agreed in NextGen RCS Agreement section 14.3 as follows:

> **14.3 Exhibit C Revisions.** Notwithstanding any other provision of this NextGen RCS Agreement, including but not limited to section 14.1, the NextGen Parties agree that, when final system costs are known, the County is authorized by the NextGen RCS Parties to amend Exhibit C of this NextGen RCS Agreement to reflect the final system costs in accordance with the cost apportionment method described in section 11. The NextGen Parties agree that the final Exhibit C as amended by the County and in accordance with the apportionment method described in section 11 (see, in particular, section 11.5) shall be the legally-binding Exhibit C to this NextGen RCS Agreement without further approval by the NextGen RCS Parties. The County shall distribute the amended final Exhibit C to the NextGen RCS Parties.

Therefore, the NextGen RCS Agreement is amended as follows:

The attached Final Exhibit C, including Exhibit C-1, C-2, and C-3 as issued, replaces the original Exhibit C in its entirety.

COUNTY OF SAN DIEGO

By_____ 7/12/16

Ronald J. Lane, Deputy Chief Administrative Officer
Public Safety Group, County of San Diego

APPROVED AS TO FORM AND LEGALITY
COUNTY COUNSEL

BY_____
SENIOR DEPUTY

Exhibit C

RCS NextGen System Cost

NextGen Shared Infrastructure Cost	
NextGen System Components - Shared Infrastructure	**Cost**
Total Shared Infrastructure Cost	$ 70,065,207
Total IVECA Infrastructure Cost	*$ (4,385,443)*
Remaining Shared Infrastructure Costs to be Apportioned among San Diego County NextGen RCS Parties	$ 65,679,764

Total Subscriber Radio Count	
Total County of San Diego NextGen Parties Subscriber Radio Count	**14,782**

Agency's Cost Apportionment Contained in C-3.

Cost per radio for is $4,443.23 for San Diego County Agencies.

Exhibit C-1

Cost Apportionment for San Diego County Shared Infrastructure Per Party: *Costs are apportioned in two categories--infrastructure and core. Below are the estimated* **shared infrastructure** *apportionment costs per agency*

San Diego County Party Name	Radio Count 9/1/13	Radio Count 7/1/2014	Average Radio Count	Cost for San Diego Shared Infrastructure
Alpine Fire Protection District	26	26	26.0	$ 113,498.08
Bonita-Sunnyside Fire Protection District	16	16	16.0	$ 69,844.97
Borrego Springs Fire Protection District	21	21	21.0	$ 91,671.53
City of Carlsbad	436	440	438.0	$ 1,912,006.09
City of Chula Vista	694	646	670.0	$ 2,924,758.18
City of Coronado	182	180	181.0	$ 790,121.24
City of Del Mar	97	99	98.0	$ 427,800.45
City of El Cajon	460	442	451.0	$ 1,968,755.13
City of Encinitas	246	247	246.5	$ 1,076,049.09
City of Escondido	752	702	727.0	$ 3,173,580.89
City of Imperial Beach	117	119	118.0	$ 515,106.66
City of La Mesa	291	285	288.0	$ 1,257,209.49
City of Lemon Grove	95	95	95.0	$ 414,704.52
City of National City	284	288	286.0	$ 1,248,478.87
City of Oceanside	744	740	742.0	$ 3,239,060.55
City of Poway	296	303	299.5	$ 1,307,410.56
City of San Marcos	419	421	420.0	$ 1,833,430.50
City of Santee	176	178	177.0	$ 772,660.00
City of Solana Beach	58	62	60.0	$ 261,918.64
City of Vista	284	290	287.0	$ 1,252,844.18
County of San Diego	5,933	6,162	6047.5	$ 26,399,216.57
Deer Springs Fire Protection District	21	22	21.5	$ 93,854.18
Heartland Communications Facility JPA	12	12	12.0	$ 52,383.73
Julian-Cuyamaca Fire Protection District	29	28	28.5	$ 124,411.36
Lakeside Fire Protection District	98	93	95.5	$ 416,887.17
Mira Costa Community College District	20	22	21.0	$ 91,671.53
North County Dispatch JPA	18	18	18.0	$ 78,575.59
North County Fire Protection District	127	119	123.0	$ 536,933.22
North County Transit District	33	33	33.0	$ 144,055.25
Rancho Santa Fe Fire Protection District	114	121	117.5	$ 512,924.01
~~San Diego Rural Fire Protection District~~ [1]	-	-	0.0	$ -
San Diego Unified Port District	299	297	298.0	$ 1,300,862.59
San Miguel Consolidated Fire Protection District	135	116	125.5	$ 547,846.50
State of CA Department of Transportation (Caltrans)	893	849	871.0	$ 3,802,185.64
State of California, CA Highway Patrol/El Cajon CHP	174	173	173.5	$ 757,381.41
Valley Center Fire Protection District	25	18	21.5	$ 93,854.18
Viejas Reservation Fire Department	33	33	33.0	$ 144,055.25
New Parties				
California State University San Marcos (Police)	49	52	50.5	$ 220,448.19
Olivenhain Municipal Water District	3	5	4.0	$ 17,461.24
Palomar College	41	41	41.0	$ 178,977.74
Poway Unified School District	240	243	241.5	$ 1,054,222.54
Ramona Water District Fire Department	21	21	21.0	$ 91,671.53
Rancho Santa Fe Patrol	17	17	17.0	$ 74,210.28
San Diego County Regional Airport Authority	164	181	172.5	$ 753,016.10
San Diego Humane Society	34	34	34.0	$ 148,420.56
San Diego State University (Police & Parking)	102	100	101.0	$ 440,896.38
San Pasqual Band of Mission Indians***	32	33	32.5	$ 141,872.60
Sycuan Band of the Kumeyaay Nation (Sycuan Fire/Police Department)	72	72	72.0	$ 314,302.37
University of California San Diego (Police and Environment Health & Safety)	108	116	112.0	$ 488,914.80
Vista Unified High School District	188	204	196.0	$ 855,600.90
TOTAL	**14,729**	**14,835**	**14,782.0**	**$ 64,528,023.05**

[1] *The San Diego Rural Fire Protection District was dissolved on 7/1/16. All radios have been moved to the County of San Diego radio count.*

Exhibit C-2

Cost Apportionment for RCS NextGen Core (Portion of the Shared Infrastructure Costs): *Costs are apportioned in two categories--infrastructure and core. Below are the **RCS NextGen Core** apportionment costs per agency for both San Diego County agencies and the Imperial Valley Emergency Communications Authority (IVECA).*

San Diego County Parties & IVECA	Radio Count 9/1/13	Radio Count 7/1/2014	Average Radio Count	Cost for RCS NextGen Core $1,254,277
Alpine Fire Protection District	26	26	26.0	$ 2,025.79
Bonita-Sunnyside Fire Protection District	16	16	16.0	$ 1,246.64
Borrego Springs Fire Protection District	21	21	21.0	$ 1,636.22
City of Carlsbad	436	440	438.0	$ 34,126.81
City of Chula Vista	694	646	670.0	$ 52,203.11
City of Coronado	182	180	181.0	$ 14,102.63
City of Del Mar	97	99	98.0	$ 7,635.68
City of El Cajon	460	442	451.0	$ 35,139.70
City of Encinitas	246	247	246.5	$ 19,206.07
City of Escondido	752	702	727.0	$ 56,644.27
City of Imperial Beach	117	119	118.0	$ 9,193.98
City of La Mesa	291	285	288.0	$ 22,439.54
City of Lemon Grove	95	95	95.0	$ 7,401.93
City of National City	284	288	286.0	$ 22,283.71
City of Oceanside	744	740	742.0	$ 57,812.99
City of Poway	296	303	299.5	$ 23,335.57
City of San Marcos	419	421	420.0	$ 32,724.34
City of Santee	176	178	177.0	$ 13,790.97
City of Solana Beach	58	62	60.0	$ 4,674.91
City of Vista	284	290	287.0	$ 22,361.63
County of San Diego	5,933	6,162	6047.5	$ 471,191.47
Deer Springs Fire Protection District	21	22	21.5	$ 1,675.17
Heartland Communications Facility JPA	12	12	12.0	$ 934.98
Julian-Cuyamaca Fire Protection District	29	28	28.5	$ 2,220.58
Lakeside Fire Protection District	98	93	95.5	$ 7,440.89
Mira Costa Community College District	20	22	21.0	$ 1,636.22
North County Dispatch, JPA	18	18	18.0	$ 1,402.47
North County Fire Protection District	127	119	123.0	$ 9,583.56
North County Transit District	33	33	33.0	$ 2,571.20
Rancho Santa Fe Fire Protection District	114	121	117.5	$ 9,155.02
~~San Diego Rural Fire Protection District~~ [1]	-	-	0.0	$ -
San Diego Unified Port District	299	297	298.0	$ 23,218.69
San Miguel Consolidated Fire Protection District	135	116	125.5	$ 9,778.34
State of CA Department of Transportation (Caltrans)	893	849	871.0	$ 67,864.04
State of California, CA Highway Patrol/El Cajon CHP	174	173	173.5	$ 13,518.27
Valley Center Fire Protection District	25	18	21.5	$ 1,675.17
Viejas Reservation Fire Department	33	33	33.0	$ 2,571.20
IVECA*	***1,302***	***1,330***	***1316.0***	***$ 102,536.25***
California State University San Marcos (Police)	49	52	50.5	$ 3,934.71
Olivenhain Municipal Water District	3	5	4.0	$ 311.66
Palomar College	41	41	41.0	$ 3,194.52
Poway Unified School District	240	243	241.5	$ 18,816.49
Ramona Water District Fire Department	21	21	21.0	$ 1,636.22
Rancho Santa Fe Patrol	17	17	17.0	$ 1,324.56
San Diego County Regional Airport Authority	164	181	172.5	$ 13,440.35
San Diego Humane Society	34	34	34.0	$ 2,649.11
San Diego State University (Police & Parking)	102	100	101.0	$ 7,869.42
San Pasqual Band of Mission Indians	32	33	32.5	$ 2,532.24
Sycuan Band of the Kumeyaay Nation (Sycuan Fire/Police De	72	72	72.0	$ 5,609.89
University of California San Diego (Police and Environment H	108	116	112.0	$ 8,726.49
Vista Unified High School District	188	204	196.0	$ 15,271.36
TOTAL	**16,031**	**16,165**	**16,098**	**$ 1,254,277.02**

[1] *The San Diego Rural Fire Protection District was dissolved on 7/1/16. All radios have been moved to the County of San Diego radio count.*

**IVECA will pay for infrastructure for Imperial County and a portion of the NextGen core costs.*

Exhibit C-3

Cost Apportionment for the Combined Infrastructure and RCS NextGen Core: *Costs are apportioned in two categories--infrastructure and core. Below are both the Combined Infrastructure and RCS Core apportionment costs per agency.*

San Diego County Parties & IVECA	Exhibit C-1 Cost for San Diego Shared Infrastructure	+	Exhibit C-2 Cost for RCS NextGen Core	=	Combined Total Cost for San Diego Shared Infrastructure and NextGen RCS Core (C-1 + C-2)
Alpine Fire Protection District	$ 113,498.08		$ 2,025.79		$ 115,523.87
Bonita-Sunnyside Fire Protection District	$ 69,844.97		$ 1,246.64		$ 71,091.61
Borrego Springs Fire Protection District	$ 91,671.53		$ 1,636.22		$ 93,307.74
City of Carlsbad	$ 1,912,006.09		$ 34,126.81		$ 1,946,132.90
City of Chula Vista	$ 2,924,758.18		$ 52,203.11		$ 2,976,961.29
City of Coronado	$ 790,121.24		$ 14,102.63		$ 804,223.87
City of Del Mar	$ 427,800.45		$ 7,635.68		$ 435,436.13
City of El Cajon	$ 1,968,755.13		$ 35,139.70		$ 2,003,894.84
City of Encinitas	$ 1,076,049.09		$ 19,206.07		$ 1,095,255.16
City of Escondido	$ 3,173,580.89		$ 56,644.27		$ 3,230,225.16
City of Imperial Beach	$ 515,106.66		$ 9,193.98		$ 524,300.64
City of La Mesa	$ 1,257,209.49		$ 22,439.54		$ 1,279,649.03
City of Lemon Grove	$ 414,704.52		$ 7,401.93		$ 422,106.45
City of National City	$ 1,248,478.87		$ 22,283.71		$ 1,270,762.58
City of Oceanside	$ 3,239,060.55		$ 57,812.99		$ 3,296,873.55
City of Poway	$ 1,307,410.56		$ 23,335.57		$ 1,330,746.13
City of San Marcos	$ 1,833,430.50		$ 32,724.34		$ 1,866,154.84
City of Santee	$ 772,660.00		$ 13,790.97		$ 786,450.97
City of Solana Beach	$ 261,918.64		$ 4,674.91		$ 266,593.55
City of Vista	$ 1,252,844.18		$ 22,361.63		$ 1,275,205.81
County of San Diego	$ 26,399,216.57		$ 471,191.47		$ 26,870,408.04
Deer Springs Fire Protection District	$ 93,854.18		$ 1,675.17		$ 95,529.35
Heartland Communications Facility JPA	$ 52,383.73		$ 934.98		$ 53,318.71
Julian-Cuyamaca Fire Protection District	$ 124,411.36		$ 2,220.58		$ 126,631.94
Lakeside Fire Protection District	$ 416,887.17		$ 7,440.89		$ 424,328.06
Mira Costa Community College District	$ 91,671.53		$ 1,636.22		$ 93,307.74
North County Dispatch, JPA	$ 78,575.59		$ 1,402.47		$ 79,978.06
North County Fire Protection District	$ 536,933.22		$ 9,583.56		$ 546,516.77
North County Transit District	$ 144,055.25		$ 2,571.20		$ 146,626.45
Rancho Santa Fe Fire Protection District	$ 512,924.01		$ 9,155.02		$ 522,079.03
~~San Diego Rural Fire Protection District~~ [1]	$ -		$ -		$ -
San Diego Unified Port District	$ 1,300,862.59		$ 23,218.69		$ 1,324,081.29
San Miguel Consolidated Fire Protection District	$ 547,846.50		$ 9,778.34		$ 557,624.84
State of CA Department of Transportation (Caltrans)	$ 3,802,185.64		$ 67,864.04		$ 3,870,049.67
State of California, CA Highway Patrol/El Cajon CHP	$ 757,381.41		$ 13,518.27		$ 770,899.68
Valley Center Fire Protection District	$ 93,854.18		$ 1,675.17		$ 95,529.35
Viejas Reservation Fire Department	$ 144,055.25		$ 2,571.20		$ 146,626.45
California State University San Marcos (Police)	$ 220,448.19		$ 3,934.71		$ 224,382.90
Olivenhain Municipal Water District	$ 17,461.24		$ 311.66		$ 17,772.90
Palomar College	$ 178,977.74		$ 3,194.52		$ 182,172.26
Poway Unified School District	$ 1,054,222.54		$ 18,816.49		$ 1,073,039.03
Ramona Water District Fire Department	$ 91,671.53		$ 1,636.22		$ 93,307.74
Rancho Santa Fe Patrol	$ 74,210.28		$ 1,324.56		$ 75,534.84
San Diego County Regional Airport Authority	$ 753,016.10		$ 13,440.35		$ 766,456.45
San Diego Humane Society	$ 148,420.56		$ 2,649.11		$ 151,069.68
San Diego State University (Police & Parking)	$ 440,896.38		$ 7,869.42		$ 448,765.81
San Pasqual Band of Mission Indians	$ 141,872.60		$ 2,532.24		$ 144,404.84
Sycuan Band of the Kumeyaay Nation (Sycuan Fire/Police Department)	$ 314,302.37		$ 5,609.89		$ 319,912.26
University of California San Diego (Police and Environment Health & Safety)	$ 488,914.80		$ 8,726.49		$ 497,641.29
Vista Unified High School District	$ 855,600.90		$ 15,271.36		$ 870,872.26
TOTALS	**$ 64,528,023.05**		**$ 1,151,740.77**		**$ 65,679,763.82**
IVECA	**$ 4,282,907.04**		**$ 102,536.25**		**$ 4,385,443.29**
TOTAL SYSTEM COST					**$ 70,065,207.11**

[1] *The San Diego Rurol Fire Protection District wos dissolved on 7/1/16. All radios have been moved to the County of San Diego rodio count.*

City of Santee
COUNCIL AGENDA STATEMENT

6D

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **AUTHORIZE THE CITY MANAGER TO EXECUTE AN AGREEMENT WITH GROSSMONT UNION HIGH SCHOOL DISTRICT FOR COST SHARING OF TWO SCHOOL RESOURCE OFFICERS AT SANTANA AND WEST HILLS HIGH SCHOOLS**

DIRECTOR/DEPARTMENT Kathy Valverde, Assistant to the City Manager KV

SUMMARY

Earlier this year, the City received a request from Grossmont Union High School District asking the City to pay 50% of the cost of two School Resource Officers (SRO's), one at Santana High School and one at West Hills High School. On July 13, 2016 as part of the Council agenda item discussing the FY 2015-16 and 2016-17 budget amendments, the City Council approved the School District's request and authorized staff to include this item in the Fiscal Year 2016-17 Budget at a cost of $147,026.

The attached agreement formalizes the cost sharing terms between the City and the School District. The agreement will continue from year to year, subject to City Council review and approval of the cost each year. The agreement may also be modified by mutual consent of both parties, and can be terminated at any time with 30 days prior written notice.

FINANCIAL STATEMENT

The cost for 50% of two School Resource Officers is $147,026. This amount is included in the amended Fiscal Year 2016-17 Budget, approved by City Council on July 13, 2016.

CITY ATTORNEY REVIEW ☐ N/A Completed ☑

RECOMMENDATION MSB

Authorize the City Manager to execute an agreement with Grossmont Union High School District for cost sharing of two School Resource Officers at Santana and West Hills High Schools.

ATTACHMENTS

Agreement with Grossmont Union High School District

AGREEMENT BETWEEN
THE CITY OF SANTEE
AND
GROSSMONT UNION HIGH SCHOOL DISTRICT
FOR SCHOOL RESOURCE OFFICER
COST SHARING
AT SANTANA AND WEST HILLS HIGH SCHOOLS

THIS AGREEMENT is between the City of Santee, hereinafter referred to as "CITY," and the GROSSMONT UNION HIGH SCHOOL DISTRICT hereinafter referred to as "DISTRICT," and collectively hereinafter referred to as "PARTIES."

RECITALS

WHEREAS, PARTIES to this Agreement have enjoyed a long and productive relationship signified by cooperation on issues of mutual benefit; and

WHEREAS, PARTIES are empowered by law to provide for education, safety, security, and order on or near school properties; and

WHEREAS, CITY contracts with the County of San Diego for law enforcement services within the City of Santee as provided through the County Sheriff's Department; and

WHEREAS, DISTRICT owns and operates Santana High School and West Hills High School in the City of Santee; and

WHEREAS, DISTRICT separately contracts with the County of San Diego for School Resource Officer (SRO) services provided by the County Sheriff's Department at Santana High School and West Hills High School in the City of Santee, thereby supplementing law enforcement services within the City; and

WHEREAS, PARTIES wish to enter into a cost sharing agreement for the SRO services at Santana High School and West Hills High School; and

WHEREAS, the City Council for the City of Santee on July 13, 2016 authorized payment for 50% of two School Resource Officers, one at Santana High School and one at West Hills High School, for a total cost of $147,025.83 for Fiscal Year 2016-17.

NOW THEREFORE, in consideration of the foregoing, the Parties hereby agree as follows:

AGREEMENT

1. Compensation and Payment.

   A. CITY shall pay DISTRICT 50% of the cost charged by the San Diego County Sheriff's Department to provide School Resource Officer (SRO) services to the District, excluding overtime. One SRO will be assigned at Santana High School and one at West Hills High School.

   B. For the 2016-17 school/fiscal year, the total cost charged by the County to the District for SRO services at Santana and West Hills High Schools is $294,051.66. Fifty percent of that amount is $147,025.83, which CITY agrees to pay DISTRICT.

   C. For the 2017-18 school/fiscal year, and for each year thereafter, DISTRICT will provide CITY with any preliminary cost information from the County Sheriff's Department as soon as it becomes available, and will provide the final cost amount to CITY no later than May 1st of each year to allow for the City Council's review, approval and adoption with the City Budget, as required.

   D. DISTRICT shall invoice CITY each quarter in four equal installments in the months of September, December, March, and June of each year. CITY shall pay DISTRICT within 30 calendar days of receiving invoice.

2. Availability of Funding. All terms and conditions of this Agreement are subject to the continued appropriation and availability of funds by either party for the purpose of this Agreement.

3. Term of Agreement. This agreement is effective as of the 2016-17 school/fiscal year, and will continue from year to year, subject to City Council approval each fiscal year and subject to the termination provisions outlined in this agreement.

4. Modification. This Agreement may be modified by mutual consent of both parties, with an addendum to this Agreement signed by both parties.

5. Termination. This Agreement may be terminated with or without cause by either party. Termination shall be effective upon thirty (30) days' prior written notice to the other party.

6. Assignment. Neither this Agreement nor any interest herein may be assigned by either party without the prior written consent of the other party. Neither party shall subcontract to any other person, entity or agency the performance of any of its obligations under this Agreement without the prior written consent of the other party.

7. Notices. Any notice, request, demand or other communication required or permitted hereunder shall be in writing and may be personally delivered or given as of the date of mailing by depositing such notice in the United States mail, first-class postage prepaid and addressed as follows; or to such other place as each party may designate by subsequent written notice to each other:

To Grossmont Union High School District:
Scott Patterson
Deputy Superintendent, Business Services
1100 Murray Drive
El Cajon, CA 92020-5664

To City of Santee:
Marlene Best
City Manager
10601 Magnolia Avenue
Santee, CA 92071

IN WITNESS WHEREOF, the parties by their duly authorized officers have approved the execution of this contract effective July 13, 2016.

GROSSMONT UNION HIGH SCHOOL DISTRICT

By: _____

Title _____

CITY OF SANTEE

By: _____
Marlene Best
City Manager

APPROVED AS TO FORM:

BEST BEST & KRIEGER LLP

By: _____
Shawn Hagerty
City Attorney

CDC SUCCESSOR AGENCY
AGENDA STATEMENT

MEETING DATE September 14, 2016 **AGENDA ITEM NO.**

ITEM TITLE **RESOLUTION CONFIRMING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SANTEE, APPROVING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS RELATING THERETO, DESIGNATING OFFICERS, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

DIRECTOR/DEPARTMENT Tim K. McDermott, Director of Finance *tm*

SUMMARY An opportunity exists to refinance $45.7 million in outstanding Community Development Commission tax allocation bonds that were originally issued in 2005 and 2011. This will allow the Successor Agency to take advantage of a current favorable long-term fixed interest rate environment to provide ongoing annual debt service savings to the Successor Agency, resulting in an increase in property tax revenue to the City of Santee's General Fund as well as to other local affected taxing agencies (such as the school districts and County).

On June 8, 2016 the Successor Agency approved the appointment of a financing team. On July 13, 2016 the Successor Agency approved the issuance of refunding bonds, approved the indenture of trust and certain other documents, requested Oversight Board approval of the refunding and requested certain determinations be made by the Oversight Board. Oversight Board approval was received the following day, and on August 11, 2016 the State Department of Finance issued its approval of the refunding.

The next action required to be taken by the Successor Agency in order to proceed with the refunding is the adoption of the attached resolution that confirms the issuance of refunding bonds and approves the remaining documents required for the refunding. These documents include the bond purchase agreement, continuing disclosure certificate and the official statement.

The most recent analysis of the potential savings from a refunding, based on current market conditions, indicates present value savings of approximately $9.5 million, 20.3% of which or $1.9 million would benefit the City's General Fund.

FINANCIAL STATEMENT *tm* All costs incurred related to the financing are expected to be paid directly from the bond proceeds. Based on current market conditions it is estimated that the refunding would result in the City of Santee receiving approximately $175,000 in additional annual property tax revenue starting in fiscal year 2017-18.

CITY ATTORNEY REVIEW ☐ N/A ☒ Completed

RECOMMENDATION *MDB* Adopt the attached resolution confirming the issuance of refunding bonds and approving the execution and delivery of a bond purchase agreement, continuing disclosure certificate and preliminary and final official statements relating thereto, designating officers, and providing for other matters properly relating thereto.

ATTACHMENTS (Listed Below)

1) Staff Report; 2) Resolution; 3) Bond Purchase Agreement; 4) Continuing Disclosure Certificate; 5) Preliminary Official Statement

STAFF REPORT

RESOLUTION CONFIRMING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SANTEE, APPROVING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS RELATING THERETO, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

COMMUNITY DEVELOPMENT COMMISSSION SUCCESSOR AGENCY MEETING
September 14, 2016

Refunding Bonds – Current Actions

California Health and Safety Code Section 34177.5 authorizes a Successor Agency to refund tax allocation bonds of its former redevelopment agency in order to achieve debt service savings. The former Community Development Commission of the City of Santee has three bond issues outstanding that can be refunded for savings. On June 8, 2016 the Successor Agency approved the appointment of a financing team to undertake a refunding. On July 13, 2016 the Successor Agency approved the bond indenture and certain other documents, and requested the approval of the Oversight Board and State Department of Finance. This item represents the final steps required to be taken by the City Council acting in its capacity as the Successor Agency in order to proceed with the refunding.

Staff recommends that the Successor Agency adopt a resolution that takes the following actions.

- Confirms its actions authorizing and approving the issuance and sale of the refunding bonds.
- Approves the preliminary Official Statement for the bond issue, which is the offering document distributed to potential investors before bond pricing, and which will be updated as a final Official Statement once the bonds are sold to the underwriter Piper Jaffray & Co.
- Approves the Bond Purchase Agreement, which will ultimately set forth the interest rates on the bonds and provide for Piper Jaffray & Co.'s purchase of the bonds under its terms and conditions.
- Approves the Continuing Disclosure Certificate, which sets forth certain continuing reporting requirements as set forth by federal securities law.
- Sets forth the officers of the Successor Agency as follows, and authorizes various actions by these officers in completing the transaction as contemplated.
    - Chair (Mayor)
    - Vice-Chair (Vice-Mayor)
    - Executive Director (City Manager)
    - Secretary (City Clerk)
    - Treasurer (Director of Finance/Treasurer)
    - Counsel (City Attorney)

Next Steps

Following the adoption of the attached resolution, over the next several weeks the Successor Agency will receive a rating on the bonds from Standard & Poor's. The financing team will consider bids from bond insurers and contract with them to the extent it increases savings from the refunding, post the preliminary Official Statement so that the bonds can be marketed to potential investors, and negotiate the final bond pricing with Piper Jaffray & Co. with the assistance of the Successor Agency's financial advisor KNN Public Finance. The bonds are currently scheduled to be priced on October 5, 2016, at which point the actual savings from the refunding will be determined, with the transaction closing on October 19, 2016.

Recommendation

Staff recommends that the Successor Agency adopt the attached resolution confirming the issuance of bonds in order to refund outstanding bonds of the former Community Development Commission, approving the execution and delivery of a bond purchase agreement, continuing disclosure certificate and preliminary and final official statements relating thereto, designating officers, and providing for other matters properly relating thereto.

RESOLUTION NO. CDCSA _____ - 2016

A RESOLUTION OF THE CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE, CONFIRMING THE ISSUANCE OF REFUNDING BONDS IN ORDER TO REFUND CERTAIN OUTSTANDING BONDS OF THE FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SANTEE, APPROVING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, CONTINUING DISCLOSURE CERTIFICATE AND PRELIMINARY AND FINAL OFFICIAL STATEMENTS RELATING THERETO, DESIGNATING OFFICERS, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

WHEREAS, pursuant to Section 34172(a) of the California Health and Safety Code (unless otherwise noted, all Section references hereinafter being to such Code), the City Council of the City of Santee (the "City") elected to assume the activities and obligations of the Community Development Commission of the City of Santee (the "Former Commission"), as the CDC Successor Agency, the successor entity to the Former Commission (the "Successor Agency"); and

WHEREAS, prior to the dissolution of the Former Commission, the Former Commission issued its $23,100,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2005 Series A (the "Series 2005A Bonds"), its $26,845,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A (the "Series 2011A Bonds"), and its $4,710,000 Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2011 Series B (Taxable) (the "Series 2011B Bonds" and, together with the Series 2005A Bonds and the Series 2011A Bonds, the "Prior Bonds") for the purpose of financing redevelopment and low and moderate income housing activities; and

WHEREAS, Section 34177.5 authorizes the Successor Agency to issue refunding bonds pursuant to Article 11 (commencing with Section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Refunding Law") for the purpose of achieving debt service savings within the parameters set forth in Section 34177.5(a)(1) (the "Savings Parameters"); and

WHEREAS, the Successor Agency, pursuant to Resolution No. CDCSA 003-2016 (the "Resolution"), adopted on July 13, 2016, approved the issuance of the CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A (the "Series 2016A Bonds"), and the CDC Successor Agency of the City of Santee Taxable Tax Allocation Refunding Bonds, 2016 Series B (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Refunding Bonds"), subject to the Savings Parameters being met, and requested that the Santee Community Development Commission Successor Agency Oversight Board (the "Oversight Board") approve the issuance of the Refunding Bonds by the Successor Agency for the purpose of refunding the Prior Bonds specified in the Resolution; and

WHEREAS, the Oversight Board, by Resolution No. CDCSAOB 2-2016 (the "Oversight Board Resolution"), adopted on July 14, 2016, approved the issuance of the Refunding Bonds by the Successor Agency, and the Oversight Board Resolution, together with additional materials, was submitted to the California Department of Finance ("DOF") for its approval of the Oversight Board Resolution and the issuance of the Refunding Bonds; and

WHEREAS, by its letter of August 11, 2016, DOF notified the Successor Agency that it had completed its review of Oversight Board and approved the Oversight Board Resolution; and

WHEREAS, the Successor Agency has determined to sell the Refunding Bonds on a negotiated basis to Piper Jaffray & Co. (the "Underwriter") and the Successor Agency will enter into a bond purchase agreement (the "Bond Purchase Agreement"), the form of which is on file with the City Clerk, in connection with the sale of the Refunding Bonds subject to the limitations set forth in the Resolution; and

WHEREAS, the Successor Agency with the assistance of KNN Public Finance LLC (the "Municipal Advisor"), the Underwriter, Quint & Thimmig LLP, as disclosure counsel, and Best Best & Krieger LLP, as bond counsel, caused to be prepared an official statement (the "Official Statement") describing the Refunding Bonds and containing material information relating to the Refunding Bonds and containing material information relating to the Refunding Bonds, the preliminary form of which is on file with the City Clerk; and

WHEREAS, the Successor Agency, with the aid of its staff, has reviewed the preliminary Official Statement and wishes at this time to approve its use and distribution as in the public interest of the Successor Agency; and

WHEREAS, the Successor Agency wishes at this time to approve the form of and authorize the execution and delivery of a continuing disclosure certificate (the "Continuing Disclosure Certificate") to be dated the date of the issuance and delivery of the Refunding Bonds, the preliminary form of which is on file with the City Clerk; and

WHEREAS, the Successor Agency wishes at this time to designate certain officers of the Successor Agency.

NOW, THEREFORE, BE IT RESOLVED by the CDC Successor Agency of the City of Santee as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Confirmation of Approval of Issuance of the Refunding Bonds. The Successor Agency hereby confirms its actions in the Resolution authorizing and approving the issuance and sale of the Refunding Bonds.

Section 3. Approval of Official Statement. The Successor Agency hereby approves the preliminary Official Statement in substantially the form on file with the Secretary identified below. Distribution of the preliminary Official Statement by the Successor Agency and the Underwriter is hereby approved, and, prior to the distribution of the preliminary Official Statement, the Chair, the Vice-Chair, the Executive Director or the Treasurer of the Successor Agency (each as designated below and each referred to as an "Authorized Officer" and together the "Authorized Officers"), each acting alone, are authorized and directed, on behalf of the Successor Agency, to deem the preliminary Official Statement "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule"). The execution of the final Official Statement, which shall include such changes and additions thereto deemed advisable by Authorized Officers and such information permitted to be excluded from the preliminary Official Statement pursuant to the Rule, is hereby approved for delivery to the purchasers of the Refunding Bonds, and the Authorized Officers, each acting alone, are authorized and directed to execute and deliver the final Official Statement for and on behalf of the Successor Agency and to deliver to the Underwriter a certificate with respect to the information set forth therein.

Section 4. Sale of Refunding Bonds. The Successor Agency hereby approves the Bond Purchase Agreement. The Authorized Officers, each acting alone, are hereby authorized and directed to execute and deliver the Bond Purchase Agreement for and in the name and on behalf of the Successor Agency, in substantially the form on file with the Secretary, with such changes therein, deletions therefrom and additions thereto as the Authorized Officer executing the same shall approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Bond Purchase Agreement.

The Successor Agency hereby approves the sale of the Refunding Bonds to the Underwriter, pursuant to the Bond Purchase Agreement and the Authorized Officers, each acting alone, are hereby authorized and directed to provide such information to the Underwriter as they request in connection with the marketing of the Refunding Bonds, and to provide such representations and warranties as is customary in connection with the issuance of bonds such as the Refunding Bonds.

Section 5. Approval of Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate on file with the Secretary is hereby approved and the Authorized Officers are, each acting alone, hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to execute and deliver the Continuing Disclosure Certificate upon the issuance of the Refunding Bonds. The Successor Agency hereby authorizes the delivery and performance of its obligations under the Continuing Disclosure Certificate.

Section 6. Appointment of Officers. The Successor Agency hereby acknowledges and reaffirms that the members of the City Council of the City have been acting, and shall continue to act, as the governing board of the Successor Agency. The officers of the Successor Agency shall be a Chair, a Vice-Chair, an Executive Director,

a Secretary, and a Treasurer. The Mayor of the City is hereby designated at the Chair, who shall preside at all meetings of the Successor Agency; the Vice Mayor of the City shall be designated as the Vice-Chair, who shall preside at all meetings of the Successor Agency in the absence of the Chair; the City Manager of the City shall be designated as the Executive Director, who shall have responsibility for the execution of policies and administration of affairs of the Successor Agency under the direction of the Chair; the City Clerk of the City is hereby designated as the Secretary, who shall keep the records of the Successor Agency; the Finance Director/Treasurer of the City is hereby designated as the Treasurer, who shall be responsible for maintaining all funds of the Successor Agency; and City Attorney of the City is hereby designated as the Counsel, who shall provide and/or supervise the provision of all legal services for the Successor Agency.

Section 7. Ratification. All actions heretofore taken by the Authorized Officers, the Secretary and the other officials, employees and agents of City, acting for and on behalf of the Successor Agency with respect to the sale and issuance of the Refunding Bonds are hereby approved, ratified and confirmed.

Section 8. Official Actions. The Authorized Officers, the Secretary and any and all other officers, employees and agents of the City, acting for and on behalf of the Successor Agency with respect to the sale and issuance of the Refunding Bonds, are hereby authorized and directed, for and in the name and on behalf of the Successor Agency, to do any and all things and take any and all actions, which they, or any of them, may deem necessary or advisable the issuance, sale and delivery of the Refunding Bonds. Whenever in this Resolution any officer of the Successor Agency or office or employee of the City, acting for and in the name of the Successor Agency, is directed to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer or employee by any person designated by such officer or employee to act on his or her behalf in the case such officer is absent or unavailable.

Section 9. **Effective Date**. This Resolution shall take effect immediately upon its adoption.

ADOPTED by the City Council of the City of Santee, California acting in its capacity as designated Successor Agency to the former Community Development Commission of the City of Santee, at a Regular Meeting thereof held this 14th day of September, 2016, by the following roll call vote to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

APPROVED

_____

RANDY VOEPEL, MAYOR

ATTEST

_____

PATSY BELL, CMC, CITY CLERK

$_____
CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE
Tax Allocation Refunding Bonds, 2016 Series A

$_____
CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE
Tax Allocation Refunding Bonds, 2016 Series B (Taxable)

BOND PURCHASE AGREEMENT

October 5, 2016

CDC Successor Agency of the City of Santee
10601 Magnolia Avenue
Santee, CA 92071-1266

Ladies and Gentlemen:

Piper Jaffray & Co. (the "Underwriter") offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the CDC Successor Agency of the City of Santee (the "Successor Agency"), which will be binding upon the Successor Agency and the Underwriter upon the acceptance hereof by the Successor Agency. This offer is made subject to its acceptance by the Successor Agency by execution of this Bond Purchase Agreement and its delivery to the Underwriter on or before 5:00 P.M., California time, on the date hereof.

Terms not otherwise defined herein shall have the same meanings as set forth in the Indenture, described below.

1. *Purchase and Sale.*

Upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of the $_____ CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A (the "Series A Bonds"), at the purchase price of $_____ (being the principal amount of the Series A Bonds of $_____, less an Underwriter's discount of $_____, and plus a net original issue premium of $_____). As an accommodation to the Successor Agency, the Underwriter will pay, from the purchase price of the Series A Bonds, the sum of $_____ to _____ (the "Municipal Bond Insurer") as the premium for its municipal bond insurance policy issued for the Series A Bonds (the "Series A Municipal Bond Insurance Policy") and the sum of $_____ to the Municipal Bond Insurer as the a portion of the premium for its reserve fund municipal bond insurance

policy (the "Reserve Fund Municipal Bond Insurance Policy") issued for the Bonds (hereinafter defined). The net purchase proceeds of the Series A Bonds in the amount of $_____ will be delivered to the Trustee, on behalf of the Successor Agency.

In addition, upon the terms and conditions and in reliance upon the representations, warranties and covenants herein, the Successor Agency hereby agrees to sell to the Underwriter and the Underwriter hereby agrees to purchase from the Successor Agency for offering to the public, all (but not less than all) of the $_____ CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable) (the "Series B Bonds" and, with the Series A Bonds, the "Bonds"), at the purchase price of $_____ (being the principal amount of the Series B Bonds of $_____, less an Underwriter's discount of $_____). As an accommodation to the Successor Agency, the Underwriter will pay, from the purchase price of the Series B Bonds, the sum of $_____ to the Municipal Bond Insurer as the premium for its municipal bond insurance policy issued for the Series B Bonds (the "Series B Municipal Bond Insurance Policy" and, with the Series A Municipal Bond Insurance Policy, the "Municipal Bond Insurance Policies") and the sum of $_____ to the Municipal Bond Insurer as the a portion of the premium for the Reserve Fund Municipal Bond Insurance Policy issued for the Bonds. The net purchase proceeds of the Series B Bonds in the amount of $_____ will be delivered to the Trustee, on behalf of the Successor Agency.

The Successor Agency acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the Successor Agency and the Underwriter; (ii) in connection with such transaction, including the process leading thereto, the Underwriter is acting solely as a principal and not as an agent or a fiduciary of the Successor Agency; (iii) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the Successor Agency with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Successor Agency on other matters) nor has it assumed any other obligation to the Successor Agency except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Successor Agency; and (v) the Successor Agency has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The Successor Agency hereby acknowledges receipt from the Underwriter of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012)), relating to disclosures concerning the Underwriter's role in the transaction, disclosures concerning the Underwriter's compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

The Bonds shall be dated the Closing Date and shall bear interest at the rates and shall mature on the dates and in the principal amounts, all as set forth in the attached Exhibit A. The Bonds are subject to redemption prior to maturity as set forth in the attached Exhibit A.

The Series A Bonds are being issued to refund (a) on a current basis, the Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2005 Series A (the "2005 Bonds"), of which $17,075,000 principal amount remains outstanding, and (b) on an advance basis, the Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A (the "2011A Bonds"), of which $24,320,000 principal amount remains outstanding, each of which was issued to

finance redevelopment activities within and for the benefit of the Santee Community Redevelopment Project. The proceeds of the Series A Bonds will also be applied to pay a portion of the costs of the Reserve Fund Municipal Bond Insurance Policy issued for the Bonds and to pay the costs of issuing the Series A Bonds.

The Series B Bonds are being issued to refund, on an advance basis, the Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2011 Series B (Taxable) (the "2011B Bonds" and, with the 2005 Bonds and the 2011A Bonds, the "Prior Bonds"), of which $4,335,000 principal amount remains outstanding, issued to finance low and moderate income housing activities within the City of Santee.

The Bonds are being issued under and pursuant to that certain Indenture of Trust, dated as of October 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), and are special, limited obligations of the Successor Agency, payable from, and secured by a lien on Tax Revenues.

The payment of principal of and interest on the Bonds, when due, will be insured by the Municipal Bond Insurance Policies issued by the Municipal Bond Insurer concurrently with the delivery of the Bonds.

Pursuant to an escrow agreement (the "2005 Escrow Agreements"), by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), provision will be made for the defeasance of the 2005 Bonds, and pursuant to an escrow agreement (the "2011 Escrow Agreements" and,. With the 2005 Escrow Agreements, the "Escrow Agreements"), by and between the Successor Agency and the Escrow Bank, provision will be made for the defeasance of the 2011A Bonds and the 2011B Bonds.

The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. CDCSA 003-2016, adopted on July 13, 2016 (the "Successor Agency Resolution"), and approved by the Oversight Board for the Successor Agency pursuant to Resolution No. CDCSAOB 2-2016, adopted on July 14, 2016 (the "Oversight Board Resolution").

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF on July 15, 2016. On August 11, 2016, the State Department of Finance (the "DOF") provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Bonds was approved by the DOF.

2. *Bona Fide Public Offering.* The Underwriter agrees to make a bona fide public offering of all of the Bonds, at prices not in excess of the initial public offering yields or prices set forth on the cover page of the Official Statement. The Bonds may be offered and sold to certain dealers at prices lower than such initial public offering prices; provided, however, that the Underwriter may offer a portion of the Bonds for sale to selected dealers who are members of the Financial Industry Regulatory Authority and who agree to resell the Bonds to the public on terms consistent with this Bond Purchase Agreement, and the Underwriter reserves the right to change such offering prices or yields as the Underwriter shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or at yields higher than the initial yields set forth on Exhibit A attached hereto. The Underwriter also reserves the right to over-allot or effect transactions that stabilize or maintain the market

price of the Bonds at a level above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. None of such activities shall affect the principal amounts, maturity dates, interest rates, redemption or other provision of the Bonds or the amount to be paid by the Underwriter to the Successor Agency for the Bonds.

3. *Official Statement.* The Successor Agency shall deliver or cause to be delivered to the Underwriter promptly after acceptance of this Bond Purchase Agreement copies of the Official Statement relating to the Bonds, dated the date hereof (the "Official Statement"). The Successor Agency authorizes the Official Statement, including the cover page and Appendices thereto and the information contained therein, to be used in connection with the sale of the Bonds and ratifies, confirms and approves the use and distribution by the Underwriter for such purpose, prior to the date hereof, of the Preliminary Official Statement dated October 5, 2016 (the "Preliminary Official Statement"). The Successor Agency deems such Preliminary Official Statement final as of its date for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), except for information allowed to be omitted by Rule 15c2-12. The Successor Agency also agrees to deliver to the Underwriter, at the Successor Agency's sole cost and at such address as the Underwriter shall specify, as many copies of the Official Statement as the Underwriter shall reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12 with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board. The Successor Agency agrees to deliver such copies of the Official Statement within seven (7) business days after the date hereof.

The Underwriter agrees to promptly file a copy of the final Official Statement, including any supplements prepared by the Successor Agency, with a nationally recognized municipal securities information repository, and to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers thereof.

4. *Representations, Warranties and Agreements of the Successor Agency.* The Successor Agency represents and warrants to the Underwriter that, as of the Closing Date:

(a) The Successor Agency is a public body, corporate and politic, organized and existing under the laws of the State of California (the "State"), and is authorized, among other things, (i) to issue the Bonds, and (ii) to secure the Bonds in the manner contemplated by the Indenture.

(b) The Successor Agency has the full right, power and authority (i) to enter into the Indenture, the Escrow Agreements, the Disclosure Certificate (as hereinafter defined) and this Bond Purchase Agreement, (ii) to issue, sell and deliver the Bonds to the Underwriter as provided herein, and (iii) to carry out and consummate all other transactions on its part contemplated by each of the aforesaid documents, and the Successor Agency has complied with all provisions of applicable law in all matters relating to such transactions.

(c) The Successor Agency has duly authorized (i) the execution and delivery of the Bonds and the execution, delivery and due performance by the Successor Agency of the Indenture, the Escrow Agreements, the Disclosure Certificate and this Bond Purchase Agreement, (ii) the distribution and use of the "deemed final" Preliminary Official Statement and the execution, delivery and distribution of the final Official Statement, and (iii) the taking of any and all such action as may be required on the part of the Successor Agency to carry out, give effect to and consummate the transactions on its part contemplated by such instruments. All consents or

approvals necessary to be obtained by the Successor Agency in connection with the foregoing have been received, and the consents or approvals so received are still in full force and effect.

(d) The information contained in the Preliminary Official Statement (excluding therefrom for any information relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policies, the Reserve Fund Municipal Bond Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and the Preliminary Official Statement did not on the date thereof contain any untrue or misleading statement of a material fact relating to the Successor Agency or the City or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) The information contained in the Official Statement (excluding therefrom for any information relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policies, the Reserve Fund Municipal Bond Insurance Policy, DTC and its book-entry system included therein and the information therein under the caption "UNDERWRITING") is true and correct in all material respects, and the Official Statement will not contain any untrue or misleading statement of a material fact relating to the Successor Agency or the City or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Neither the execution and delivery by the Successor Agency of the Indenture, the Escrow Agreements, the Disclosure Certificate, this Bond Purchase Agreement and of the Bonds nor the consummation of the transactions on the part of the Successor Agency contemplated herein or therein or the compliance with the provisions hereof or thereof will conflict with, or constitute on the part of the Successor Agency a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, note or other agreement or instrument to which the Successor Agency is a party or by which it is bound, (ii) any provision of the State Constitution, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Successor Agency (or the members of the Successor Agency or any of its officers in their respective capacities as such) is subject.

(g) The Successor Agency has never been in default at any time, as to principal of or interest on any obligation which it has issued except as otherwise specifically disclosed in the Preliminary Official Statement; and the Successor Agency has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Tax Revenues (as defined in the Indenture) pledged to the payment of the Bonds except as is specifically disclosed in the Preliminary Official Statement.

(h) Except as will be specifically disclosed in the Preliminary Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, which has been served on the Successor Agency or, to the best knowledge of the Successor Agency, threatened, which in any way questions the powers of the Successor Agency referred to in paragraph (b) above, or the validity of any proceeding taken by the Successor Agency in connection with the issuance of the Bonds, or wherein an unfavorable decision, ruling or finding could materially adversely affect the transactions contemplated by the Disclosure Certificate, the Escrow Agreements, this Bond Purchase Agreement or the Indenture, or which, in any way, could adversely affect the validity or enforceability of the Indenture, the

Bonds, the Escrow Agreements, the Disclosure Certificate or this Bond Purchase Agreement or, to the knowledge of the Successor Agency, which in any way questions the exclusion from gross income of the recipients thereof the interest on the Series A Bonds for federal income tax purposes or in any other way questions the status of the Bonds under federal or state tax laws or regulations or which in any way could materially adversely affect the availability of Pledged Tax Revenues.

(i) Any certificate signed by any official of the Successor Agency and delivered to the Underwriter in connection with the offer or sale of the Bonds shall be deemed a representation and warranty by the Successor Agency to the Underwriter as to the truth of the statements therein contained.

(j) The Successor Agency has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

(k) The Successor Agency will furnish such information, execute such instruments and take such other action in cooperation with the Underwriter and at the expense of the Underwriter as the Underwriter may reasonably request in order (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriter may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds, provided; however, that the Successor Agency will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction.

(l) All authorizations, approvals, licenses, permits, consents, elections, and orders of or filings with any governmental authority, legislative body, board, agency or commission having jurisdiction in the matters which are required by the Closing Date for the due authorization of, which would constitute a condition precedent to or the absence of which would adversely affect the due performance by the Successor Agency of, its obligations in connection with the Indenture, the Escrow Agreements, have been duly obtained or made and are in full force and effect.

(m) Between the date of this Bond Purchase Agreement and the Closing Date, other than the Bonds, the Successor Agency will not offer or issue any bonds, notes or other obligations for borrowed money not previously disclosed to the Underwriter.

(n) The Successor Agency will apply the proceeds of the Bonds in accordance with the Indenture.

(o) Except as otherwise described in the Official Statement, as of the Closing Date, the Successor Agency will not have outstanding any indebtedness which indebtedness is secured by a lien on the Tax Revenues on a parity with or senior to the lien provided for in the Indenture on the Tax Revenues.

(p) Except as described in the Preliminary Official Statement and the Official Statement, and based on a review of their previous undertakings, neither the Former Agency nor the

Successor Agency has failed, within the last five years, to comply in all material respects with any undertaking of the Successor Agency or the Former Agency, respectively, pursuant to Rule 15c2-12.

(q) If between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, an event occurs which would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make such information herein, in the light of the circumstances under which it was presented, not misleading, the Successor Agency will notify the Underwriter, and, if in the opinion of the Underwriter or the Successor Agency, or respective counsel, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Successor Agency will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Underwriter, and shall pay all expenses thereby incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Bonds, the Successor Agency will furnish such information with respect to itself as the Underwriters may from time to time reasonably request. As used herein, the term "End of the Underwriting Period" means the later of such time as: (i) the Successor Agency delivers the Bonds to the Underwriter; or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Notwithstanding the foregoing, unless the Underwriter gives notice to the contrary, the "End of the Underwriting Period" shall be the Closing Date.

(r) If the information contained in the Official Statement is amended or supplemented pursuant to paragraph (r) hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Bonds, the portions of the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact required to be stated therein or necessary to make such information therein in the light of the circumstances under which it was presented, not misleading.

(s) The Oversight Board has duly adopted the Oversight Board Resolution approving the issuance of the Bonds and no further Oversight Board approval or consent is required for the issuing of the Bonds or the consummation of the transactions described in the Preliminary Official Statement.

(t) The DOF has issued a letter, dated August 11, 2016, approving the issuance of the Bonds. No further DOF approval or consent is required for the issuance of the Bonds or the consummation of the transactions described in the Preliminary Official Statement. The Successor Agency has received its Finding of Completion from the Department of Finance.

(u) As of the time of acceptance hereof and as of the Closing Date, the Successor Agency has complied with the filing requirements of the Law, including, without limitation, the filing of all Recognized Obligation Payment Schedules as required by law, as well as sections 33080 to 33080.6 of the Law.

5. *Covenants of the Successor Agency.* The Successor Agency covenants with the Underwriter as of the Closing Date as follows:

(a) The Successor Agency covenants and agrees that it will execute a continuing disclosure certificate, constituting an undertaking to provide ongoing disclosure about the Successor Agency, for the benefit of the owners of the Bonds as required by section (b)(5)(i) of Rule 15c2-12, substantially in the form attached to the Preliminary Official Statement (the "Disclosure Certificate").

(b) The Successor Agency agrees to cooperate with the Underwriter in the preparation of any supplement or amendment to the Official Statement deemed necessary by the Underwriter to comply with the Rule and any applicable rule of the Municipal Securities Rulemaking Board.

(c) The Successor Agency will not knowingly take or omit to take any action, which action or omission will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Series A Bonds to be includable in gross income for federal income tax purposes.

6. *Closing.* On October 19, 2016, or at such other date and times as shall have been mutually agreed upon by the Successor Agency and the Underwriter (the "Closing Date"), the Successor Agency will deliver or cause to be delivered the Bonds to the Underwriter, and the Successor Agency shall deliver or cause to be delivered to the Underwriter the certificates, opinions and documents hereinafter mentioned, each of which shall be dated as of the Closing Date. The activities relating to the execution and delivery of the Bonds, opinions and other instruments as described in Section 7 of this Bond Purchase Agreement shall occur on the Closing Date. The delivery of the certificates, opinions and documents as described herein shall be made at the offices of Best Best & Krieger LLP, in San Diego, California ("Bond Counsel"), or at such other place as shall have been mutually agreed upon by the Successor Agency and the Underwriter. Such delivery is herein called the "Closing."

The Bonds will be prepared and physically delivered to the Trustee on the Closing Date in the form of a separate single fully registered bond for each of the maturities of the Bonds. The Bonds shall be registered in the name of the Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"). The Bonds will be authenticated by the Trustee in accordance with the terms and provisions of the Indenture and shall be delivered to DTC prior to the Closing Date as required by DTC to assure delivery of the Bonds on the Closing Date. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds in accordance with the terms of this Bond Purchase Agreement.

At or before 8:00 a.m., Pacific Daylight time, on the Closing Date, the Successor Agency will deliver, or cause to be delivered, the Bonds to DTC, in definitive form duly executed and authenticated by the Trustee, and the Underwriter will pay the Purchase Price of the Bonds by delivering to the Trustee, for the account of the Successor Agency a wire transfer in federal funds of the Purchase Price payable to the order of the Trustee.

7. *Closing Conditions.* The obligations of the Underwriter hereunder shall be subject to the performance by the Successor Agency of its obligations hereunder at or prior to the Closing Date and are also subject to the following conditions:

(a) the representations, warranties and covenants of the Successor Agency contained herein shall be true and correct in all material respects as of the Closing Date;

(b) as of the Closing Date, there shall have been no material adverse change in the financial condition of the Successor Agency;

(c) as of the Closing Date, all official action of the Successor Agency relating to this Bond Purchase Agreement, the Escrow Agreements, the Disclosure Certificate and the Indenture shall be in full force and effect;

(d) as of the Closing Date, the Underwriter shall receive the following certificates, opinions and documents, in each case satisfactory in form and substance to the Underwriter:

(i) a copy of the Indenture, as duly executed and delivered by the Successor Agency and the Trustee;

(ii) a copy of the Disclosure Certificate, as duly executed and delivered by the Successor Agency;

(iii) copies of the Escrow Agreements, duly executed and delivered by the Successor Agency and the Escrow Bank;

(iv) an opinion of Bond Counsel, dated the Closing Date and addressed to the Underwriter, in the form attached to the Official Statement as APPENDIX E—FORM OF OPINION OF BOND COUNSEL, accompanied by a letter of Bond Counsel to the effect that such opinion may be relied upon by the Underwriter to the same extent as if such opinion was addressed to it;

(v) a certificate, dated the Closing Date, of the Successor Agency executed by the Executive Director (or other duly appointed officer of the Successor Agency authorized by the Successor Agency by resolution of the Successor Agency) to the effect that (A) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Successor Agency or, to the knowledge of the Successor Agency, threatened against or affecting the Successor Agency to restrain or enjoin the Successor Agency's participation in, or in any way contesting the existence of the Successor Agency or the powers of the Successor Agency with respect to, the transactions contemplated by this Bond Purchase Agreement, the Escrow Agreements or the Indenture, and consummation of such transactions; and (B) the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement are true and correct in all material respects, and the Successor Agency has complied with all agreements and covenants and satisfied all conditions to be satisfied at or prior to the Closing Date as contemplated by the Indenture and this Bond Purchase Agreement, provided that all references to the Preliminary Official Statement shall be to the Official Statement;

(vi) an opinion of Best Best & Krieger LLP, as counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriter to the effect that:

(A) the Successor Agency is a public body, organized and existing under the laws of the State;

(B) the Successor Agency has full legal power and lawful authority to enter into the Indenture, the Escrow Agreements, the Disclosure Certificate and this Bond Purchase Agreement;

(C) the Successor Agency Resolution approving and authorizing the execution and delivery of the Bonds, the Indenture, the Disclosure Certificate, this Bond Purchase Agreement and the Official Statement has been duly adopted at a meeting of the governing body of the Successor Agency, which was called and held pursuant to the law and with all public notice required by law and at which a quorum was present and acting throughout and the Successor Agency Resolution is in full force and effect and has not been modified, amended or rescinded;

(D) the Indenture, the Escrow Agreements, the Disclosure Certificate and this Bond Purchase Agreement have been duly authorized, executed and delivered by the Successor Agency and, assuming due authorization, execution and delivery by the other parties thereof, constitute the valid, legal and binding agreements of the Successor Agency enforceable in accordance with their terms;

(E) The information in the Official Statement under the captions "SECURITY FOR THE BONDS," "THE CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE," "THE REDEVELOPMENT PROJECTS" and "insofar as such statements purport to summarize information with respect to the Successor Agency and its Tax Sharing Agreements, fairly and accurately summarizes the information presented therein; and

(F) Except as otherwise disclosed in the Official Statement, there is no litigation, action, suit, proceeding or investigation (or any basis therefor) at law or in equity before or by any court, governmental agency or body, pending by way of a summons served against the Successor Agency or, to our knowledge, threatened against the Successor Agency, challenging the creation, organization or existence of the Successor Agency, or the validity of the Indenture, the Escrow Agreements, the Disclosure Certificate or this Bond Purchase Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby or contesting the authority of the Successor Agency to enter into or perform its obligations under the Indenture, the Escrow Agreements, the Disclosure Certificate or this Bond Purchase Agreement, or under which a determination adverse to the Successor Agency would have a material adverse effect upon the availability of Tax Revenues, or which, in any manner, questions the right of the Successor Agency to enter into, and perform

under, the Indenture, the Escrow Agreements, the Disclosure Certificate or this Bond Purchase Agreement;

(vii) an opinion of counsel to the Trustee, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Trustee is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the trust created under the Indenture;

(B) The Indenture has been duly authorized, executed and delivered by the Trustee and the Indenture constitutes a legal, valid and binding obligation of the Trustee enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Indenture or the consummation of the transactions contemplated by the Indenture;

(viii) an opinion of counsel to the Escrow Bank, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) The Escrow Bank is a national banking association organized and existing under the laws of the United States of America, having full power to enter into, accept and administer the obligations under the Escrow Agreements;

(B) The Escrow Agreements have been duly authorized, executed and delivered by the Escrow Bank and the Escrow Agreements constitute the legal, valid and binding obligations of the Escrow Bank enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought; and

(C) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Escrow Bank that has not been obtained is or will be required for the execution and delivery by the Escrow Bank of the Escrow Agreements or the consummation of the transactions on the part of the Escrow Bank contemplated by the Escrow Agreements;

(ix) a certificate, dated the Closing Date, of the Trustee, signed by a duly authorized officer of the Trustee, to the effect that (A) the Trustee is duly organized and validly existing as a national banking association, with full corporate power to undertake

the trust of the Indenture; (B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture; and (C) to the best of such officer's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Trustee (either in state or federal courts), or to the knowledge of the Trustee which would restrain or enjoin the execution or delivery of the Indenture, or which would affect the validity or enforceability of the Indenture, or the Trustee's participation in, or in any way contesting the powers or the authority of the Trustee with respect to, the transactions contemplated by the Indenture, or any other agreement, document or certificate related to such transactions;

(x) a certificate, dated the Closing Date, of the Escrow Bank, signed by a duly authorized officer of the Escrow Bank, to the effect that (A) the Escrow Bank is duly organized and validly existing as a national banking association, with full corporate power to undertake its obligations under the Escrow Agreements, (B) the Escrow Bank has duly authorized, executed and delivered the Escrow Agreements, and by all proper corporate action has authorized the acceptance of the obligations of the Escrow Bank under the Escrow Agreements, and (C) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body which has been served on the Escrow Bank (either in state or federal courts), or to the knowledge of the Escrow Bank threatened against the Escrow Bank which would restrain or enjoin the execution or delivery of the Escrow Agreements or which would affect the validity or enforceability of the Escrow Agreements or the Escrow Bank's participation in, or in any way contesting the powers or the authority of the Escrow Bank with respect to, the transactions contemplated by the Escrow Agreements or any other agreement, document or certificate related to such transactions;

(xi) a supplemental opinion of Bond Counsel, dated the Closing Date and addressed to the Successor Agency and the Underwriter, to the effect that:

(A) this Bond Purchase Agreement, the Escrow Agreements, the Debt Service Reserve Agreement, dated the Closing Date, by and between the Municipal Bond Insurer and the Successor Agency, and the Disclosure Certificate have been duly authorized, executed and delivered by the Successor Agency, and assuming the valid execution and delivery by the other parties thereto, are valid and binding upon the Successor Agency, subject to the laws relating to bankruptcy, insolvency, reorganization of creditors' rights generally and to the application of equitable principles;

(B) the Bonds are exempt from registration pursuant to section 3(a)(2) of the Securities Act of 1933, as amended, and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) the statements contained in the Official Statement under the captions "THE BONDS," "SECURITY FOR THE BONDS," and "TAX MATTERS" and in APPENDIX A—SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE and in APPENDIX E—FORM OF OPINION OF BOND COUNSEL are accurate insofar as such statements purport to expressly

summarize certain provisions of the Bonds, the Indenture and Bond Counsel's opinion concerning tax matters relating to the Bonds;

(xii) a letter of Quint & Thimmig LLP, as disclosure counsel to the Successor Agency, dated the Closing Date and addressed to the Successor Agency and the Underwriter stating that based upon its participation in the preparation of the Official Statement and without having undertaken to determine independently the fairness, accuracy or completeness of the statements contained in the Official Statement, such counsel has no reason to believe that, as of the date of the Closing, the Official Statement (excluding therefrom for any information relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policies, the Reserve Fund Municipal Bond Insurance Policy, DTC and its book-entry system included therein, the information therein under the caption "UNDERWRITING" and the reports, financial and statistical data and forecasts therein, the information included in the Appendices thereto, as to which no opinion need be expressed) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xiii) the opinion of Stradling Yocca Carlson & Rauth, P.C., Underwriter's counsel, satisfactory to Underwriter;

(xiv) an Arbitrage Certificate relating to the Series A Bonds in the form satisfactory to Bond Counsel;

(xv) the final Official Statement executed by an authorized officer of the Successor Agency;

(xvi) certified copies of the Successor Agency Resolution and the Oversight Board Resolution;

(xvii) specimen Bonds;

(xviii) evidence that the federal tax information form 8038-G for the Series A Bonds has been prepared by Bond Counsel for filing;

(xix) copies of the Municipal Bond Insurance Policies;

(xx) a copy of the Reserve Fund Municipal Bond Insurance Policy;

(xxi) an opinion of counsel to the Municipal Bond Insurer, addressed to the Successor Agency and the Underwriter to the effect that:

(A) the descriptions of the Municipal Bond Insurer, the Municipal Bond Insurance Policies and the Reserve Fund Municipal Bond Insurance Policy included in the Official Statement are accurate;

(B) the Municipal Bond Insurance Policies and the Reserve Fund Municipal Bond Insurance Policy constitute legal, valid and binding obligations of

the Municipal Bond Insurer, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditor's rights generally and by the application of equitable principles if equitable remedies are sought, and

(C) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxii) a certificate of the Municipal Bond Insurer, signed by an authorized officer of the Municipal Bond Insurer, to the effect that:

(A) the information contained in the Official Statement relating to the Municipal Bond Insurer, the Municipal Bond Insurance Policies and the Reserve Fund Municipal Bond Insurance Policy is true and accurate and

(B) as to such other matters as the Successor Agency or the Underwriter may reasonably request;

(xxiii) satisfactory evidence that the Bonds have been assigned the underlying rating of "__" from Standard & Poor's Ratings Services and that the Bonds have been assigned the insured rating of "AA" by Standard & Poor's Ratings Services;

(xxiv) evidence of required filings with the California Debt and Investment Advisory Commission;

(xxv) defeasance opinions of Bond Counsel with respect to the Prior Bonds, dated the Closing Date and addressed to the Successor Agency, the Trustee, the Escrow Bank and the Underwriter, in form and substance satisfactory to the Underwriter;

(xxvi) A certificate of HdL Coren & Cone, as Fiscal Consultant, dated the date of the Closing, in form and substance acceptable to the Underwriter, consenting to the inclusion of such firm's Fiscal Consultant's Report in the Preliminary Official Statement and the Official Statement, and certifying as to the accuracy of APPENDIX G—FISCAL CONSULTANT'S REPORT and the information in the Official Statement under the caption "THE REDEVELOPMENT PROJECT" attributed to the Fiscal Consultant, and stating that to the best of such firm's knowledge, but without having conducted any investigation with respect thereto, nothing has come to such firm's attention between the date of such report and the date hereof which would materially alter any of the conclusions set forth in such report and information attributed to the Fiscal Consultant contained in the Official Statement;

(xxvii) A certificate of KNN Public Finance, LLC, as Municipal Advisor, dated the date of the Closing, confirming satisfaction of the savings requirements set forth in section 34177.5(a) of the Dissolution Act and that the Savings Parameters have been achieved, as required by Oversight Board Resolution; and

(xxviii) such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the time of the Closing Date of the representations and warranties of the Successor Agency contained in this Bond Purchase Agreement and the due performance or satisfaction by the Successor Agency at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Successor Agency pursuant to this Bond Purchase Agreement.

8. *Termination.* The Underwriter shall have the right to cancel its obligations to purchase the Bonds if between the date hereof and the Closing Date:

(a) a decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or recommended to the Congress of the United States for passage by the President of the United States, or be enacted or a decision by a federal court of the United States or the United States Tax Court shall have been rendered, or a ruling, release, order, regulation or offering circular by or on behalf of the United States Treasury Department, the Internal Revenue Service or other governmental agency shall have been made or proposed to be made having the purpose or effect, or any other action or event shall have occurred which has the purpose or effect, directly or indirectly, of adversely affecting the federal income tax consequences of owning the Series A Bonds, including causing interest on the Series A Bonds to be included in gross income for purposes of federal income taxation, or imposing federal income taxation upon revenues other income of the general character to be derived by the Successor Agency or by any similar body under the Indenture or similar documents or upon interest received on obligations of the general character of the Bonds, or the Bonds which, in the reasonable opinion of the Underwriter, materially adversely affects the market price of or market for the Bonds; or

(b) legislation shall have been enacted, or considered for enactment with an effective date prior to the Closing Date, or a decision by a court of the United States shall have been rendered, the effect of which is that the Bonds, including any underlying obligations, or the Indenture, as the case may be, is not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(c) a stop order, ruling, regulation or offering circular by the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall have been issued or made or any other event occurs, the effect of which is that the issuance, offering or sale of the Bonds, including any underlying obligations, or the execution of the Indenture, as contemplated hereby or by the Official Statement, is or would be in violation of any provisions of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect; or

(d) any event shall have occurred or any information shall have become known to the Underwriter which causes the Underwriter to reasonably believe that the Official Statement as

then amended or supplemented includes an untrue statement of a material fact, or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; or

(e) there shall have occurred any outbreak of hostilities or any national or international calamity or crisis, including a financial crisis, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(f) there shall be in force a general suspension of trading on the New York Stock Exchange, the effect of which on the financial markets of the United States is such as, in the reasonable judgment of the Underwriter, would materially adversely affect the market for or market price of the Bonds; or

(g) a general banking moratorium shall have been declared by federal, New York or California authorities; or

(h) any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Successor Agency; or

(i) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; or

(j) the New York Stock Exchange or other national securities exchange, or any governmental or regulatory authority, shall impose, as to the Bonds or obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of the Underwriter; or

(k) any downgrade or placement on credit watch of any rating on the Bonds; or

(l) any change, which in the reasonable opinion of the Underwriter, materially adversely affects the marketability of the Bonds or, the financial condition of the Successor Agency.

9. *Contingency of Obligations.* The obligations of the Successor Agency hereunder are subject to the performance by the Underwriter of its obligations hereunder.

10. *Duration of Representations, Warranties, Agreements and Covenants.* All representations, warranties, agreements and covenants of the Successor Agency shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or the Successor Agency and shall survive the Closing Date.

11. *Expenses.* The Successor Agency will pay or cause to be paid all reasonable expenses incident to the performance of its obligations under this Bond Purchase Agreement, including, but not limited to, mailing or delivery of the Bonds, costs of printing the Bonds, printing, distribution and delivery of the Preliminary Official Statement, the Official Statement and any amendment or supplement thereto, the fees and disbursements of Bond Counsel, Disclosure Counsel, and counsel to the Successor Agency, the

fees and expenses of the Successor Agency's accountants and fiscal consultants, fees of the Municipal Advisor, any fees charged by rating agencies for ratings assigned to the Bonds, the premiums to be paid to the Municipal Bond Insurer and fees of the Trustee and the Escrow Bank. In the event this Bond Purchase Agreement shall terminate because of the default of the Underwriter, the Successor Agency will, nevertheless, pay, or cause to be paid, all of the expenses specified above. The Underwriter shall pay the fees and expenses of any counsel retained by it, all advertising expenses incurred in connection with the public offering of the Bonds, CDIAC fees, CUSIP fees and all other fees and expenses incurred by it in connection with the public offering and distribution of the Bonds (including out-of-pocket expenses and related regulatory expenses).

12. *Notices.* Any notice or other communication to be given to the Successor Agency under this Bond Purchase Agreement may be given by delivering the same in writing to the Director of Finance, City of Santee, 10601 Magnolia Avenue, Santee, CA 92071-1266, and any notice or other communication to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to Piper Jaffray & Co., 1100 South Coast Highway, Suite 300A, Laguna Beach, CA 92651, Attention: Ms. Katherine A. Koster, Managing Director.

13. *Parties in Interest.* This Bond Purchase Agreement is made solely for the benefit of the Successor Agency and the Underwriter (including the successors or assigns of the Underwriter) and no other person, including any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof.

14. *Governing Law.* This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

15. *Headings.* The headings of the paragraphs of this Bond Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

16. *Severability.* In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

17. *Effectiveness.* This Bond Purchase Agreement shall become effective upon acceptance hereof by the Successor Agency.

18. *Counterparts.* This Bond Purchase Agreement may be executed in several counterparts which together shall constitute one and the same instrument.

Very truly yours,

PIPER JAFFRAY & CO. , as Underwriter

By _____
Katherine A. Koster
Managing Director

Accepted and agreed to as of
the date first above written:

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

By _____
Tim K. McDermott
Treasurer

Time of Execution: _____

EXHIBIT A TO THE
BOND PURCHASE AGREEMENT

$_____

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE
Tax Allocation Refunding Bonds, 2016 Series A

MATURITY SCHEDULE

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Reoffering Price	CUSIP Number

REDEMPTION PROVISIONS

Optional Redemption. The Series A Bonds maturing on or before August 1, _____, are not subject to optional redemption prior to maturity. The Series A Bonds maturing on or after August 1, _____, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, _____, as a whole or in part, by such maturities as shall be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series A Bonds maturing on August 1, _____, are also subject to mandatory redemption from sinking fund payments made by the Successor Agency, in part by lot, on August 1, _____, and on each August 1 thereafter, to and including August 1, _____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

Redemption Date (August 1)	Principal Amount

† Maturity.

$_____

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

Tax Allocation Refunding Bonds, 2016 Series B (Taxable)

MATURITY SCHEDULE

Maturity Date (August 1)	Principal Amount	Interest Rate	Yield	Reoffering Price	CUSIP Number

REDEMPTION PROVISIONS

Optional Redemption. The Series B Bonds maturing on or before August 1, _____, are not subject to optional redemption prior to maturity. The Series B Bonds maturing on or after August 1, _____, are subject to redemption, at the option of the Successor Agency on any date on or after August 1, _____, as a whole or in part, by such maturities as shall be determined by the Successor Agency (and, in lieu of such determination, *pro rata* among

maturities), and by lot within a maturity, from any available source of funds, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium.

Mandatory Sinking Fund Redemption. The Series B Bonds maturing on August 1, _____, are also subject to mandatory redemption from sinking fund payments made by the Successor Agency, in part by lot, on August 1, _____, and on each August 1 thereafter, to and including August 1, _____, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, as set forth in the following table:

Redemption Date (August 1)	Principal Amount

† Maturity.

CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE (the "Successor Agency") in connection with the issuance of $_____ CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series A (the "Series A Bonds"), and $_____ CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series B (Taxable) (the "Series B Bonds" and, with the Series A Bonds, the "Bonds"). The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds shall be secured by a pledge, charge and lien upon Pledged Tax Revenues (as such term is defined in the Indenture). The Successor Agency covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"*Annual Report*" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean the KNN Public Finance, LLC or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation. In the absence of such a designation, the Successor Agency shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report.* The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Successor Agency's fiscal year (which currently ends on June 30), commencing with the report for the 2015-16 Fiscal Year, which is due not later than March 31, 2017, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year.* If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent.* Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency. If the Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file event shall have occurred and the Successor Agency irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report.

(d) *Report of Non-Compliance.* If the Successor Agency is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Successor Agency shall send, in a timely manner, a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Successor Agency is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send, in a timely manner, a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification.* The Dissemination Agent shall, if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report

has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the Successor Agency for the preceding fiscal year, prepared in accordance with generally accepted accounting principles. If the Successor Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final official statement for the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited financial statements of the Successor Agency, the Annual Report shall also include the following financial and operating data with respect to the Successor Agency set forth in the Official Statement for the current fiscal year, as follows:

(1) Historical Tax Levies and Collections.

(2) Ten Largest Property Taxpayers (substantially in the form of Table 3 of the Official Statement).

(3) Historical Assessed Values, Incremental Values and Allocated Incremental Revenues (substantially in the form of Table 4 of the Official Statement).

(4) Projected Results of Appeals (substantially in the form of Table 5 of the Official Statement).

(5) Tax Revenues, Debt Service and Debt Service Coverage.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on EMMA. The Successor Agency shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Successor Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent.* The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Successor Agency, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided to it by the Successor Agency. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Successor Agency.

(b) *Compensation of Dissemination Agent.* The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Successor Agency. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Successor Agency that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances.* If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date.* The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion.* The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the Successor Agency shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Successor Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with their obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate was (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination

Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Indenture. The obligations of the Successor Agency under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____, 2016

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

By _____
Executive Director

ACKNOWLEDGED:

KNN PUBLIC FINANCE, LLC, as
Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: CDC Successor Agency of the City of Santee

Names of Issue: $_____ CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A, and CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable)

Date of Issuance: _____, 2016

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Certificate, dated _____, 2016, furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

KNN PUBLIC FINANCE, LLC, as
Dissemination Agent

By _____
Authorized Officer

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 26, 2016

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS:
S&P: "__" (____-Insured)
S&P: "__" (Underlying)
See "RATINGS" herein

In the opinion of Best Best & Krieger LLP, Riverside, California, Bond Counsel, subject, however, to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the federal alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings Interest payable on the Series B Bonds is subject to all applicable Federal income taxation. Interest on the Series A Bonds and the Series B Bonds is exempt from State of California personal income taxes. See "TAX MATTERS herein.

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

(San Diego County, California)

$36,920,000*	**$5,505,000***
Tax Allocation Refunding Bonds, 2016 Series A	**Tax Allocation Refunding Bonds, 2016 Series B (Taxable)**

Dated: Date of Delivery **Due: August 1, as shown on the inside cover**

The $36,920,000* CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A (the "Series A Bonds"), and the $5,505,000* CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable) (the "Series B Bonds" and, with the Series A Bonds, the "Bonds"), are being issued by the CDC Successor Agency of the City of Santee (the "Successor Agency") pursuant to the provisions of section 34177.5 of the California Health and Safety Code and section 53580 *et seq.* of the California Government Code (collectively, the "Refunding Bond Law"), a resolution adopted by the Successor Agency and an indenture of trust, dated as of October 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"), to (a) refund, on an advance basis, certain outstanding obligations incurred by the former Community Development Commission of the City of Santee (the "Former Agency"), the proceeds of which were used to finance redevelopment and low and moderate income housing activities within and for the benefit of the redevelopment project area of the Former Agency, (b) purchase a reserve fund municipal bond insurance policy in lieu of cash funding a debt service reserve fund for the Bonds, and (c) provide for the costs of issuing the Bonds.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Bonds. Principal of, premium if any, and semiannual interest on the Bonds due on February 1 and August 1 of each year, commencing February 1, 2017, will be payable by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds. See "THE BONDS."

The Bonds are subject to optional redemption and mandatory sinking account redemption prior to maturity. See "THE BONDS—Redemption" herein.

The Bonds are payable from and secured by a first lien on the Tax Revenues, as defined in this Official Statement, and moneys in certain funds and accounts established under the Indenture, as further described in this Official Statement. See "SECURITY FOR THE BONDS" herein.

In addition to the Bonds, the Successor Agency may issue or incur Parity Debt that is payable from Tax Revenues on a parity with the Bonds, but only for the purpose of refunding the Bonds and any future parity debt. See "SECURITY FOR THE BONDS—Parity Debt" herein.

The Bonds and interest thereon are not a debt of the City of Santee (the "City"), San Diego County (the "County"), the State of California (the "State") or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency is liable thereon. The Bonds and interest thereon are not payable out of any funds or properties other than those set forth in the Indenture. Neither the members of the Successor Agency, the Oversight Board (defined herein), the County Board of Supervisors nor any persons executing the Bonds are liable personally on the Bonds. The Successor Agency has no taxing power.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____. See "MUNICIPAL BOND INSURANCE" herein.

[MUNICIPAL BOND INSURER LOGO]

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

SEE THE INSIDE COVER

This cover page and the inside cover page hereof contain information for quick reference only. They are not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision with respect to the Bonds.

The Bonds are offered, when, as and if issued, subject to the approval of Best Best & Krieger LLP, San Diego, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Quint & Thimmig LLP, Larkspur, California, as Disclosure Counsel, for the Successor Agency by the City Attorney, and for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. It is anticipated that the Bonds will be available for delivery through the facilities of DTC on or about October 19, 2016.

PiperJaffray®

Dated: October __, 2016

*Preliminary, subject to change.

$36,920,000*
CDC SUCCESSOR AGENCY OF THE
CITY OF SANTEE
(San Diego County, California)
Tax Allocation Refunding Bonds, 2016 Series A

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

$_____ Serial Bonds

CUSIP† Prefix: _____

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix	

$_____ ____% Term Bonds maturing August 1, _____, Price: _____, to yield _____%—CUSIP† _____ ____

$5,505,000*
CDC SUCCESSOR AGENCY OF THE
CITY OF SANTEE
(San Diego County, California)
Tax Allocation Refunding Bonds, 2016 Series B (Taxable)

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND PRICES OR YIELDS

$_____ Serial Bonds

CUSIP† Prefix: _____

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP† Suffix	

$_____ ____% Term Bonds maturing August 1, _____, Price: _____, to yield _____%—CUSIP† _____ ____

† Copyright 2016, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services Bureau, operated by Standard & Poor's. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP Global Services. CUSIP numbers have been assigned by an independent company not affiliated with the Successor Agency or the Underwriter and are included solely for the convenience of the holders of the Bonds. Neither the Successor Agency nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

TABLE OF CONTENTS

Page

INTRODUCTION 1
Authority and Purpose 1
The City and the Successor Agency 2
The Redevelopment Project 3
Tax Increment Financing 3
Authority to Issue Refunding Bonds 3
Security for the Bonds 4
Municipal Bond Insurance Policy; Reserve Account Insurance Policy 5
Limited Obligation 5
Parity Debt 5
Professionals Involved in the Offering 5
Further Information 6
REFUNDING PLAN 6
Refunding of the Prior Bonds 6
Estimated Sources and Uses of Funds 8
Debt Service Schedule 9
THE BONDS 9
Authority for Issuance 9
Description of the Bonds 10
Redemption 10
Transfer and Exchange of Bonds 13
THE DISSOLUTION ACT 13
Recognized Obligation Payment Schedules 15
SECURITY FOR THE BONDS 17
Pledge Under the Indenture 17
Pledged Tax Revenues 18
Flow of Funds Under the Indenture 18
Limited Obligation 21
County Administrative Fees 22
Statutory Pass-Through Payments 23
Pass-Through Agreements with Taxing Agencies 24
No Developer Agreements 24
Parity Debt 24
MUNICIPAL BOND INSURANCE 24
PROPERTY TAXATION IN CALIFORNIA 24
Property Tax Collection Procedures 24
Unitary Property 26
Article XIIIA of the State Constitution 27
Appropriations Limitation—Article XIIIB 28
Proposition 87 29
Appeals of Assessed Values 29
Proposition 8 30
Propositions 218 and 26 30
Future Initiatives 31
THE CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE 31

Page

Successor Agency Powers 31
Status of Compliance with Dissolution Act 31
Plan Limits 32
THE REDEVELOPMENT PROJECT 32
Land Use 35
Historical Assessed Values 35
Largest Taxpayers 37
Historical Pledged Tax Revenues 38
Assessment Appeals 39
Residential Real Estate Values 39
New Development and Transfers of Ownership 40
Historical RPTTF Deposits 41
Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage 41
RISK FACTORS 45
Recognized Obligation Payment Schedule 45
Challenges to Dissolution Act 46
Reduction in Taxable Value 47
Limitations on Remedies 47
Risks to Real Estate Market 48
Concentration of Property Ownership 48
Reduction in Inflationary Rate 48
Development Risks 49
Future Land Use Regulations and Growth Control Initiatives 49
Assessment Appeals 49
Levy and Collection of Taxes 50
Bankruptcy and Foreclosure 50
Estimated Revenues 50
Earthquake, Fire and Other Risks 51
Hazardous Substances 52
Changes in the Law 52
Loss of Tax-Exemption 52
Secondary Market 53
TAX MATTERS 53
VERIFICATION OF MATHEMATICAL COMPUTATIONS 54
UNDERWRITING 55
MUNICIPAL ADVISOR 55
LEGAL OPINIONS 55
LITIGATION 56
RATING 56
CONTINUING DISCLOSURE 56
AUDITED FINANCIAL STATEMENTS 57
MISCELLANEOUS 57

APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE
APPENDIX B – FORMS OF OPINIONS OF BOND COUNSEL
APPENDIX C – BOOK-ENTRY ONLY SYSTEM
APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE
APPENDIX E – THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF SANTEE FOR THE FISCAL YEAR ENDED JUNE 30, 2015
APPENDIX F – CITY OF SANTEE AND SAN DIEGO COUNTY SUPPLEMENTAL INFORMATION
APPENDIX G – FISCAL CONSULTANT'S REPORT
APPENDIX H – SPECIMEN MUNICIPAL BOND INSURANCE POLICY

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the Successor Agency with respect to the Bonds that has been deemed "final" by the Successor Agency as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by the Successor Agency.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the Successor Agency or the Redevelopment Project since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Underwriter may over-allot or take other steps that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under section 3(a)(2) of the Securities Act of 1933 and section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, section 21E of the United States Securities Exchange Act of 1934, as amended, and section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Municipal Bond Insurance. _____ (the "Municipal Bond Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Municipal Bond Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Municipal Bond Insurer supplied by the Municipal Bond Insurer and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX H—SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

Website. The City of Santee maintains an Internet website, but the information on the website is not incorporated in this Official Statement.

SANTEE • CALIFORNIA

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE
10601 Magnolia Avenue
Santee, CA 92071
(619) 258-4100
http://www.cityofsanteeca.gov

SUCCESSOR AGENCY BOARD

Randy Voepel, *Chair/Mayor*
Jack E. Dale, *Vice Chair/Vice Mayor*
Ronn Hall, *Board Member/Council Member*
Rob McNelis, *Board Member/Council Member*
John W. Minto, *Board Member/Council Member*

CITY/SUCCESSOR AGENCY OFFICIALS

Marlene Best, *City Manager/Executive Director*
Tim K. McDermott, *Director of Finance/Treasurer*
Donna Goldsmith, *Finance Manager*
Pamela White, *Senior Economic Development Coordinator*
Patsy Bell, CMC, *City Clerk/Secretary*
Shawn D. Hagerty Esq., *City Attorney/Counsel*

SPECIAL SERVICES

Municipal Advisor
KNN Public Finance, LLC
Oakland, California

Bond Counsel
Best Best & Krieger LLP
San Diego, California

Disclosure Counsel
Quint & Thimmig LLP
Larkspur, California

Fiscal Consultant
HdL Coren & Cone
Diamond Bar, California

Trustee and Escrow Bank
U.S. Bank National Association
Los Angeles, California

Verification Agent
Causey Demgen & Moore, P.C.
Denver, Colorado

OFFICIAL STATEMENT

$36,920,000*
CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE
(San Diego County, California)
Tax Allocation Refunding Bonds, 2016 Series A

$5,505,000*
CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE
(San Diego County, California)
Tax Allocation Refunding Bonds, 2016 Series B (Taxable)

INTRODUCTION

This Official Statement, including the cover page, is provided to furnish information in connection with the sale by the CDC Successor Agency of the City of Santee (the "Successor Agency") of its $36,920,000* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series A (the "Series A Bonds"), and its $5,505,000* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series B (Taxable) (the "Series B Bonds" and, with the Series A Bonds, the "Bonds").

Authority and Purpose

The Successor Agency is issuing the Bonds pursuant to authority granted by the Constitution of the State of California, section 34177.5(a)(1) of the Health & Safety Code of the State of California, Article 11 (commencing with section 53580) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California (the "Refunding Law") and an Indenture of Trust, dated as of October 1, 2016 (the "Indenture") by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). See "THE BONDS—Authority for Issuance."

The Successor Agency is issuing the Series A Bonds to refund (a) on a current basis, the Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2005 Series A (the "2005 Bonds"), of which $17,075,000 principal amount remains outstanding, and (b) on an advance basis, the Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Bonds, 2011 Series A (the "2011A Bonds"), of which $24,320,000 principal amount remains outstanding, each of which was issued to finance redevelopment activities within and for the benefit of the Santee Community Redevelopment Project (the "Redevelopment Project").

The Successor Agency is issuing the Series B Bonds to refund, on an advance basis, the Community Development Commission of the City of Santee (Santee Community Redevelopment Project) Tax Allocation Housing Bonds, 2011 Series B (Taxable) (the "2011B Bonds" and, with the 2005 Bonds and the 2011A Bonds, the "Prior Bonds"), of which $4,335,000 principal amount remains outstanding, issued to finance low and moderate income housing activities within the City of Santee (the "City").

---

* Preliminary, subject to change.

The proceeds of the Bonds will be applied to refund the Prior Bonds, to purchase a reserve fund municipal bond insurance policy in lieu of cash funding a reserve fund for the Bonds and provide for the costs of issuing the Bonds.

The City and the Successor Agency

City. The City encompassing approximately 17 square miles, is located in central San Diego County (the "County"), about 18 miles east of downtown San Diego and is bordered on the west and southwest by the City of San Diego, on the north and the east by unincorporated portions of the County and on the south by the City of El Cajon. Incorporated in 1980, the City operates as a chartered city. It has a council-manager form of government, with the Council members elected at large for four-year terms and the Mayor elected for a four-year term. For certain information with respect to the City, see APPENDIX F—CITY OF SANTEE AND SAN DIEGO COUNTY SUPPLEMENTAL INFORMATION.

Former Agency. The Santee Redevelopment Agency, the predecessor to the Commission(the "Former Agency"), was established pursuant to the Redevelopment Law and Ordinance No. 58 of the City Council of the City (the "City Council") adopted on July 20, 1982, activating the Former Agency. Effective November 12, 1993, the Agency converted to a community development commission structure, which encompasses both a redevelopment agency and a housing authority, to utilize housing authority powers as a future option, particularly relating to development of affordable housing. The City Council was the governing board of the Former Agency.

Dissolution Act. On June 29, 2011, Assembly Bill No. 26 ("AB 1X 26") was enacted together with a companion bill, Assembly Bill No. 27 ("AB 1X 27"). The provisions of AB 1X 26 provided for the dissolution of all redevelopment agencies statewide. The provisions of AB 1X 27 permitted redevelopment agencies to avoid such dissolution by the payment of certain amounts. A lawsuit was brought in the California Supreme Court, *California Redevelopment Association, et al., v. Matosantos, et al.,* 53 Cal. 4th 231 (2011), challenging the constitutionality of AB 1X 26 and AB 1X 27. On December 19, 2011, in its decision in that lawsuit, the California Supreme Court largely upheld AB 1X 26, invalidated AB 1X 27, and held that AB 1X 26 may be severed from AB 1X 27 and enforced independently. As a result of AB 1X 26 and the decision of the California Supreme Court in the *California Redevelopment Association* case, as of February 1, 2012, all redevelopment agencies in the State were dissolved, including the Former Agency, and successor agencies were designated as successor entities to the former redevelopment agencies to expeditiously wind down the affairs of the former redevelopment agencies.

The primary provisions enacted by AB 1X 26 relating to the dissolution and wind down of former redevelopment agency affairs are found in Parts 1.8 (commencing with section 34161) and 1.85 (commencing with section 34170) of Division 24 of the Health and Safety Code of the State, as amended on June 27, 2012 by Assembly Bill No. 1484 ("AB 1484"), enacted as Chapter 26, Statutes of 2012, and as further amended on September 22, 2015 by Senate Bill 107 ("SB 107"), enacted as Chapter 325, Statutes of 2015. The provisions of Part 1.85, as amended by AB 1484 and SB 107 are referred to in this Official Statement as the "Dissolution Act." The Redevelopment Law together with the Dissolution Act and the acts amendatory thereof and supplemental thereto are sometimes referred to in this Official Statement as, the "Law."

Successor Agency. Pursuant to section 34173 of the Dissolution Act, the City Council of the City made an election to serve as the Successor Agency to the Former Agency. However, subdivision (g) of

section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate legal entity from the City, that the two entities shall not merge and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City. See "THE CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE."

The Redevelopment Project

On July 20, 1982, the City Council, by the enactment of Ordinance No. 58, adopted the "Redevelopment Plan for the Santee Redevelopment Project" (the "Redevelopment Plan") pursuant to which it established the Redevelopment Project. The Redevelopment Plan has been amended from time to time since its initial adoption including the approval of an amended project area in 2002. As amended, the Redevelopment Project includes 1,767 acres and is comprised of two sub-areas, being (i) the portion of the Redevelopment Project as originally adopted, less area that was deleted therefrom by subsequent amendments (the "Sunset Area"), and (ii) the area that was added in 2002 (the "Amendment Area").The total assessed valuation of taxable property in the Redevelopment Project in fiscal year 2016-17 is $1,347,325,573, with $1,076,294,174 of such amount representing incremental assessed value. See "THE REDEVELOPMENT PROJECT" and APPENDIX G—FISCAL CONSULTANT'S REPORT.

Tax Increment Financing

Prior to the enactment of AB 1X 26, the Redevelopment Law authorized the financing of redevelopment projects through the use of tax increment revenues. This method provided that the taxable valuation of the property within a redevelopment project area on the property tax roll last equalized prior to the effective date of the ordinance which adopted the redevelopment plan became the base year valuation. Assuming the taxable valuation never drops below the base year level, the taxing agencies receiving property taxes thereafter received only that portion of the taxes produced by applying then current tax rates to the base year valuation, and the redevelopment agency was allocated the remaining portion of property taxes produced by applying then current tax rates to the increase in valuation over the base year. Such incremental tax revenues allocated to a redevelopment agency were authorized to be pledged to the payment of redevelopment agency obligations.

Authority to Issue Refunding Bonds

The Dissolution Act authorizes each successor agency to issue refunding bonds secured by a pledge of, and lien on, and repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund established and held by the County Auditor-Controller for the Successor Agency by the Dissolution Act (the "Redevelopment Property Tax Trust Fund"). Section 34177.5(a)(1) of the Dissolution Act authorizes the issuance of refunding bonds, to be secured by a pledge of moneys deposited from time to time in the applicable Redevelopment Property Tax Trust Fund to provide savings to the successor agency, provided that (i) the total interest cost to maturity on the refunding bonds or other indebtedness plus the principal amount of the refunding bonds or other indebtedness does not exceed the total remaining interest cost to maturity on the bonds or other indebtedness to be refunded plus the remaining principal of the bonds or other indebtedness to be refunded, and (ii) the principal amount of the refunding bonds or other indebtedness does not exceed the amount required to defease the refunded bonds or other indebtedness, to establish customary debt service reserves, and to pay related costs of issuance.

Security for the Bonds

The Bonds and any Parity Debt are limited obligations of the Successor Agency entitled to the benefits of the Indenture and are payable solely from and secured by Pledged Tax Revenues, moneys on deposit in the Debt Service Fund (including in the accounts and subaccounts therein), including but not limited to the Reserve Account. See "SECURITY FOR THE BONDS—Pledge Under the Indenture."

The Dissolution Act requires the San Diego County Auditor-Controller (the "County Auditor-Controller") to determine the amount of property taxes that would have been allocated to the Former Agency from the Redevelopment Project had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act. The Dissolution Act provides that any bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the dissolved Former Agency, with the same lien priority and legal effect as if the bonds or other indebtedness had been issued prior to effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedules. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

The Dissolution Act further provides that bonds or other indebtedness authorized thereunder to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized under the Dissolution Act, such as the Bonds, are taxes allocated to the Successor Agency pursuant to the provisions of the Redevelopment Law and the State Constitution.

Property tax revenues will be allocated to the Successor Agency on a semi-annual basis based on a Recognized Obligation Payment Schedule submitted by the Successor Agency to an oversight board established for the Successor Agency (the "Oversight Board") and the California Department of Finance (the "DOF"). The County Auditor-Controller will distribute funds from the Redevelopment Property Tax Trust Fund for each six-month period in the order specified in the Dissolution Act. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

In accordance with the Dissolution Act, the term "Pledged Tax Revenues" is defined under the Indenture to mean the all monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of section 34183 of the California Health and Safety Code but excluding (i) amounts of such taxes required to be paid by the Successor Agency pursuant to section 33607.5 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, any additional Parity Debt, as applicable.

If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 of the Dissolution Act are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness of the Successor Agency pursuant to section 33670 of the Law or such other section as may be in effect at the time providing for the allocation of tax increment revenues to the Successor Agency in accordance with Article XVI, Section 16 of the California Constitution.

Successor agencies have no power to levy property taxes and must rely on the allocation of taxes as described above. See "RISK FACTORS."

Municipal Bond Insurance Policy; Reserve Account Insurance Policy

The scheduled payment of the principal and interest with respect to the Bonds when due will be guaranteed under a municipal bond insurance policy (the "Municipal Bond Insurance Policy") to be issued by _____ (the "Municipal Bond Insurer") simultaneously with the delivery of the Bonds. See "MUNICIPAL BOND INSURANCE." In addition, the Municipal Bond Insurer has made a commitment to issue a municipal bond insurance policy for the Reserve Account (the "Reserve Account Insurance Policy") in an amount equal to the Reserve Requirement for the Bonds. See "SECURITY FOR THE BONDS—Flow of Funds Under the Indenture."

Limited Obligation

The Bonds are special obligations of the Successor Agency and are secured by an irrevocable pledge of, and are payable as to principal, interest and premium, if any, from Pledged Tax Revenues and other funds. The Bonds, interest and premium, if any, are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State nor any of their political subdivisions except the Successor Agency are liable thereon. The Bonds, interest thereon and premium, if any, are not payable out of any funds or properties other than those set forth in the Indenture. No member, officer, agent, or employee of the Successor Agency, the Oversight Board, the County Board of Supervisors or any person executing the Bonds is liable personally on the Bonds by reason of their issuance.

Parity Debt

The Indenture permits the issuance of Parity Debt under certain circumstances for refunding purposes only. Other than the Bonds, there will be no other outstanding obligations secured by the Pledged Tax Revenues. See "SECURITY FOR THE BONDS—Parity Debt."

Professionals Involved in the Offering

KNN Public Finance, LLC, Oakland, California (the "Municipal Advisor"), has served as municipal advisor to the Successor Agency and has advised the Successor Agency with respect to the financial structure of the refinancing and as to other financial aspects of the transaction. *Payment of the fees and expenses of the Municipal Advisor is contingent upon the sale and delivery of the Bonds.*

HdL Coren & Cone, Diamond Bar, California, has acted as fiscal consultant to the Successor Agency (the "Fiscal Consultant") and advised the Successor Agency as to the taxable values and Pledged Tax Revenues projected to be available to pay debt service on the Bonds as referenced in this Official Statement. The report prepared by the Fiscal Consultant is referred to as the "Fiscal Consultant's Report." See APPENDIX G—FISCAL CONSULTANT'S REPORT.

U.S. Bank National Association, Los Angeles, California, will act as Trustee with respect to the Bonds.

All proceedings in connection with the issuance of the Bonds are subject to the approval of Best Best & Krieger LLP, San Diego, California, Bond Counsel to the Successor Agency. Certain legal matters will be passed on for the Successor Agency by Quint & Thimmig LLP as Disclosure Counsel. Best Best & Krieger LLP, San Diego, will render certain opinions on behalf of the Successor Agency as general counsel to the Successor Agency. Certain legal matters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the Bonds.*

Further Information

Brief descriptions of the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Successor Agency, the Former Agency, the Redevelopment Project, the County and the City are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. All references in this Official Statement to the Redevelopment Law, the Dissolution Act, the Refunding Law, the Bonds, the Indenture, the Constitution and the laws of the State as well as the proceedings of the Former Agency, the Successor Agency, the County and the City are qualified in their entirety by reference to such documents and laws. References in this Official Statement to the Bonds are qualified in their entirety by the form included in the Indenture and by the provisions of the Indenture.

During the period of the offering of the Bonds, copies of the forms of all documents are available from the City of Santee, 10601 Magnolia Avenue, Santee, CA 92071, Attention: Director of Finance/Treasurer, telephone (619) 258-4100 X143. The City may impose a charge for copying, mailing and handling.

REFUNDING PLAN

Refunding of the Prior Bonds

2005 Bonds. A portion of the proceeds of the Series A Bonds, together with amounts on deposit in the funds and accounts related to the 2005 Bonds, will be deposited in an escrow fund (the "2005 Escrow Fund") under an escrow deposit and trust agreement, by and between the Successor Agency and U.S. Bank National Association, as escrow bank (the "Escrow Bank"). A portion of such amounts will be invested in certain U.S. Treasury securities or obligations guaranteed by the United States (the "Escrow Securities") and the remaining amounts will be held in cash, uninvested. The maturing Escrow Securities, the interest thereon and the uninvested cash in the 2005 Escrow Fund will generate sufficient amounts to redeem then outstanding 2005 Bonds in full on November 7, 2016, at a redemption price equal to 100% of the principal amount thereof.

The sufficiency of the moneys, investment earnings and maturing Escrow Securities for such purposes will be verified by Causey Demgen & Moore, P.C. (the "Verification Agent"). See "VERIFICATION OF MATHEMATICAL COMPUTATIONS." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds in the 2005 Escrow Fund, the obligations of the Successor Agency with respect to the 2005 Bonds will be defeased and discharged.

The 2005 Bonds to be refunded are shown in the following table:

Maturity Date	Amount Refunded	Interest Rate	Call Date	Call Price	CUSIP Number
8/1/2017	$ 695,000	4.000%	11/7/2016	100.000	802833 AM5
8/1/2018	730,000	4.000	11/7/2016	100.000	802833 AN3
8/1/2019	760,000	4.000	11/7/2016	100.000	802833 AP8
8/1/2020	780,000	4.125	11/7/2016	100.000	802833 AQ6
8/1/2021	815,000	4.250	11/7/2016	100.000	802833 AR4
8/1/2022	850,000	4.250	11/7/2016	100.000	802833 AS2
8/1/2023	890,000	4.300	11/7/2016	100.000	802833 AT0
8/1/2024	930,000	4.375	11/7/2016	100.000	802833 AU7
8/1/2025	975,000	4.400	11/7/2016	100.000	802833 AV5
8/1/2027	2,090,000	4.500	11/7/2016	100.000	802833 AW3
8/1/2029	2,295,000	4.600	11/7/2016	100.000	802833 AX1
8/1/2031	2,515,000	4.625	11/7/2016	100.000	802833 AY9
8/1/2033	2,750,000	4.650	11/7/2016	100.000	802833 AZ6

The amounts held by the Escrow Bank in the 2005 Escrow Fund are pledged solely to the payment of amounts due and payable by the Successor Agency with respect to the 2005 Bonds. The moneys and Escrow Securities deposited in the 2005 Escrow Fund will not be available for the payment of debt service with respect to the Bonds or any other obligations of the Successor Agency.

2011 Bonds. A portion of the proceeds of the Series A Bonds and a portion of the proceeds of the Series B Bonds, together with amounts on deposit in the funds and accounts related to the 2011A Bonds and the 2011B Bonds (collectively, the "2011 Bonds"), will be deposited in an escrow fund (the "2011 Escrow Fund") under an escrow deposit and trust agreement, by and between the Successor Agency and the Escrow Bank. A portion of such amounts will be invested in certain Escrow Securities and the remaining amounts will be held in cash, uninvested. The maturing Escrow Securities, the interest thereon and the uninvested cash in the 2011 Escrow Fund will generate sufficient amounts to pay the principal of and interest on the 2011 Bonds to and including February 1, 2021, and to redeem then outstanding 2011 Bonds in full on February 1, 2021, at a redemption price equal to 100% of the principal amount thereof.

The sufficiency of the moneys, investment earnings and maturing Escrow Securities for such purposes will be verified by the Verification Agent. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS." Assuming the accuracy of the Verification Agent's computations, as a result of the deposit and application of funds in the 2011 Escrow Fund, the obligations of the Successor Agency with respect to the 2011 Bonds will be defeased and discharged.

The 2011A Bonds to be refunded are shown in the following table:

Maturity Date	Amount Refunded	Interest Rate	Call Date	Call Price	CUSIP Number†
8/1/2017	$ 560,000	4.750%	—	100.000	802833 BF9
8/1/2018	580,000	5.000	—	100.000	802833 BG7
8/1/2019	610,000	5.375	—	100.000	802833 BH5
8/1/2020	650,000	5.625	—	100.000	802833 BJ1
8/1/2021	685,000	5.750	2/1/2021	100.000	802833 BK8
8/1/2026	4,085,000	6.500	2/1/2021	100.000	802833 BL6
8/1/2031	5,580,000	7.000	2/1/2021	100.000	802833 BM4
8/1/2041	11,570,000	7.000	2/1/2021	100.000	802833 BN2

The 2011B Bonds to be refunded are shown in the following table:

Maturity Date	Amount Refunded	Interest Rate	Call Date	Call Price	CUSIP Number†
8/1/2017	$ 90,000	6.750%	—	100.000	802833 BU6
8/1/2018	95,000	7.000	—	100.000	802833 BV4
8/1/2019	100,000	7.500	—	100.000	802833 BW2
8/1/2026	1,000,000	9.000	2/1/2021	100.000	802833 BZ5
8/1/2031	1,180,000	9.375	2/1/2021	100.000	802833 CA9
8/1/2041	1,870,000	9.500	2/1/2021	100.000	802833 CB7

The amounts held by the Escrow Bank in the 2011 Escrow Fund are pledged solely to the payment of amounts due and payable by the Successor Agency with respect to the 2011 Bonds. The moneys and Escrow Securities deposited in the 2011 Escrow Fund will not be available for the payment of debt service with respect to the Bonds or any other obligations of the Successor Agency.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds are summarized below.

Sources:	Series A Bonds	Series B Bonds	Total
Principal Amount of Bonds			
Plus: Original Issue Premium			
2005 Bonds Released Moneys			
2011 Bonds Released Moneys			
Total Sources			
Uses:			
Deposit to 2005 Escrow Fund			
Deposit to 2011 Escrow Fund			
Costs of Issuance (1)			
Total Uses			

(1) Costs of Issuance include the Underwriter's discount, fees and expenses of Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Fiscal Consultant, the Trustee, the City, the Successor Agency administrative staff, Successor Agency counsel, printing expenses, rating fees, the premiums for the Municipal Bond Insurance Policy ($_____) and the Reserve Account Insurance Policy ($_____) and other costs related to the issuance of the Bonds.

Debt Service Schedule

The following table shows the annual debt service schedule for the Bonds, assuming no optional redemption of the Bonds.

Bond Year Ending	Series A Bonds			Series B Bonds			
Aug. 1	Principal (1)	Interest	Total	Principal (1)	Interest	Total	Total
2017							
2018							
2019							
2020							
2021							
2022							
2023							
2024							
2025							
2026							
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
Total							

(1) Includes mandatory sinking fund payments. See "THE BONDS—Redemption—Mandatory Sinking Fund Redemption."

THE BONDS

Authority for Issuance

The issuance of the Bonds and the Indenture were authorized by the Successor Agency pursuant to Resolution No. CDCSA 003-2016, adopted on July 13, 2016 (the "Successor Agency Resolution"), and approved by the Oversight Board for the Successor Agency pursuant to Resolution No. CDCSAOB 2-2016, adopted on July 14, 2016 (the "Oversight Board Resolution").

Section 34177.5 of the Dissolution Act provides that when, as here, a successor agency issues refunding bonds with the approval of the oversight board and the DOF, the oversight board may not unilaterally approve any amendments to or early termination of the bonds, and the scheduled payments on the bonds shall be listed in the Recognized Obligation Payment Schedule and are not subject to further review and approval by the DOF or the California State Controller.

Pursuant to the Dissolution Act, written notice of the Oversight Board Resolution was provided to the DOF on July 15, 2016. On August 11, 2016, the DOF provided a letter to the Successor Agency stating that based on the DOF's review and application of the law, the Oversight Board Resolution approving the Bonds is approved by the DOF.

Description of the Bonds

The Bonds will be issued and delivered in fully-registered form without coupons in the denomination of $5,000 or any integral multiple thereof for each maturity, initially in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), as registered owner of all Bonds. The initially executed and delivered Bonds will be dated the date of delivery (the "Closing Date") and mature on August 1 in the years and in the amounts shown on the inside cover page of this Official Statement.

Interest on the Bonds will be calculated on the basis of a 360-day year of twelve 30-day months at the rates shown on the inside cover page of this Official Statement, payable semiannually on February 1 and August 1 in each year, commencing on February 1, 2017, by check mailed to the registered owners thereof or upon the request of the Owners of $1,000,000 or more in principal amount of Bonds, by wire transfer to an account in the United States which shall be designated in written instructions by such Owner to the Trustee on or before the close of business on the fifteenth (15th) calendar day of the month preceding each Interest Payments Date, whether or not such fifteenth (15th) calendar day of the month is a Business Day (the "Record Date") preceding the Interest Payment Date.

One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX C—BOOK-ENTRY ONLY SYSTEM.

Redemption

Optional Redemption.

Series A Bonds. The Series A Bonds may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, on August 1, _____ or on any date thereafter. Series A Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Series A Bonds to be redeemed plus accrued interest to the redemption date.

Series B Bonds. The Series B Bonds may be called before maturity and redeemed at the option of the Successor Agency, in whole or in part, from the proceeds of refunding bonds or other available funds, on August 1, _____ or on any date thereafter. Series B Bonds called for redemption will be redeemed at a redemption price equal to the principal amount of Series B Bonds to be redeemed plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption.

Series A Bonds. The Series A Bonds maturing on August 1, _____ (the "Series A Term Bonds") are subject to redemption in part by lot, on August 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu there-

of shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Series A Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series A Term Bonds shall be reduced by the aggregate principal amount of such Series A Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee)..

Redemption Date (August 1)	Principal Amount

† Maturity.

In lieu of redemption of the Series A Term Bonds under the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year) may also be used and withdrawn by the Successor Agency at any time for the purchase of such Series A Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Series A Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 15 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding August 1.

Series B Bonds. The Series B Bonds maturing on August 1, _____ (the "Series B Term Bonds") are subject to redemption in part by lot, on August 1 in each of the years as set forth in the following table, at a redemption price equal to the principal amount thereof to be redeemed together with accrued interest thereon to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table; provided, however, that if some but not all of the Series B Term Bonds have been redeemed the optional redemption provisions described above, the total amount of all future payments with respect to such Series B Term Bonds shall be reduced by the aggregate principal amount of such Series B Term Bonds so redeemed, to be allocated among such payments on a pro rata basis in integral multiples of $5,000 as determined by the Successor Agency (written notice of which determination shall be given by the Successor Agency to the Trustee).

Redemption Date (August 1)	Principal Amount

† Maturity.

In lieu of redemption of the Series B Term Bonds under the preceding paragraph, amounts on deposit in the Debt Service Fund (to the extent not required to be deposited by the Trustee in the Interest Account or the Principal Account during the current Bond Year) may also be used and withdrawn by the Successor Agency at any time for the purchase of such Series B Term Bonds at public or private sale as and when and at such prices (including brokerage and other charges and including accrued interest) as the Successor Agency may in its discretion determine. The par amount of any of such Series B Term Bonds so purchased by the Successor Agency in any twelve-month period ending on July 15 in any year shall be credited towards and shall reduce the par amount of such Term Bonds required to be redeemed on the next succeeding August 1.

Notice of Redemption, Rescission. The Trustee on behalf and at the expense of the Successor Agency shall mail (by first class mail, postage prepaid) notice of any redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, to (i) the Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, and (ii) the Securities Depositories and to one or more Information Services designated in a Request of the Successor Agency delivered to the Trustee (by any means acceptable to such depositories and services in substitution of first class mail); provided, however, that such mailing shall not be a condition precedent to such redemption and neither failure to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the redemption date and the redemption price, shall, if applicable, designate the CUSIP number of the Bonds to be redeemed, shall state the individual number of each Bond to be redeemed or state that all Bonds between two stated numbers (both inclusive) or shall state that all of the Bonds Outstanding of one or more maturities are to be redeemed, and shall require that such Bonds be then surrendered at the Office of the Trustee for redemption at the said redemption price, giving notice also that further interest on the Bonds to be redeemed will not accrue from and after the date fixed for redemption.

The Successor Agency shall have the right to rescind any optional redemption by written notice to the Trustee on or prior to the date fixed for redemption. Any such notice of optional redemption shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption, and such cancellation shall not constitute an Event of Default under the Indenture. The Successor Agency and the Trustee shall have no liability to the Owners or any other party related to or arising from such rescission of redemption. The Trustee shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent.

Partial Redemption of Bonds. In the event only a portion of any Bond is called for redemption, then upon surrender thereof the Successor Agency shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Successor Agency, a new Bond or Bonds of the same interest

rate and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly deposited with the Trustee, such Bonds so called shall cease to be entitled to any benefit under the Indenture other than the right to receive payment of the redemption price and accrued interest to the redemption date, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Manner of Redemption. Whenever provision is made for the redemption of less than all of the maturity of the Bonds, the Trustee shall select the Bonds of such maturity to be redeemed by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate $5,000 denominations and such separate denominations shall be treated as separate Bonds that may be separately redeemed.

Transfer and Exchange of Bonds

Any Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Transfer of any Bond shall not be permitted by the Trustee during the fifteen (15) day period preceding the selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to the Indenture. Whenever any Bonds shall be surrendered for transfer, the Successor Agency shall execute and the Trustee shall authenticate and shall deliver a new Bond for a like aggregate principal amount and of like series and maturity. The Trustee may require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer shall be paid by the Successor Agency.

Any Bond may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of like series and maturity. Exchange of any Bond shall not be permitted during the fifteen (15) day period preceding the selection of Bonds for redemption or if such Bond has been selected for redemption pursuant to the IOndenture. The Trustee may require the Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. The cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange shall be paid by the Successor Agency.

THE DISSOLUTION ACT

The Dissolution Act requires the County Auditor-Controller to determine the amount of property taxes that would have been allocated to the Former Agency (pursuant to subdivision (b) of section 16 of Article XVI of the State Constitution) had the Former Agency not been dissolved pursuant to the operation of AB 1X 26, using current assessed values on the last equalized roll on August 20, and to deposit that amount in the Redevelopment Property Tax Trust Fund for the Successor Agency established and held by the County Auditor-Controller pursuant to the Dissolution Act.

The Dissolution Act provides that any bonds authorized thereunder to be issued by the Successor Agency will be considered indebtedness incurred by the Former Agency, with the same lien priority and legal effect as if the bonds had been issued prior to the effective date of AB 1X 26, in full conformity with the applicable provisions of the Redevelopment Law that existed prior to that date, and will be included in the Successor Agency's Recognized Obligation Payment Schedule. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

The Dissolution Act further provides that bonds authorized by the Dissolution Act to be issued by the Successor Agency will be secured by a pledge of, and lien on, and will be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund, and that property tax revenues pledged to any bonds authorized to be issued by the Successor Agency under the Dissolution Act, including the Bonds, are taxes allocated to the Successor Agency pursuant to subdivision (b) of section 33670 of the Redevelopment Law and section 16 of Article XVI of the State Constitution.

Pursuant to subdivision (b) of section 33670 of the Redevelopment Law and section 16 of Article XVI of the State Constitution and as provided in the Redevelopment Plan, taxes levied upon taxable property in the Redevelopment Project each year by or for the benefit of the State, any city, county, city and county, district, or other public corporation (herein sometimes collectively called "taxing agencies") after the effective date of the ordinance approving the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory are to be divided as follows:

(a) To Taxing Agencies: That portion of the taxes which would be produced by the rate upon which the tax is levied each year by or for each of the taxing agencies upon the total sum of the assessed value of the taxable property in the Redevelopment Project as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance adopting the applicable Redevelopment Plan, or the respective effective dates of ordinances approving amendments to the Redevelopment Plan that added territory to the Redevelopment Project, as applicable (each, a "base year valuation"), will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies as taxes by or for the taxing agencies on all other property are paid; and

(b) To the Former Agency/Successor Agency: Except for that portion of the taxes in excess of the amount identified in (a) above which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues in an amount sufficient to make annual repayments of the principal of, and the interest on, any bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989 for the acquisition or improvement of real property, which portion shall be allocated to, and when collected shall be paid into, the fund of that taxing agency, that portion of the levied taxes each year in excess of such amount, annually allocated within limitations established by the applicable Redevelopment Plan, following the date of issuance of the Bonds, when collected will be paid into a special fund of the Successor Agency. Section 34172 of the Dissolution Act provides that, for purposes of section 16 of Article XVI of the State Constitution, the Redevelopment Property Tax Trust Fund shall be deemed to be a special fund of the Successor Agency to pay the debt service on indebtedness incurred by the Former Agency or

the Successor Agency to finance or refinance the redevelopment projects of the Former Agency.

That portion of the levied taxes described in paragraph (b) above, less amounts deducted pursuant to section 34183(a) of the Dissolution Act for permitted administrative costs of the County Auditor-Controller, constitute the amounts required under the Dissolution Act to be deposited by the County Auditor-Controller into the Redevelopment Property Tax Trust Fund. In addition, section 34183 of the Dissolution Act effectively eliminates the January 1, 1989 date from paragraph (b) above.

In addition, pursuant to section 34187 of the Dissolution Act, funds associated with retired enforceable obligations are required to be reallocated to taxing agencies as regular property taxes and not deposited into the Redevelopment Property Tax Trust Fund for the Successor Agency at all (however, section 34187(a)(2) of the Dissolution Act provides for retention of funds by the Successor Agency to the extent needed for payment of enforceable obligations upon authorization by the DOF).

Recognized Obligation Payment Schedules

Submission of Recognized Obligation Payment Schedule. The Dissolution Act requires successor agencies to prepare, and submit to the successor agency's oversight board and the DOF for approval, a recognized obligation payment schedule (the "Recognized Obligation Payment Schedule") pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation.

Commencing on February 1, 2016, successor agencies were transitioned to an annual Recognized Obligation Payment Schedule process pursuant to which successor agencies are required to file Recognized Obligation Payment Schedules with the DOF and the County Auditor-Controller for approval on or before each February 1 for the July 1 through June 30 period immediately following such February 1. For example, on February 1, 2016, the Successor Agency was required to file a Recognized Obligation Payment Schedule for the period commencing July 1, 2016 through June 30, 2017.

In addition, commencing on September 22, 2015, successor agencies that have received a Finding of Completion and the concurrence of the DOF as to the items that qualify for payment, among other conditions, may at their option, file a "Last and Final" Recognized Obligation Payment Schedule. If approved by the DOF, the Last and Final Recognized Obligation Payment Schedule will be binding on all parties, and the Successor Agency will no longer submit a Recognized Obligation Payment Schedule to the DOF or the Oversight Board. The county auditor-controller will remit the authorized funds to the Successor Agency in accordance with the approved Last and Final Recognized Obligation Payment Schedule until each remaining enforceable obligation has been fully paid. A Last and Final Recognized Obligation Payment Schedule may only be amended twice, and only with approval of the DOF and the County Auditor-Controller. The Successor Agency currently has no plans to file a Last and Final Recognized Obligation Payment Schedule.

Payment of Amounts Listed on the Recognized Obligation Payment Schedule. As defined in the Dissolution Act, "enforceable obligation" includes bonds, including the required debt service, reserve set-asides, and any other payments required under the indenture or similar documents governing the issuance of the outstanding bonds of the former redevelopment agency or the successor agency, as well as other obligations such as loans, judgments or settlements against the former redevelopment agency or the successor agency, any legally binding and enforceable agreement that is not otherwise void as violating the

debt limit or public policy, contracts necessary for the administration or operation of the successor agency, and, under certain circumstances, amounts borrowed from the successor agency's low and moderate income housing fund.

A reserve may be included on the Recognized Obligation Payment Schedule and held by the successor agency when required by a bond indenture or when the next property tax allocation will be insufficient to pay all obligations due under the provisions of the bonds for the next payment due in the following half of the calendar year.

Sources of Payments for Enforceable Obligations. Under the Dissolution Act, the categories of sources of payments for enforceable obligations listed on a Recognized Obligation Payment Schedule are the following: (i) the low and moderate income housing fund, (ii) bond proceeds, (iii) reserve balances, (iv) administrative cost allowance (successor agencies are entitled to receive not less than $250,000, unless that amount is reduced by the oversight board), (v) the Redevelopment Property Tax Trust Fund (but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation or otherwise required under the Dissolution Act), or (vi) other revenue sources (including rents, concessions, asset sale proceeds, interest earnings, and any other revenues derived from the redevelopment agency, as approved by the oversight board).

The Dissolution Act provides that only those payments listed in the Recognized Obligation Payment Schedule may be made by a successor agency and only from the funds specified in the Recognized Obligation Payment Schedule.

Order of Priority of Distributions from Redevelopment Property Tax Trust Fund. Typically, under the Redevelopment Property Tax Trust Fund distribution provisions of the Dissolution Act, a county auditor-controller is to distribute funds for each six-month period in the following order specified in section 34183 of the Dissolution Act:

(i) first, subject to certain adjustments for subordinations to the extent permitted under the Dissolution Act, if any (as described above under "SECURITY FOR THE BONDS—Statutory Pass-Through Payments" and "—Pass-Through Agreements with Taxing Agencies") and no later than each January 2 and June 1, amounts required for pass-through payments such entity would have received under provisions of the Redevelopment Law, as those provisions read on January 1, 2011, including negotiated pass-through agreements and statutory pass-through obligations;

(ii) second, on each January 2 and June 1, to the successor agency for payments listed in its Recognized Obligation Payment Schedule, with debt service payments scheduled to be made for tax allocation bonds having the highest priority over payments scheduled for other debts and obligations listed on the Recognized Obligation Payment Schedule;

(iii) third, on each January 2 and June 1, to the successor agency for the administrative cost allowance, as defined in the Dissolution Act; and

(iv) fourth, on each January 2 and June 1, to taxing entities any moneys remaining in the Redevelopment Property Tax Trust Fund after the payments and transfers authorized by clauses (i) through (iii), in an amount proportionate to such taxing entity's share of property tax

revenues in the tax rate area in that fiscal year (without giving effect to any pass-through obligations that were established under the Redevelopment Law).

Failure to Submit a Recognized Obligation Payment Schedule. There are strong incentives for the Successor Agency to submit Recognized Obligation Payment Schedules on time. If the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board, the County Auditor-Controller and the DOF on or before each February 1 commencing February 1, 2016 (unless the Successor Agency submits and obtains approval from the DOF of a Last and Final Recognized Obligation Payment Schedule), then the Successor Agency will be subject to a $10,000 per day civil penalty for every day the schedule is not submitted to the DOF. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules" for discussion regarding submission of Last and Final Recognized Obligation Payment Schedule. Additionally, if the Successor Agency does not submit a Recognized Obligation Payment Schedule to the Oversight Board and the DOF within 10 days of the deadline, then the Successor Agency's maximum administrative cost allowance may be reduced by up to 25%. For additional information regarding procedures under the Dissolution Act relating to late Recognized Obligation Payment Schedules and implications for the Bonds, see "RISK FACTORS – Recognized Obligation Payment Schedule."

History of Submission of the Recognized Obligation Payment Schedules. The Successor Agency has policies and procedures in place to ensure full and timely compliance with the above-described covenant. See "Table 6—THE REDEVELOPMENT PROJECT—Historical RPTTF Deposits" for a description of ROPS deposits for Fiscal Years 2011-12 through 2015-16.

SECURITY FOR THE BONDS

The County Auditor-Controller will deposit property tax revenues into the Redevelopment Property Tax Trust Fund pursuant to the requirements of the Health and Safety Code, including *inter alia* Health and Safety Code section 34183 and 34170.5(b). The Bonds are payable from and secured by the Pledged Tax Revenues to be derived from the Redevelopment Project consisting of a portion of the property tax revenues deposited in the Redevelopment Property Tax Trust Fund.

Pledge Under the Indenture

Except as described in "—Redevelopment Obligation Retirement Fund" below and as required to compensate or indemnify the Trustee, the Bonds and all Parity Debt, shall be secured by a pledge of, security interest in and lien on all of the Pledged Tax Revenues. In addition, the Bonds, and any other Parity Debt (to the extent provided in the applicable Parity Debt Instrument), shall, subject to the application of funds upon acceleration under the Undenture, be secured by a first and exclusive pledge of, security interest in and lien upon all of the moneys in the Debt Service Fund, the Interest Account, the Principal Account, the Sinking Account, the Redemption Account and the Reserve Account. Such pledge, security interest in and lien shall be for the equal security of the Outstanding Bonds without preference or priority for series, issue, number, dated date, sale date, date of execution or date of delivery. Except for the Pledged Tax Revenues and such moneys, no funds of the Successor Agency are pledged to, or otherwise liable for, the payment of principal of or interest or redemption premium (if any) on the Bonds.

In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, the Indenture shall be deemed to be and shall constitute a contract between the Successor Agency and the Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be

performed on behalf of the Successor Agency shall be for the equal and proportionate benefit, security and protection of all Owners of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of sale, execution and delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

Pledged Tax Revenues

"Pledged Tax Revenues" means all monies deposited from time to time in the Redevelopment Property Tax Trust Fund as provided in paragraph (2) of subdivision (a) of section 34183 of the California Health and Safety Code but excluding (i) amounts of such taxes required to be paid by the Successor Agency pursuant to section 33607.5 of the Redevelopment Law, except and to the extent that any amounts so payable are payable on a basis subordinate to the payment of the Bonds, any additional Parity Debt, as applicable. If, and to the extent, that the provisions of section 34172 or paragraph (2) of subdivision (a) of section 34183 are invalidated by a final judicial decision, then Pledged Tax Revenues shall include all tax revenues allocated to the payment of indebtedness pursuant to section 33670 of the California Health & Safety Code or such other section as may be in effect at the time providing for the allocation of tax increment revenues in accordance with Article XVI, Section 16 of the California Constitution, subject to the exclusions set forth above.

Before it was amended by the Dissolution Act, the Redevelopment Law required the Former Agency to set aside not less than 20% of all tax increment generated in the Redevelopment Project into a low and moderate income housing fund to be used for the purpose of increasing, improving and/or preserving the supply of low and moderate income housing. These tax increment revenues were commonly referred to as "Housing Set-Aside."

The Dissolution Act eliminated the Housing Set-Aside requirement. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated due diligence review. The amounts found to be unencumbered through this due diligence review have been paid to the County and these funds have been allocated to the taxing entities within the Redevelopment Project.

Since a deduction for the Housing Set-Aside is no longer required, amounts that were previously required to be deposited in the housing fund are now included in Pledged Tax Revenues.

Flow of Funds Under the Indenture

General. The Successor Agency previously established the Redevelopment Obligation Retirement Fund pursuant to section 34170.5(a) of the Dissolution Act and agrees to hold and maintain the Redevelopment Obligation Retirement Fund as long as any of the Bonds are Outstanding.

Deposit in Redevelopment Obligation Retirement Fund; Transfer to Debt Service Fund. The Indenture provides that the Successor Agency shall deposit all of the Pledged Tax Revenues received in any Bond Year in the Redevelopment Obligation Retirement Fund promptly upon receipt thereof by the Successor Agency, and promptly thereafter shall transfer amounts received therein to the Debt Service Fund established and held by the Trustee under the Indenture until such time during such Bond Year as the amounts so transferred to the Debt Service Fund equal the aggregate amounts required to be deposited by the Trustee into the Interest Account, the Principal Account and the Redemption Account of the Debt Ser-

vice Fund in such Bond Year pursuant to the Indenture and for deposit in such Bond Year in the funds and accounts established with respect to Parity Debt, as provided in any Supplemental Indenture. All Pledged Tax Revenues received by the Successor Agency in excess of the amount required to pay debt service on the Bonds and any Parity Debt, and except as may be provided to the contrary in any Parity Debt Instrument, shall be released from the pledge and lien under the Indenture and shall be applied in accordance with the Redevelopment Law, including but not limited to the payment of debt service on any Subordinate Debt. Prior to the payment in full of the principal of and interest and redemption premium (if any) on the Bonds and the payment in full of all other amounts payable under the Indenture and under any Supplemental Indentures, the Successor Agency shall not have any beneficial right or interest in the moneys on deposit in the Redevelopment Obligation Retirement Fund, except as may be provided in the Indenture and in any Supplemental Indenture.

Deposit of Amounts by Trustee. There is established a trust fund to be known as the Debt Service Fund, which will be held by the Trustee under the Indenture in trust. Concurrently with transfers with respect to Parity Debt pursuant to Parity Debt Instruments, moneys in the Redevelopment Obligation Retirement Fund shall be transferred by the Successor Agency to the Trustee in the following amounts, at the following times, and deposited by the Trustee in the following respective special accounts, which are established in the Debt Service Fund, and in the following order of priority:

Interest Account. On or before the fourth (4th) Business Day preceding each date on which interest on the Bonds and any such Parity Debt becomes due and payable, the Trustee shall withdraw from the Debt Service Fund and transfer to the Interest Account an amount which, when added to the amount then on deposit in the Interest Account, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds and any such Parity Debt on such date. No such transfer and deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the Interest Payment Date upon all of the Outstanding Bonds and any such Parity Debt. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds and any such Parity Debt purchased or redeemed prior to maturity pursuant to the Indenture).

Principal Account. On or before the fourth (4th) Business Day preceding each date on which principal of the Bonds and any such Parity Debt becomes due and payable at maturity, the Trustee shall withdraw from the Debt Service Fund and transfer to the Principal Account an amount which, when added to the amount then on deposit in the Principal Account, will be equal to the amount of principal coming due and payable on such date on the Outstanding Bonds and any such Parity Debt. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of the Bonds and any such Parity Debt upon the maturity thereof.

Sinking Account. On or before the fourth (4th) Business Day preceding each date on which any Outstanding Term Bonds become subject to mandatory Sinking Account redemption, the Successor Agency shall withdraw from the Debt Service Fund and transfer to the Trustee for deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required subject to mandatory Sinking Account redemption on such date. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of paying the

principal of the Term Bonds as it shall become due and payable upon the mandatory Sinking Account redemption thereof.

Reserve Account. In lieu of a cash deposit to the Reserve Account, the Reserve Policy, in an amount equal to the Reserve Requirement, shall be delivered to the Trustee on the Closing Date. The prior written consent of the Municipal Bond Insurer shall be a condition precedent to the deposit of any credit instrument in lieu of a cash deposit into the Reserve Account. "Reserve Requirement" means, with respect to the Bonds and any Parity Debt, as of any date of calculation, to be equal to the least of (a) Maximum Annual Debt Service for then current or every subsequent Bond Year, (b) 125% of average Annual Debt Service for then current or every subsequent Bond Year, and (c) 10% of the original principal amount of the Bonds and any Parity Debt. On the Closing Date, such amount is $_____.

In the event that the amount on deposit in the Series A Subaccount or Series B Subaccount of the Reserve Account, or the reserve fund subaccount of any other Parity Debt, at any time becomes less than the Reserve Requirement, the Trustee shall promptly notify the Successor Agency of such fact. Promptly upon receipt of any such notice, the Successor Agency shall transfer to the Trustee an amount sufficient to maintain the Reserve Requirement on deposit in each subaccount of Reserve Account. If there shall then not be sufficient Pledged Tax Revenues on deposit in the Redevelopment Obligation Retirement Fund to transfer an amount sufficient to maintain the Reserve Requirement on deposit in each subaccount of the Reserve Account, the Successor Agency shall be obligated to continue making transfers as Pledged Tax Revenues become available in the Redevelopment Obligation Retirement Fund until there is an amount sufficient to maintain the Reserve Requirement on deposit in each subaccount of the Reserve Account. No such transfer and deposit need be made to either subaccount of the Reserve Account so long as there shall be on deposit therein a sum at least equal to the Reserve Requirement for each series of Bonds. All money in the Reserve Account shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account of the respective series of Bonds in such order of priority, in the event of any deficiency at any time in any of such accounts or for the retirement of all the respective series of Bonds then Outstanding, except that so long as the Successor Agency is not in default hereunder, any amount in the Reserve Account in excess of the Reserve Requirement shall be withdrawn from the Reserve Account semiannually on or before four (4) Business Days preceding each February 1 and August 1 by the Trustee and deposited in the Interest Account. All amounts in the applicable Reserve Account on the Business Day preceding the final Interest Payment Date shall be withdrawn from the Reserve Account and shall be transferred either (i) to the Interest Account and the Principal Account, in such order, to the extent required to make the deposits then required to be made pursuant to the Indenture or, (ii) if the Successor Agency shall have caused to be transferred to the Trustee an amount sufficient to make the deposits required by the Indenture, then, at the Request of the Successor Agency, such amount shall be transferred as directed by the Successor Agency.

The Successor Agency shall, with the prior written consent of the Municipal Bond Insurer, have the right at any time to direct the Trustee to release funds from the Reserve Account, in whole or in part, by tendering to the Trustee: (i) a Qualified Reserve Account Credit Instrument, and (ii) an opinion of Bond Counsel stating that neither the release of such Funds nor the acceptance of such Qualified Reserve Account Credit Instrument will cause interest on the Series A Bonds to become includable in gross income for purposes of federal income taxation. Upon tender

of such items to the Trustee, and upon delivery by the Successor Agency to the Trustee of written calculation of the amount permitted to be released from the Reserve Account (upon which calculation the Trustee may conclusively rely), the Trustee shall transfer such funds from the Reserve Account to the Successor Agency to be applied in accordance with the Redevelopment Law, as amended by the Dissolution Act, to call and redeem Bonds or for any other lawful purpose. The Trustee shall comply with all documentation relating to the Surety Bonds or other Qualified Reserve Account Credit Instrument as shall reasonably be required to maintain such Qualified Reserve Account Credit Instrument in full force and effect and as shall reasonably be required to receive payments thereunder in the event and to the extent required to make any payment when and as required under the Indenture. Upon the expiration of any Qualified Reserve Account Credit Instrument, the Successor Agency shall be obligated either (i) to replace such Qualified Reserve Account Credit Instrument with a new Qualified Reserve Account Credit Instrument, or (ii) to deposit or cause to be deposited with the Trustee an amount of funds equal to the Reserve Requirement, to be derived from the first available Pledged Tax Revenues. In the event that the Reserve Account is funded with cash and a Qualified Reserve Account Credit Instrument, then the Trustee shall first draw on the available cash, and next draw upon such Qualified Reserve Account Credit Instrument.

The Reserve Account may be maintained in the form of one or more separate subaccounts which are established for the purpose of securing separate series of Bonds or Parity Debt (to the extent secured by the Reserve Account) or for holding the proceeds of separate issues of the Bonds and any Parity Debt (to the extent secured by the Reserve Account) in conformity with applicable provisions of the Code to the extent directed by the Successor Agency in writing to the Trustee. Additionally, the Successor Agency may, in its discretion, combine amounts on deposit in the Reserve Account and on deposit in any reserve account relating to any (but not necessarily all) Parity Debt in order to maintain a combined reserve account for the Bonds and any (but not necessarily all) Parity Debt.

Redemption Account. On or before the Business Day preceding any date on which Bonds are subject to redemption, other than mandatory Sinking Account redemption of Term Bonds, the Trustee shall withdraw from the Debt Service Fund for deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds or other Parity Debt to be so redeemed on such date. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Successor Agency designated by the Successor Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds or other Parity Debt upon the redemption thereof, on the date set for such redemption, other than mandatory Sinking Account redemption of Term Bonds.

Limited Obligation

The Bonds are not a debt of the City, the County, the State or any of their political subdivisions except the Successor Agency, and none of the City, the County, the State or any of their political subdivisions except the Successor Agency are liable therefor. The Bonds do not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction. No member of the Successor Agency, the Oversight Board or the Board of Supervisors of the County shall be individually or personally liable for the payment of the principal of or interest or redemption premium (if any) on the Bonds; but

nothing contained in the Indenture relieves any such member, officer, agent or employee from the performance of any official duty provided by law.

Dissolution Act Covenant by the Successor Agency. The Successor Agency covenants in the Indenture that it will comply with all of the requirements of the Redevelopment Law and the Dissolution Act.

Pursuant to section 34177 of the Dissolution Act as modified by passage of Senate Bill 107, by February 1 of each year the Successor Agency shall submit to the Department of Finance, a Recognized Obligation Payment Schedule that has been approved by the Oversight Board and that will be applicable to the next two Semiannual Periods (hereinafter defined). The Successor Agency shall take all actions required under the Dissolution Act as amended to include in the Recognized Obligation Payment Schedule for each Semiannual Period debt service on the Bonds and any Parity Debt, so as to enable the County Auditor-Controller to distribute from the Redevelopment Property Tax Trust Fund for deposit in the Redevelopment Obligation Retirement Fund on each January 1 and June 1 amounts required to enable the Successor Agency to pay timely payments of principal of, and interest on, the Bonds and any Parity Debt coming due with respect the applicable Semiannual Period, including inclusion on the applicable Recognized Obligation Payment Schedule of (a) the amounts of debt service set forth in the Recognized Obligation Debt Service Schedule and (b) the amounts of debt service set forth in the Recognized Obligation Debt Service Schedule attached to any Supplemental Indenture, and the inclusion of any amount required to be deposited in the Reserve Account, in order to maintain in the Reserve Account the amount of the Reserve Requirement. Notwithstanding the foregoing, the Successor Agency shall use its best efforts, subject to there being available funds for that purpose, to include on each Recognized Obligation Payment Schedule that is payable by the County Auditor-Controller on January 2 one-half of the principal payment and any Sinking Fund payment on the Bonds that is payable on the following September 1 as a reserve for the principal payment and any Sinking Fund payment payable on such September 1. The Recognized Obligation Debt Service Schedule shall not be amended except by Supplemental Indenture entered into pursuant to the Indenture. "Semiannual Period" means (a) each six-month period beginning on January 1 of any calendar year and ending on June 30 of such calendar year, and (b) each six-month period beginning on July 1 of any calendar year and ending on December 31 of such calendar year.

In addition, the Successor Agency shall place on the applicable Recognized Obligation Payment Schedule for approval by the Oversight Board and DOF, to the extent necessary, the amounts to be held by the Successor Agency as a reserve until the following half of the calendar year, as contemplated by paragraph (1)(A) of subdivision (d) of section 34171 of the Dissolution Act and any amount required to be deposited in the Reserve Account in order to maintain in the Reserve Account the amount of the Reserve Requirement.

The Successor Agency has no power to levy and collect taxes, and various factors beyond its control could affect the amount of Pledged Tax Revenues available in any six-month period to pay the principal of and interest on the Bonds (see "RISK FACTORS").

County Administrative Fees

Chapter 466, Statutes of 1990 (referred to as SB 2557), permits the County to withhold a portion of annual tax revenues for the recovery of County charges related to property tax administration services to cities in an amount equal to their property tax administration costs proportionately attributable to cities. SB 2557, and subsequent legislation under SB 1559 (Statutes of 1992), permitted counties to charge all jurisdictions, including redevelopment agencies, on a year-to-year basis. Section 34182(a)(3) of the Cali-

fornia Health and Safety Code also provides for recovery of county costs in connection with performing duties related to the dissolution of redevelopment agencies. The actual fiscal year 2015-16 charges for the Successor Agency equate to 1.098% of gross RPTTF revenues. The Fiscal Consultant's projections included assume that the County administrative costs will continue to be charged at approximately 1.098% of gross revenue in subsequent fiscal years.

For purposes of showing debt service coverage, the Fiscal Consultant has assumed that the County administrative fees are senior to the Successor Agency's pledge of Pledged Tax Revenues to its obligation to make debt service payments on the Bonds.

Statutory Pass-Through Payments

For project areas adopted before January 1, 1994, a statutory pass-through obligation can be triggered when the redevelopment agency elects to increase a tax increment revenue cap limit, or that lengthens the period during which the redevelopment plan is effective, or that increases or eliminates the time limit on the establishing of loans, advances or indebtedness.

The Amendment Area was adopted after January 1, 1994, and is therefore, subject to the Law as it was amended by passage of AB 1290. As amended, the Law requires that for project areas adopted after January 1, 1994, a prescribed portion of the agency's tax increment revenue must be shared with all taxing entities within the project area. This defined tax-sharing amount has three tiers. The first tier began with the first year that the project area received tax increment revenue and continues for the life of the project area. This first tier tax-sharing amount is 25 percent of the Successor Agency's Pledged Tax Revenues.

The second tier began in the eleventh year after the Former Agency first received tax increment revenue. The second tier payments began in fiscal year 2014-15. This second tier is 21 percent of the tax increment revenue that is derived from the growth in assessed value that is in excess of the assessed value of the project area in year ten (Fiscal Year 2013-14).

The third tier begins in the 31st year after the Former Agency first received tax increment revenue. These third tier payments will begin in fiscal year 2034-35. This third tier is 14 percent of the tax increment revenue that is derived from the growth in assessed value that is in excess of the assessed value of the project area in the 30th year. These three tiers of tax sharing are calculated independent of one another and continue from their inception through the life of the Redevelopment Project.

Section 33607.5(e) of the Law specifies a procedure whereby the Successor Agency may request subordination of the statutory tax sharing payments to payment of debt service on bonded indebtedness by all of the Redevelopment Project's taxing entities. As part of this request, the Successor Agency must provide substantial evidence to the taxing entities that it will have sufficient funds to make the debt service payments on the bonds as well as making the required statutory tax sharing payments. The taxing entities may respond and agree to the subordination request, they may do nothing and after 45 days be deemed to have agreed to the subordination or they may disapprove the subordination request. A taxing entity may disapprove a subordination request only if it believes based on substantial evidence that the Successor Agency's financial estimates are incorrect and that the Agency will not be able to make debt service and the tax sharing payments. **The Successor Agency is not currently considering a request for taxing entities to subordinate their payments to the payment of debt service on the Bonds although the City has agreed to subordinate its share of the SB 211 and AB 1290 statutory tax sharing payments.**

Pass-Through Agreements with Taxing Agencies

The Successor Agency has no contractual pass-through agreements with Taxing Agencies.

No Developer Agreements

The Successor Agency has entered into no disposition and development agreements with third parties that constitute a pledge of Tax Revenue nor have they entered into any such agreements that would have a superior lien on Pledged Tax Revenues to payment of debt service on the Bonds.

Parity Debt

"Parity Debt" means any loan, bonds, notes, advances or indebtedness payable from Pledged Tax Revenues on a parity with the Bonds as authorized by the Indenture. The Indenture permits the issuance of Parity Debt to refund the Bonds. With respect to any such refunding, (i) annual debt service on such Parity Debt must be lower than annual debt service on the obligations being refunded during every year the obligations would otherwise be outstanding and (ii) the final maturity of any such Parity Debt must not exceed the final maturity of the obligations being refunded. Other than the Bonds, there will be no other outstanding obligations secured by the Pledged Tax Revenues.

MUNICIPAL BOND INSURANCE

[TO COME]

PROPERTY TAXATION IN CALIFORNIA

Property Tax Collection Procedures

Classification. In the State, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured property are entered on separate parts of the assessment roll maintained by the County assessor. The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens on the secured property arising pursuant to State law, regardless of the time of the creation of other liens.

Generally, ad valorem taxes are collected by a county (the "Taxing Authority") for the benefit of the various entities (e.g., cities, schools and special districts) that share in the ad valorem tax (each a taxing entity) and successor agencies eligible to receive distributions from the respective Redevelopment Property Tax Trust Funds.

Collections. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The taxing authority has four ways of collecting unsecured personal property taxes: (i) initiating a civil action against the taxpayer, (ii) filing a certificate in the office of the county

clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, (iii) filing a certificate of delinquency for record in the county recorder's office to obtain a lien on certain property of the taxpayer, and (iv) seizing and selling personal property, improvements or possessory interests belonging or assessed to the assessee. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Penalty. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is declared in default by operation of law and declaration of the tax collector on or about June 30 of each fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A 10% penalty also applies to delinquent taxes with respect to property on the unsecured roll, and further, an additional penalty of 1.5% per month accrues with respect to such taxes beginning on varying dates related to the tax bill mailing date.

Delinquencies. The valuation of property is determined as of the January 1 lien date as equalized in August of each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. Taxes on unsecured property are due January 1 and become delinquent August 31.

Supplemental Assessments. California Revenue and Taxation Code section 75.70 provides for the reassessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against real property. Prior to the enactment of this law, the assessment of such changes was permitted only as of the next tax lien date following the change, and this delayed the realization of increased property taxes from the new assessments for up to 14 months. Since fiscal year 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as the general property tax. The receipt of Supplemental Assessment revenues by taxing entities typically follows the change of ownership by a year or more. This statute provides increased revenue to the Redevelopment Property Tax Trust Fund to the extent that supplemental assessments of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the January 1 lien date. If a change in ownership results in a decrease in assessed value, a negative supplemental assessment may occur, requiring a refund of taxes paid to the property owner. To the extent such supplemental assessments occur within the Redevelopment Project, tax increment may increase or decrease. Revenues resulting from Supplemental Assessments have not been included in the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds.

County Property Tax Collection and Administrative Costs. In 1990, the Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions in proportion to the tax-derived revenues allocated to each. SB 1559 (Chapter 697, Statutes of 1992) explicitly includes redevelopment agencies among the jurisdictions which are subject to such charges. In addition, sections 34182(e) and 34183(a) of the Dissolution Act allow administrative costs of the County Auditor-Controller for the costs of adminis-

tering the provisions of the Dissolution Act. For fiscal year 2015-16, the County charges were 1.098% of gross tax increment within the Redevelopment Project. Based on the collection charges for fiscal year 2015-16, the Fiscal Consultant projects the charge for fiscal year 2016-17 and future fiscal years as a percentage of gross tax increment to remain at 1.098%. For purposes of the Fiscal Consultant's projections of tax increment available to pay debt service on the Bonds, the Fiscal Consultant assumed that the County will continue to charge the Successor Agency for property tax collection and administration and that such charge will increase proportionally with any increases in revenue. The County Auditor-Controller apportions tax increment revenue based on collections and does not utilize the alternative allocation method known as the Teeter Plan.

Levy and Collection of Taxes. The Successor Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Pledged Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to repay the Agency Bonds. Likewise, delinquencies in the payment of property taxes and the impact of bankruptcy proceedings on the legal ability of taxing agencies to collect property taxes could have an adverse effect on the Agency's ability to make timely Agency Bond payments.

Collection rates for the Redevelopment Project has been consistently high. The following table illustrates the final tax revenue collections for the previous five fiscal years. To calculate the rate of collections, the revenue allocated to the component project areas for current year revenues (secured, unsecured and homeowners exemption revenues) are compared to the original adjusted tax charge for that year. Occasionally, a collection rate of greater than 100% or an abnormally low collection rate occurs when roll corrections are made by the County Assessor after publication of the tax roll.

Tax Collection Rates
Fiscal Years 2011-12 to 2015-16

Fiscal Year	Adjusted Tax Levy	Current Year Apportioned	Prior Year Collections	Total Apportioned	Percentage of Current Year Collections	Percentage of Total Collections
2011-12	$9,336,802	$9,186,742	$(24,411)	$9,162,331	98.39%	98.13%
2012-13	$9,497,488	$9,381,665	$155,654	$9,537,319	98.78%	100.42%
2013-14	$9,725,322	$9,625,296	$181,965	$9,807,261	98.97%	100.84%
2014-15	$10,106,089	$10,012,212	$232,160	$10,244,372	99.07%	101.37%
2015-16	$10,400,972	$10,319,900	$193,933	$10,513,833	99.22%	101.09$

Source: Fiscal Consultant.

Substantial delinquencies in the payment of property taxes could impair the timely receipt by the Successor Agency of Pledged Tax Revenues, although the Pledged Tax Revenues provide substantial debt service coverage on the Bonds. See "THE REDEVELOPMENT PROJECT—Projected Available Net Tax Increment and Estimated Debt Service Coverage."

Unitary Property

Assembly Bill ("AB") 2890 (Statutes of 1986, Chapter 1457) provides that, commencing with fiscal year 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. The tax revenues are then to be allocated to each taxing entity

county-wide as follows: (i) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to 2%; (ii) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro rata county wide; and (iii) any increase in revenue above 2% would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

AB 454 (Statutes of 1987, Chapter 921) further modified Chapter 1457 regarding the distribution of tax revenues derived from property assessed by the State Board of Equalization. Chapter 921 provides for the consolidation of all State-assessed property, except for regulated railroad property, into a single tax rate area in each county. Chapter 921 further provides for a new method of establishing tax rates on State-assessed property and distribution of property tax revenue derived from State-assessed property to taxing jurisdictions within each county in accordance with a new formula. Railroads will continue to be assessed and revenues allocated to all tax rate areas where railroad property is sited.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County no longer includes the taxable value of utilities as part of the reported taxable values of a redevelopment project. Consequently, the base year values of redevelopment projects are reduced by the amount of utility value that existed originally in the base years. The Auditor Controller allocated a total of $127,518 of unitary tax revenue to the Redevelopment Project for fiscal year 2015-16. The Fiscal Consultant estimates $127,518 of unitary revenues were allocated to the Successor Agency from the Redevelopment Project in fiscal year 2015-16. For purposes of the Fiscal Consultant's projection of tax revenues available to pay debt service on the Bonds, the Fiscal Consultant assumed that the amount of unitary revenue allocated for fiscal year 2015-16 will continue to be allocated to the Redevelopment Project in the same amount for the life of the projection.

Article XIIIA of the State Constitution

Article XIIIA limits the amount of ad valorem taxes on real property to 1% of "full cash value" of such property, as determined by the county assessor. Article XIIIA defines "full cash value" to mean "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value,' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." Furthermore, the "full cash value" of all real property may be increased to reflect the rate of inflation, as shown by the consumer price index, not to exceed 2% per year, or may be reduced.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by substantial damage, destruction or other factors, and to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other special circumstances.

Article XIIIA (i) exempts from the 1% tax limitation taxes to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978 or (b) bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition; (ii) requires a vote of two-thirds of the qualified electorate to impose special taxes, or certain additional ad valorem taxes; and (iii) requires the approval of two-thirds of all members of the State Legislature to change any State tax laws resulting in increased tax revenues.

The validity of Article XIIIA has been upheld by both the California Supreme Court and the United States Supreme Court.

In the general election held November 4, 1986, voters of the State approved two measures, Propositions 58 and 60, which further amended Article XIIIA. Proposition 58 amended Article XIIIA to provide that the terms "purchase" and "change of ownership," for the purposes of determining full cash value of property under Article XIIIA, do not include the purchase or transfer of (1) real property between spouses and (2) the principal residence and the first $1,000,000 of other property between parents and children. This amendment to Article XIIIA may reduce the rate of growth of local property tax revenues.

Proposition 60 amended Article XIIIA to permit the Legislature to allow persons over the age of 55 who sell their residence and buy or build another of equal or lesser value within two years in the same county, to transfer the old residence assessed value to the new residence. As a result of the Legislature's action, the growth of property tax revenues may decline.

Legislation enacted by the Legislature to implement Article XIIIA provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement is shown at 100% of assessed value and all general tax rates reflect the $1 per $100 of taxable value (except as noted). Tax rates for voter-approved bonded indebtedness and pension liabilities are also applied to 100% of assessed value.

Each year the Board of Equalization announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. The changes in the California Consumer Price Index from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Through fiscal year 2010-11 there were six occasions when the inflation factor was less than 2%. Until fiscal year 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels; however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was -0.237% and this resulted in reductions to the adjusted base year value of parcels. The table below reflects the inflation adjustment factors for the current fiscal year and 10 prior fiscal years .

Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2007-08	2.000%
2008-09	2.000
2009-10	2.000
2010-11	-0.237
2011-12	0.753
2012-13	2.000
2013-14	2.000
2014-15	0.454
2015-16	1.998
2016-17	1.525

Source: Fiscal Consultant.

Appropriations Limitation—Article XIIIB

Article XIIIB limits the annual appropriations of the State and its political subdivisions to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and ser-

vices rendered by the government entity. The "base year" for establishing such appropriations limit is the 1978/79 fiscal year, and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Section 33678 of the Redevelopment Law provides that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by a redevelopment agency of proceeds of taxes levied by or on behalf of a redevelopment agency within the meaning of Article XIIIB, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State, including section 33678 of the Redevelopment Law. The constitutionality of section 33678 has been upheld in two California appellate court decisions. On the basis of these decisions, the Successor Agency has not adopted an appropriations limit.

Proposition 87

On November 8, 1988, the voters of the State approved Proposition 87, which amended Article XVI, section 16 of the State Constitution to provide that property tax revenue attributable to the imposition of taxes on property within a redevelopment project for the purpose of paying debt service on certain bonded indebtedness issued by a taxing entity (not the Former Agency or the Successor Agency) and approved by the voters of the taxing entity after January 1, 1989 will be allocated solely to the payment of such indebtedness and not to redevelopment agencies.

Appeals of Assessed Values

Pursuant to California law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in a form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board.

In the County, a property owner desiring to reduce the assessed value of such owner's property in any one year must submit an application to the County Assessment Appeals Board (the "Appeals Board"). Applications for any tax year must be submitted by September 15 of such tax year. Following a review of each application by the staff of the County Assessor's Office, the staff makes a recommendation to the Appeals Board on each application which has not been rejected for incompleteness or untimeliness or withdrawn. The Appeals Board holds a hearing and either reduces the assessment or confirms the assessment. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), the Assessor has the power to grant a reduction not only for the year for which application was originally made, but also for then current year as well. Appeals for reduction in the "base year" value of an assessment, which generally must be made within three years of the date of change in ownership or completion of new construction that determined the base year, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. Moreover, in the case of any reduction in any one year of assessed value granted for "ongoing hardship" in the then current year, and also in any cases involving stipulated appeals for prior years relating to base year and personal property assessments, the property tax revenues from which Pledged Tax Revenues are de-

rived attributable to such properties will be reduced in the then current year. In practice, such a reduced assessment may remain in effect beyond the year in which it is granted.

See "THE REDEVELOPMENT PROJECT—Assessment Appeals" for information regarding historical and pending appeals of assessed valuations by property owners in the Redevelopment Project. Also, see APPENDIX G—FISCAL CONSULTANT'S REPORT—Table G—Assessment Appeals Summary.

Proposition 8

Proposition 8, approved in 1978 (California Revenue and Taxation Code section 51(b)), provides for the assessment of real property at the lesser of its originally determined (base year) full cash value compounded annually by the inflation factor, or its full cash value as of the lien date, taking into account reductions in value due to damage, destruction, obsolescence or other factors causing a decline in market value. Reductions under this code section may be initiated by the County Assessor or requested by the property owner.

After such reductions in value are implemented, the Assessor is required to review the property's market value as of each subsequent lien date and adjust the value of real property to the lesser of its base year value as adjusted by the inflation factor pursuant to Article XIIIA of the California Constitution or its full cash value taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. Reductions made under Proposition 8 to residential properties are normally initiated by the Assessor but may also be requested by the property owner. Reductions of value for commercial, industrial and other land use types under Proposition 8 are normally initiated by the property owner as an assessment appeal.

After a roll reduction is granted under this code section, the property is reviewed on an annual basis to determine its full cash value and the valuation is adjusted accordingly. This may result in further reductions or in value increases. Such increases must be in accordance with the full cash value of the property and may exceed the maximum annual inflationary growth rate allowed on other properties under Article XIIIA of the State Constitution. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

For a summary of the recent history of Proposition 8 reductions in the Redevelopment Project, see "THE REDEVELOPMENT PROJECT—Residential Real Estate Values."

Propositions 218 and 26

On November 5, 1996, California voters approved Proposition 218—Voter Approval for Local Government Taxes—Limitation on Fees, Assessments, and Charges—Initiative Constitutional Amendment. Proposition 218 added Articles XIIIC and XIIID to the State Constitution, imposing certain vote requirements and other limitations on the imposition of new or increased taxes, assessments and property-related fees and charges. On November 2, 2010, California voters approved Proposition 26, the "Supermajority Vote to Pass New Taxes and Fees Act." Proposition 26 amended Article XIIIC of the California Constitution by adding an expansive definition for the term "tax," which previously was not defined under the California Constitution.

Pledged Tax Revenues securing the Bonds are derived from property taxes that are outside the scope of taxes, assessments and property-related fees and charges which are limited by Proposition 218 and Proposition 26.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID and certain other propositions affecting property tax levies were each adopted as measures which qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting Successor Agency revenues or the Successor Agency's ability to expend revenues.

THE CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

As described in "INTRODUCTION," the Dissolution Act dissolved the Former Agency as of February 1, 2012. Thereafter, pursuant to section 34173 of the Dissolution Act, the City became the Successor Agency to the Former Agency. Subdivision (g) of section 34173 of the Dissolution Act, added by AB 1484, expressly affirms that the Successor Agency is a separate public entity from the City, that the two entities shall not merge, and that the liabilities of the Former Agency will not be transferred to the City nor will the assets of the Former Agency become assets of the City.

Successor Agency Powers

All powers of the Successor Agency are vested in its five members who are elected members of the City Council. Pursuant to the Dissolution Act, the Successor Agency succeeds to the organizational status of the Former Agency but without any legal authority to participate in redevelopment activities, except to complete any work related to an approved enforceable obligation. The Successor Agency is tasked with expeditiously winding down the affairs of the Former Agency, pursuant to the procedures and provisions of the Dissolution Act. Under the Dissolution Act, substantially all Successor Agency actions are subject to approval by the Oversight Board, as well as review by the DOF.

Status of Compliance with Dissolution Act

The Dissolution Act requires a due diligence review to determine the unobligated balances of each successor agency that are available for transfer to taxing entities. The due diligence review involves separate reviews of each successor agency's low and moderate income housing fund and of all other funds and accounts. Once a successor agency completes the due diligence review and any transfers to taxing entities, the DOF will issue a finding of completion that expands the authority of each successor agency in carrying out the wind down process. A finding of completion allows a successor agency to, among other things, retain real property assets of the dissolved redevelopment agency and utilize proceeds derived from bonds issued prior to January 1, 2011.

The Successor Agency has completed the due diligence process and received its Finding of Completion on April 26, 2013.

After receiving a finding of completion, each successor agency is required to submit a Long Range Property Management Plan detailing what it intends to do with its inventory of properties. Successor agencies are not required to immediately dispose of their properties but are limited in terms of what they

can do with the retained properties. Permissible uses include: sale of the property, use of the property to fill an enforceable obligation, retention of the property for future redevelopment, and retention of the property for governmental use. These plans must be filed by successor agencies within six months of receiving a finding of completion, and the DOF will review these plans as submitted on a rolling basis.

The DOF Approved the Successor Agency's Long Range Property Management Plan on February 21, 2014.

Plan Limits

In accordance with the Redevelopment Law, redevelopment plans like the Redevelopment Plans were required to include certain limits on the financing of the redevelopment projects. These limits could include a time limit on the life of the redevelopment plan, a time limit on the incurrence of indebtedness, a time limit on the receipt of property tax increment and the repayment of indebtedness and a limit on the amount of bonded indebtedness outstanding at any time. SB 107 clarifies that former tax increment limits set forth in redevelopment plans such as the Redevelopment Plan no longer apply for purposes of paying approved enforceable obligations such as the Bonds.

THE REDEVELOPMENT PROJECT

The Redevelopment Project encompasses an area of approximately 1,767 acres of the City. It encompasses approximately 16.6 percent of the total acreage of the City, and approximately 25.3 percent of the total assessed value of property within the City, based on Fiscal Year 2016-17 values. The Redevelopment Project includes the non-residential portions of the 706-acre Santee Town Center area located in the geographic center of the City, the central Mission Gorge business corridor, the industrial corridors along Prospect Avenue, Magnolia Avenue, and SR-67, and properties along the SR-125 freeway and the SR-52 freeway extension through the City completed in 2011. The Redevelopment Project is comprised of the Sunset Area, which consists of portions of the original Redevelopment Project that remained after deletions of Redevelopment Project territory by the Fourth Amendment adopted in 2002, and the Amendment Area, comprised of new territory added to the Redevelopment Project by the Fifth Amendment and the portion of the original Redevelopment Project deleted by the Fourth Amendment. For all purposes of the receipt of tax increment revenues, both components of the Redevelopment Project are considered as one.

The Amendment Area encompasses a bounded area of approximately 1,120 acres which is approximately 63.4 percent of the total acreage of the Redevelopment Project. It consists of those portions of the original project area with significant future redevelopment potential, properties with development potential on the western and eastern boundaries of the City, properties along the SR-125 freeway corridor and the SR-52 freeway corridor.

The Sunset Area encompasses a bounded area of approximately 647 acres which is approximately 36.6 percent of the total acreage of the Redevelopment Project. The Sunset Area includes portions of the original project area that have been substantially developed or are not projected to need future long-term redevelopment assistance. These areas include the Santee Plaza/Promenade power center, the Kohl's and Lowe's development, the central Mission Gorge business corridor, and the industrial corridors along Prospect Avenue, Magnolia Avenue, and SR-67.

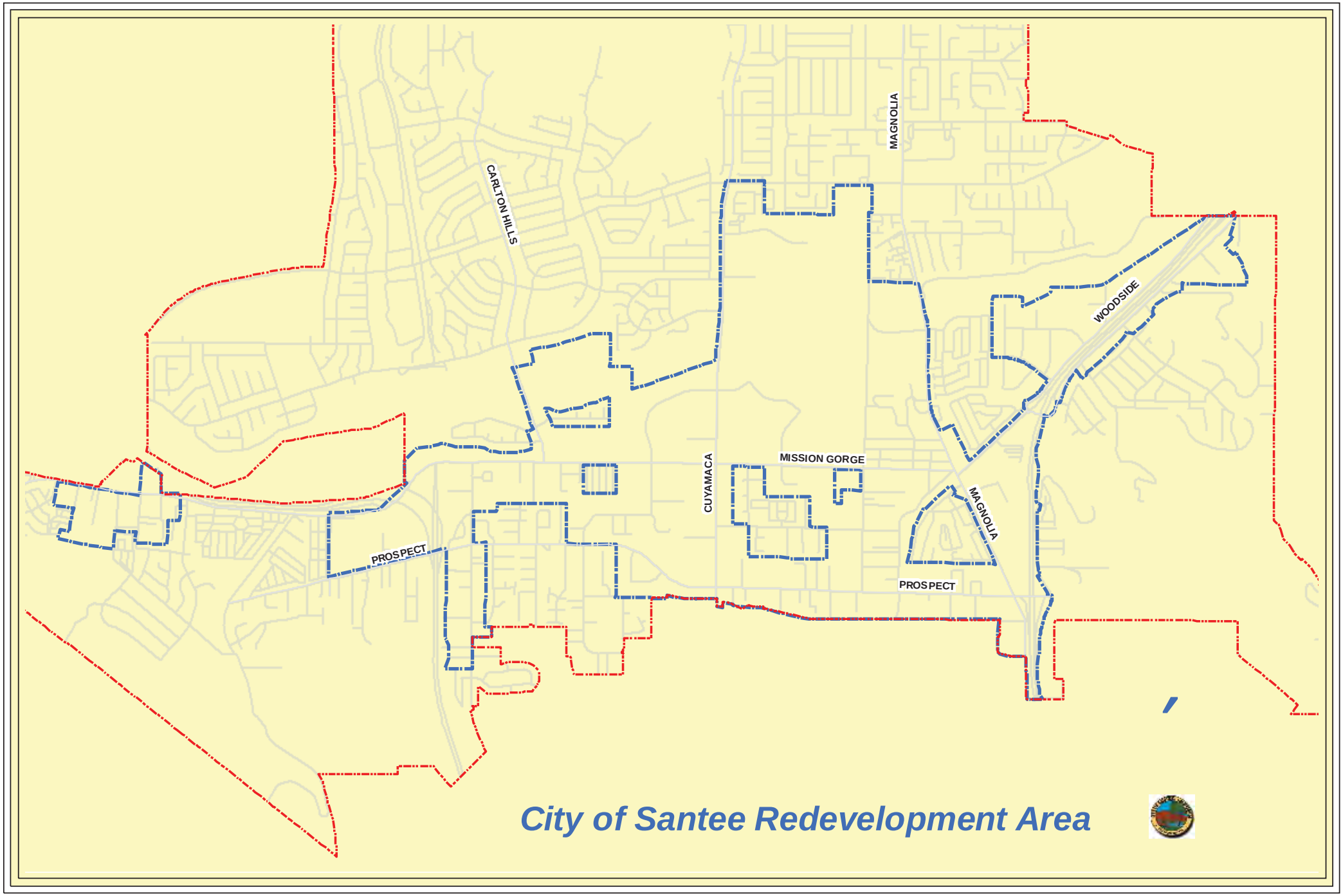
All real property in the Redevelopment Project is subject to the controls and restrictions of the Redevelopment Plan which are implemented through City zoning and development regulations. The Redevelopment Plan provides further that no new improvement is to be constructed, and no existing improvement is to be substantially modified, altered, repaired or rehabilitated, except in accordance with the Redevelopment Plan and development and design controls and, in the discretion of the City Council, in accordance with architectural, landscape and site plans submitted to and approved by the City Council.

The Redevelopment Plan requires that new construction shall comply with all applicable State statutes and local laws in effect, including, but not limited to, fire, building, electrical, heating, and zoning codes of the City. The Redevelopment Plan allows for commercial, residential and public uses within the Redevelopment Project. The City Council may permit an existing but nonconforming use to remain so long as the existing building is in good condition and is generally compatible with the development and uses in the Redevelopment Project.

Within the limits, restrictions and controls established in the Redevelopment Plan, the City Council is authorized to establish land coverage, setback requirements, design criteria, and other development and design controls necessary for the proper development of both private and public areas within the Redevelopment Project.

Under certain circumstances, the City Council is authorized to permit a minor variation from the limits, restrictions and controls established by the Redevelopment Plan. However, no variation shall be granted which changes the basic land use or which permits a substantial departure from the Redevelopment Plan provisions. In permitting a variation, the City Council shall impose such conditions as are necessary to protect the public health, safety or welfare, and to assure compliance with the purposes of the Redevelopment Plan.

A map showing the Redevelopment Project is shown on the following page.


MAGNOLIA
CARLTON HILLS
WOODSIDE
MISSION GORGE
CUYAMACA
MAGNOLIA
PROSPECT
PROSPECT
City of Santee Redevelopment Area

Land Use

The aggregate designated land use in the Redevelopment Project for fiscal year 2016-17 is set forth in the following table.

TABLE 1
LAND USE SUMMARY
Fiscal Year 2016-17

	Sunset Area			Amendment Area			Total Redevelopment Project		
Category	No. of Parcels	Taxable Value	% of Value	No. of Parcels	Taxable Value	% of Value	No. of Parcels	Taxable Value	% of Value
Residential	258	$77,762,081	12.54%	1,257	$408,267,756	56.16%	1,515	$486,029,837	36.07%
Commercial	132	267,083,891	43.06	105	172,610,553	23.74	237	439,694,444	32.63
Industrial	158	169,903,248	27.39	86	74,372,233	10.23	244	244,275,481	18.13
Institutional	3	0	0.0	5	127,706	0.02	8	127,706	0.01
Recreational	1	0	0.0	26	1,233,810	0.17	27	1,233,810	0.09
Vacant	38	35,020,610	5.65	96	23,704,911	3.26	134	58,725,521	4.36
Exempt	26	0	0.0	67	0	0.00	93	0	0.00%
Subtotal	616	$549,769,830	88.63%	1,642	$680,316,969	93.58%	2,258	$1,230,086,799	91.30%
Non-Unitary		$ 0	0.00%		$ 0	0.00%		$ 0	0.00%
Unsecured		70,561,204	11.37		46,677,570	6.42		117238774	8.70
Subtotal		$70,561,204	11.37%		$46,677,570	6.42%		$117,238,774	8.70%
Total	616	$620,331,034	100.00%	1,642	$726,994,539	100.00%	2,258	$1,347,325,573	100.00%

Source: Fiscal Consultant.

Historical Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of a redevelopment project. The assessments are assigned to Tax Rate Areas (TRAs) that are coterminous to the boundaries of a redevelopment project. The locally assessed secured and unsecured taxable values attributable to the Redevelopment Project for the 2016-17 Fiscal Year are as reported by the County Auditor-Controller. The County's report of values distinguishes between secured and unsecured assessed values. Utilizing County Assessor roll data, values were further distinguished to the real (land and improvements) and personal property assessed values.

Between 2007-08 and 2016-17 the taxable value within the Sunset Area increased by $38,502,671 (6.62%). This represents an average annual growth of only 0.74%. Growth has been very slow to recover from the reductions in value that occurred in fiscal years 2009-10 through 2011-12 and again in 2015-16 within the Sunset Area. Assessed values within the Sunset Area for 2016-17 are now $15 million (2.49%) above the peak values in 2008-09 prior to the economic downturn.

Between 2007-08 and 2016-17, the taxable value within the Amendment Area increased by $174,143,673 (31.50%). This represents an average annual growth of 3.12% despite reductions in value that occurred in fiscal year 2009-10 within the Amendment Area. Growth has been steady in the other years

since 2010-11. Assessed values within the Amendment Area for 2016-17 is $129.8 million (21.97%) greater than the peak values in 2008-09 prior to the economic downturn.

The two Redevelopment Project component areas have grown at differing rates since 2007-08. Each of the component areas experienced some amount of value loss during 2009-10. The Sunset Area also experienced loss during 2010-11 and 2011-12 and again in 2015-16. The table below shows the taxable values for each of the component areas and the percentage by which these values have increased above the prior year values.

TABLE 2
HISTORICAL TAXABLE VALUES AND ANNUAL PERCENTAGE INCREASE OR DECREASE
Fiscal Years 2007-08 to 2016-17

	Sunset Area	Amendment Area	Redevelopment Project
2007-08	$581,828,363	$552,850,866	$1,134,679,229
2008-09	605,307,383	597,163,944	1,202,471,327
	4.04%	8.02%	5.97%
2009-10	602,293,882	590,866,028	1,193,159,910
	(0.50%)	(1.05%)	(0.77%)
2010-11	590,424,729	611,576,626	1,202,001,355
	(1.97%)	3.51%	0.74%
2011-12	574,589,593	613,421,956	1,188,011,549
	(2.68%)	0.30%	(1.16%)
2012-13	583,340,558	622,298,042	1,205,638,600
	1.52%	1.45%	1.48%
2013-14	588,460,544	641,568,401	1,230,028,945
	0.88%	3.10%	2.02%
2014-15	601,839,572	667,754,364	1,269,593,936
	2.27%	4.08%	3.22%
2015-16	593,563,090	704,811,018	1,298,374,108
	(1.38%)	5.55%	2.27%
2016-17	620,331,034	726,994,539	1,347,325,573
	4.51%	3.15%	3.77%

Largest Taxpayers

The ten largest taxpayers for the Redevelopment Project according to the 2016-17 assessed valuations are shown below.

TABLE 3
TEN LARGEST PROPERTY TAXPAYERS
Fiscal Year 2016-17

Property Owner	Assessed Value	% of Total Value	% of Incremental Value	Primary Land Use
Vestar Kimco Santee LP	$48,384,024	3.59%	4.50%	Retail
Walmart Stores LP (1)	29,006,793	2.15%	2.70%	Retail
Santee Retail LP	21,366,537	1.59%	1.99%	Retail
HCA Arbors Apartment	20,790,544	1.54%	1.93%	Residential
American Realty Capital Properties Inc.	18,846,730	1.40%	1.75%	Commercial
Costco Wholesale Corporation	17,388,989	1.29%	1.62%	Retail
Petsmart Inc.	16,752,478	1.24%	1.56%	Retail
Target (1)	16,702,932	1.24%	1.55%	Retail
Von's Companies Inc.	16,372,008	1.22%	1.52%	Retail
Lowes HIW	16,042,909	1.19%	1.49%	Retail
Top Property Owner Total Value	$ 221,653,944	16.45%	20.59%	
Redevelopment Project Assessed Value	$1,347,325,573			
Redevelopment Project Incremental Value	$1,076,294,174			

Source: Fiscal Consultant.
(1) This taxpayer has a pending assessment appeal on parcels owned.

[MORE INFO ON VESTAR KIMCO SANTEE LP TO COME]

Historical Pledged Tax Revenues

Table 4 below reflects the Successor Agency's historical assessed values, incremental values and allocated incremental revenues for the most recent five fiscal years.

TABLE 4
HISTORICAL ASSESSED VALUES, INCREMENTAL VALUES AND ALLOCATED INCREMENTAL REVENUES
Fiscal Years 2011-12 to 2015-16

	2011-12	2012-13	2013-14	2014-15	2015-16
Total Assessed Value	1,188,011,549	1,205,638,600	1,230,028,945	1,269,593,936	1,298,374,108
Incremental Value	916,980,150	934,607,201	958,997,546	998,562,537	1,027,342,709
Total Annual Increment (1)	9,169,802	9,346,072	9,589,975	9,985,625	10,273,427
Gross RPTTF Collections (2)	8,999,483	9,558,114	9,805,335	10,212,542	10,472,670
Less: SB 2557 Admin. Fees	(138,936)	(145,822)	(153,345)	(145,301)	(165,122)
Less: Pass-Through Payments (3)	(1,241,898)	(1,316,300)	(1,409,906)	(1,557,628)	(1,655,573)
Pledged Tax Revenues	7,618,649	8,095,992	8,242,084	8,509,613	8,651,976
Percent change	—	1.06%	1.02%	1.03%	1.02%

Source: Fiscal Consultant.

(1) Includes regular secured and unsecured taxes computed based on the Incremental Value multiplied by the 1% general levy tax rate.

(2) Includes regular secured, unsecured, Unitary, supplemental and other taxes collected for the given fiscal year. Collections shown for 2015-16 are through June, 2016.

(3) The County's practice is to deduct all pass-through obligations from the RPTTF, regardless of their lien priority, before remitting the balance to the Successor Agency to pay debt service. If subordinate pass-through amounts are required to pay debt service, upon request of the Successor Agency, those amounts will not be deducted by the County.

Assessment Appeals

Assessment appeals data from the County and through July 20, 2016, has been reviewed to determine the potential impact that pending appeals may have on the projected Pledged Tax Revenues. There are 27 pending appeals within the Redevelopment Project. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, the Fiscal Consultant has reviewed the historical averages for the number of appeals allowed and the amount of assessed value removed. The Fiscal Consultant then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of these pending appeals.

Two of the Redevelopment Project top ten taxpayers, Walmart Stores LP and Target, have pending appeals of their assessed value. These taxpayers are among the Redevelopment Project top ten taxpayers, Walmart Stores LP and Target have assessment appeals pending.

The table below summarizes the projected loss of assessed value will result from the assessment appeals that are currently pending within the component project areas. The projected reductions in value from successful appeals have been factored into the projection of value for 2017-18.

TABLE 5
PROJECTED RESULT OF APPEALS

Redevelopment Project	Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Average Reduction	No. and Value of Appeals Pending	Estimated No. of Appeals Allowed	Estimated Reduction on Pending Appeals (2016-17 Value Reduction)
Sunset Area	55	41	33	28.59%	14 ($32,077,219)	11	$ 7,382,226
Amendment Area	71	58	55	16.34	13 ($41,992,363)	12	6,504,710
Total	126	99	88	25.68%	27 ($74,069,582)	23	$13,886,936

Source: Fiscal Consultant.

See APPENDIX G—FISCAL CONSULTANT'S REPORT for a more detailed analysis of the assessment appeals for each Redevelopment Project. The estimated reduction in assessed values from pending appeals shown in Table 5 have been factored into the Fiscal Consultant's projections.

Residential Real Estate Values

Residential properties make up 36.07% of the value of all properties within the Redevelopment Project. Assessed values within the Redevelopment Project suffered a value reduction among the single family residential properties within their boundaries due to the requirements of Prop 8. Within the Sunset Area, there are 31 single family home parcels that for 2016-17 are still below their adjusted base values. A total of $712,985 in single family home values was recovered by the County Assessor on 34 parcels for 2016-17. These parcels have a potential total of $2.7 million in value to be recovered as market values increase. The Amendment Area has a larger number of residential parcels than the Sunset Area and suffered the larger declines in taxable value as the result of the loss of market values during the recession. For 2016-17, the Amendment Area still has 231 parcels enrolled at values below their adjusted base values and these parcels possess a potential value recovery amount of $23.1 million. Values for 2016-17 in the Amendment

Area included $5.2 million in value that was recovered on 256 parcels that had been previously reduced in value under Prop 8.

New Development and Transfers of Ownership

Real property represents assessed valuations for land and improvements. The new development assumptions incorporated into the Fiscal Consultant Report include new construction or property transfer activities which are completed. The impacts of these new development are included in the projections of incremental taxable value and tax increment revenue.

Located at 310-320 Town Center Parkway, the Parc One @ Santee apartment complex was developed by Intergulf J M R (Parc One) LLC. The 172-unit community features one, two and three bedroom units. Completed in April 2016, this development is anticipated to add $18,534,883 improvement value to the 2017-18 rolls based on building permit valuations provided by the City.

Changes in value due to transfers of ownership occurring after the lien date for the 2016-17 fiscal year will affect the taxable values for fiscal year 2017-18. New development continues to occur within the Redevelopment Project that is above and beyond changes of ownership but no additional value has been included in the projections for new construction. Table 6 below reflects the values changes incorporated into the projected values for 2017-18 as a result of the transfers of ownership occurring after January 1, 2016 and through August 10, 2016.Changes in value due to transfers of ownership occurring after the lien date for the 2016-17 fiscal year will affect the taxable values for fiscal year 2017-18. New development continues to occur within the Redevelopment Project that is above and beyond changes of ownership but no additional value has been included in the projections for new construction.

TABLE 6
VALUE ADDED TO POROJECTTIONS FROM TRANSFERS OF OWNERSHIP
After January 1, 2016

Component Area of Redevelopment Project	Number of Transfers	Added Value to the 2016-17 Tax Roll
Sunset Area	24	$13,610,255
Amendment Area	86	25,140,367
Total	110	$38,750,722

Source: Fiscal Consultant.

Historical RPTTF Deposits

Table 7 below sets forth historical RPTTF deposits for the Redevelopment Project.

TABLE 7
REDEVELOPMENT PROPERTY TAX TRUST FUND DEPOSITS
Fiscal Years 2011-12 through 2015-16

	2011-12 (3)	2012-13	2013-14	2014-15	2015-16
January RPTTF Deposits (1)	$5,176,922	$4,142,658	$4,101,616	$4,394,946	$4,379,418
June RPTTF Deposits (2)	3,822,561	5,415,456	5,703,719	5,817,596	6,093,253
Gross RPTTF Deposit	8,999,483	9,558,114	9,805,335	10,212,542	10,472,670
Less: SB 2557 Admin. Fees	(111,413)	(115,617)	(112,367)	(116,138)	(139,627)
Less: County RPTTF Admin. Fees	(27,523)	(30,205)	(40,978)	(29,163)	(25,494)
Less: Tax Sharing	(1,241,898)	(1,316,300)	(1,409,906)	(1,557,628)	(1,655,573)
Net RPTTF Available	$7,618,649	$8,095,992	$8,242,084	$8,509,613	$8,651,976

Source: Fiscal Consultant.

(1) Collections deposited in the RPTTF for allocation in January include June and July collections from the prior fiscal year and collections for August through December of the current fiscal year.

(2) Collections deposited in the RPTTF for allocations in June include January through May collections for the current fiscal year.

(3) Revenues for the January RPTTF Deposits are the total revenue amounts allocated to the Former Agency through January 31, 2012. Amounts for the June RPTTF Deposits are the total revenues for FY 2011-12 less amounts allocated to the Former Agency through January 31, 2012.

Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage

Table 8 below shows available net tax increment from the Redevelopment Project, assumes 1.525% growth (from 2015-16) in fiscal year 2016-17, 2% growth in each year thereafter and includes projected debt service on the Bonds. Table 9 below shows available net tax increment from the Redevelopment Project, assumes 1.525% growth (from 2015-16) in fiscal year 2016-17, 0% growth in each year thereafter and includes projected debt service on the Bonds.

Pledged Tax Revenues presented in the projection in Table 9 represent the amount available for debt service computed as gross Redevelopment Property Tax Trust Fund Revenue less (1) the County administration fees; (2) statutory pass-through payments, and (2) contractual pass-through obligations. The County's practice, however, is to deduct all pass-through obligations from the RPTTF, regardless of their lien priority, before remitting the balance to the Successor Agency to pay debt service. If subordinate pass-through amounts are required to pay debt service, upon request of the Successor Agency, those amounts will not be deducted by the County. The projection commences with the 2016-17 fiscal year and 2016-17 assessed valuations and incorporates the valuation assumptions made in the Fiscal Consultant's Report. Personal Property values are assumed to remain constant. The projections include an adjustment for pending appeals.

Table 10 shows debt service coverage on a semi-annual basis.

TABLE 8
PROJECTION OF TAX REVENUES FOR DEBT SERVICE AND DEBT SERVICE COVERAGE
(2% Growth)
(dollars in thousands)

(1) Year Ending 6/30	Total RPTTF Revenues	Less: County Admin.	Less: Statutory Pass-Through Obligations	(2) Net Tax Revenues	Debt Service*	Debt Service Coverage*
2017	$10,890	$(120)	$(1,448)	$ 9,322	$3,269	2.85x
2018	11,574	(127)	(1,670)	9,777	3,268	2.99x
2019	11,840	(130)	(1,756)	9,954	3,269	3.04x
2020	12,111	(133)	(1,843)	10,135	3,271	3.10x
2021	12,388	(136)	(1,933)	10,319	3,266	3.16x
2022	12,670	(139)	(2,024)	10,507	3,268	3.22x
2023	12,958	(142)	(2,117)	10,699	3,267	3.27x
2024	13,251	(146)	(2,212)	10,894	3,267	3.33x
2025	13,551	(149)	(2,308)	11,093	3,272	3.39x
2026	13,856	(152)	(2,407)	11,297	3,268	3.46x
2027	14,168	(156)	(2,508)	11,504	3,264	3.52x
2028	14,485	(159)	(2,611)	11,715	3,266	3.59x
2029	14,810	(163)	(2,715)	11,932	3,267	3.65x
2030	15,140	(166)	(2,822)	12,152	3,263	3.72x
2031	15,477	(170)	(2,931)	12,376	3,263	3.79x
2032	15,821	(174)	(3,042)	12,605	3,267	3.86x
2033	16,172	(178)	(3,156)	12,838	3,267	3.93x
2034	16,530	(182)	(3,294)	13,054	1,342	9.73x
2035	16,895	(186)	(3,452)	13,257	1,344	9.86x
2036	17,268	(190)	(3,615)	13,463	1,335	10.08x
2037	17,647	(194)	(3,780)	13,673	1,340	10.20x
2038	18,035	(198)	(3,948)	13,889	1,338	10.38x
2039	18,430	(202)	(4,120)	14,108	1,343	10.50x
2040	18,833	(207)	(4,296)	14,330	1,340	10.69x
2041	19,244	(211)	(4,475)	14,558	1,339	10.87x

Source: Fiscal Consultant. Debt service data from the Underwriter.
*Preliminary, subject to change.
(1) Pledged Tax Revenues are presented for the fiscal year ending in the year; Bond debt service is presented for the calendar year as payable from that fiscal year Pledged Tax Revenues.
(2) Reflects subordination of pass-through amounts owed to the City.

TABLE 9
PROJECTION OF TAX REVENUES FOR DEBT SERVICE AND DEBT SERVICE COVERAGE
(0% Growth)
(dollars in thousands)

(1) Year Ending 6/30	Total RPTTF Revenues	Less: County Admin.	Less: Statutory Pass-Through Obligations	(2) Net Tax Revenues	Debt Service*	Debt Service Coverage*
2017	$10,890	$(120)	$(1,448)	$9,322	$3,269	2.85x
2018	10,752	(118)	(1,404)	9,230	3,268	2.82x
2019	10,752	(118)	(1,404)	9,230	3,269	2.82x
2020	10,752	(118)	(1,404)	9,230	3,271	2.82x
2021	10,752	(118)	(1,404)	9,230	3,266	2.83x
2022	10,752	(118)	(1,404)	9,230	3,268	2.82x
2023	10,752	(118)	(1,404)	9,230	3,267	2.83x
2024	10,752	(118)	(1,404)	9,230	3,267	2.83x
2025	10,752	(118)	(1,404)	9,230	3,272	2.82x
2026	10,752	(118)	(1,404)	9,230	3,268	2.82x
2027	10,752	(118)	(1,404)	9,230	3,264	2.83x
2028	10,752	(118)	(1,404)	9,230	3,266	2.83x
2029	10,752	(118)	(1,404)	9,230	3,267	2.83x
2030	10,752	(118)	(1,404)	9,230	3,263	2.83x
2031	10,752	(118)	(1,404)	9,230	3,263	2.83x
2032	10,752	(118)	(1,404)	9,230	3,267	2.83x
2033	10,752	(118)	(1,404)	9,230	3,267	2.83x
2034	10,752	(118)	(1,404)	9,230	1,342	6.88x
2035	10,752	(118)	(1,404)	9,230	1,344	6.87x
2036	10,752	(118)	(1,404)	9,230	1,335	6.91x
2037	10,752	(118)	(1,404)	9,230	1,340	6.89x
2038	10,752	(118)	(1,404)	9,230	1,338	6.90x
2039	10,752	(118)	(1,404)	9,230	1,343	6.87x
2040	10,752	(118)	(1,404)	9,230	1,340	6.89x
2041	10,752	(118)	(1,404)	9,230	1,339	6.89x

Source: Fiscal Consultant. Debt service data from the Underwriter.
*Preliminary, subject to change.
(1) Pledged Tax Revenues are presented for the fiscal year ending in the year; Bond debt service is presented for the calendar year as payable from that fiscal year Pledged Tax Revenues.
(2) Reflects subordination of pass-through amounts owed to the City.

TABLE 10
PROJECTION OF SEMI-ANNUAL DEBT SERVICE COVERAGE
(2% Growth)

Bond Year (1)	FY 2014-15 (Actual)			FY 2015-16 (Actual)			FY 2016-17 (Projected)			FY 2017-18 (Projected)		
Tax Installment:	1st	2nd		1st	2nd		1st	2nd		1st	2nd	
ROPS Cycle [2]	14-15B	15-16A		15-16B	16-17A		16-17B	17-18A		17-18B	18-19A	
RPTTF Distribution Dates	January 2	June 1	Total	January 2	June 1	Total	January 2	June 1	Total	January 2	June 1	Total
RPTTF Deposits [3]	$4,394,946	$5,817,596	$10,212,542	$4,379,418	$6,093,253	$10,472,671	$4,678,985	$6,202,376	$10,881,361	$4,838,759	$6,414,168	$11,252,927
Less:												
County Administration Costs [4]	(74,791)	(70,510)	(145,301)	(72,845)	(66,782)	(139,627)	(51,390)	(68,121)	(119,511)	(53,145)	(70,447)	(123,592)
Pass Through Obligations [4]	(662,097)	(895,531)	(1,557,628)	(687,159)	(968,414)	(1,655,573)	(772,540)	(1,024,064)	(1,796,604)	(831,336)	(1,102,004)	(1,933,340)
Net RPTTF Deposits	$3,658,058	$4,851,555	$8,509,613	$3,619,414	$5,058,057	$8,677,471	$3,855,055	$5,110,191	$8,965,246	$3,954,278	$5,241,717	$9,195,995
Interest	1,431,586	1,445,036	2,890,071	1,419,986	1,419,986	2,839,972	514,923	908,688	1,423,611	896,493	896,493	1,792,985
Principal	—	1,240,000	1,240,000	—	1,285,000	1,285,000	922,500	922,500	1,845,000	737,500	737,500	1,475,000
Total Debt Service	$1,431,586	$2,685,037	$4,130,072	$1,419,986	$2,704,986	$4,124,972	$1,437,424	$1,831,189	$3,268,612	$1,633,994	$1,633,994	$3,267,986
Remaining Revenue	$2,226,472	$2,166,518	$4,379,541	$2,199,428	$2,353,071	$4,552,499	$2,417,632	$3,279,003	$5,696,634	$2,320,286	$3,607,725	$5,928,009
Overall Coverage [5]	2.56x	1.81x	2.06x	2.55x	1.87x	2.10x	2.68x	2.79x	2.74x	2.42x	3.21x	2.81x

Source: Fiscal Consultant. Debt service data from the Underwriter.

(1) Bond year ending August 1 for purposes of annual debt service totals.

(2) Terms used by the DOF to denote semiannual ROPS periods based on the fiscal year in which Recognized Obligation Payment Schedule expenditures occur, rather than the fiscal year in which revenues are received.

(3) RPTTF deposits are actual through ROPS 16-17A. Amounts shown for FY 2016-17 and 2017-18 are projected based on 2% growth model. The sum of the RPTTF deposits for 2014-15 and 2015-16 will not equal reported tax increment revenue for such fiscal year due to the fact that the "B" cycle RPTTF deposits include June and July collections from the prior fiscal year and the "A" cycle RPTTF deposits do not include collections for June and July of the current fiscal year. This is the result of the allocation cycles mandated in the Dissolution Act. Projected RPTTF deposits for 2016-17 and 2017-18 are divided assuming 53% of annual revenue being allocated to the "B" ROPS in January and 47% being allocated to the "A" ROPS in June.

(4) County Administration and pass through amounts are actual for fiscal years 2014-15 and 2015-16. Amounts shown for fiscal years 2016-17 and 2017-18 are projected with annual projected amounts proportionally divided between the two RPTTF cycles based on the County's allocation schedules. County Administration Costs are assumed to include $2,000 per RPTTF cycle for administration of the RPTTF process.

(5) Net RPTTF Deposits divided by Total Debt Service.

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The various legal opinions to be delivered concurrently with the issuance of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by State and federal laws, rulings and decisions affecting remedies, and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights, including equitable principles.

Recognized Obligation Payment Schedule

The Dissolution Act provides that only those payments listed in a Recognized Obligation Payment Schedule may be made by a successor agency from the funds specified in the Recognized Obligation Payment Schedule. Pursuant to Section 34177 of the Dissolution Act, on or before each February 1 commencing February 1, 2016, the Successor Agency shall submit to the Oversight Board and the DOF, a Recognized Obligation Payment Schedule unless, at the option of the Successor Agency and subject to DOF approval and satisfaction of certain other conditions, a Last and Final Recognized Obligation Payment Schedule is filed by the Successor Agency and is approved by the DOF in which event no such periodic filing requirements apply. In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, for each semiannual or annual period, as applicable, the Dissolution Act requires each successor agency to prepare and approve, and submit to the successor agency's oversight board and the DOF for approval, a Recognized Obligation Payment Schedule pursuant to which enforceable obligations (as defined in the Dissolution Act) of the successor agency are listed, together with the source of funds to be used to pay for each enforceable obligation. Consequently, in instances where a Last and Final Recognized Obligation Payment Schedule is not filed, Pledged Tax Revenues will not be withdrawn from the Redevelopment Property Tax Trust Fund by the County Auditor-Controller and remitted to the Successor Agency without a duly approved and effective Recognized Obligation Payment Schedule to pay debt service on the Bonds and to pay other enforceable obligations for each applicable annual period. In the event the Successor Agency were to fail to file a Recognized Obligation Payment Schedule as required, the availability of Pledged Tax Revenues to the Successor Agency could be adversely affected for such period. See "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

In instances where a Last and Final Recognized Obligation Payment Schedule is not filed, if a successor agency does not submit a Recognized Obligation Payment Schedule within five business days of the date upon which the Recognized Obligation Payment Schedule is to be used to determine the amount of property tax allocations, the DOF may determine if any amount should be withheld by the county auditor-controller for payments for enforceable obligations from distribution to taxing entities, pending approval of a Recognized Obligation Payment Schedule. The county auditor-controller is then required to distribute the portion of any of the sums withheld as described above to the affected taxing entities in accordance with applicable provisions of the Dissolution Act upon notice by the DOF that a portion of the withheld balances are in excess of the amount of enforceable obligations. The Dissolution Act in accordance with a Recognized Obligation Payment Schedule approved by the DOF. Although the Successor Agency currently has no plans to file a Last and Final Recognized Obligation Payment Schedule nothing in the Indenture prevents it from doing so in the future.

For a description of the covenant made by the Successor Agency in the Indenture relating to the obligation to submit Recognized Obligation Payment Schedules on a timely basis, and the Successor Agency's history of submissions of Recognized Obligation Payment Schedules, see "THE DISSOLUTION ACT—Recognized Obligation Payment Schedules."

AB 1484 also added provisions to the Dissolution Act implementing certain penalties in the event a successor agency does not timely submit a Recognized Obligation Payment Schedule as required. Specifically, an oversight board approved Recognized Obligation Payment Schedule must be submitted by the successor agency to the county auditor-controller and the DOF, no later than each February 1 for the subsequent annual period. If a successor agency does not submit a Recognized Obligation Payment Schedule by such deadlines, the city or county that established the redevelopment agency will be subject to a civil penalty equal to $10,000 per day for every day the schedule is not submitted to the DOF. Additionally, a successor agency's administrative cost allowance is reduced by 25% if the successor agency does not submit an oversight board-approved Recognized Obligation Payment Schedule within 10 days of the February 1 deadline, with respect to the Recognized Obligation Payment Schedule for the subsequent annual period.

Challenges to Dissolution Act

Several successor agencies, cities and other entities have filed judicial actions challenging the legality of various provisions of the Dissolution Act. One such challenge is an action filed on August 1, 2012, by Syncora Guarantee Inc. and Syncora Capital Assurance Inc. (collectively, "Syncora") against the State, the State Controller, the State Director of Finance, and the Auditor-Controller of San Bernardino County on his own behalf and as the representative of all other County Auditors in the State (Superior Court of the State of California, County of Sacramento, Case No. 34-2012-80001215). Syncora are monoline financial guaranty insurers domiciled in the State of New York, and as such, provide credit enhancement on bonds issued by state and local governments and do not sell other kinds of insurance such as life, health, or property insurance. Syncora provided bond insurance and other related insurance policies for bonds issued by former California redevelopment agencies.

The complaint alleged that the Dissolution Act, and specifically the "Redistribution Provisions" thereof (i.e., California Health and Safety Code sections 34172(d), 34174, 34177(d), 34183(a)(4), and 34188) violate the "contract clauses" of the United States and California Constitutions (U.S. Const. art. 1, §10, cl.1; Cal. Const. art. 1, §9) because they unconstitutionally impair the contracts among the former redevelopment agencies, bondholders and Syncora. The complaint also alleged that the Redistribution Provisions violate the "Takings Clauses" of the United States and California Constitutions (U.S. Const. amend. V; Cal Const. art. 1 § 19) because they unconstitutionally take and appropriate bondholders' and Syncora's contractual right to critical security mechanisms without just compensation.

After hearing by the Sacramento County Superior Court on May 3, 2013, the Superior Court ruled that Syncora's constitutional claims based on contractual impairment were premature. The Superior Court also held that Syncora's takings claims, to the extent based on the same arguments, were also premature. Pursuant to a Judgment stipulated to by the parties, the Superior Court on October 3, 2013, entered its order dismissing the action. The Judgment, however, provides that Syncora preserves its rights to reassert its challenges to the Dissolution Act in the future. The Successor Agency does not guarantee that any reassertion of challenges by Syncora or that the final results of any of the judicial actions brought by others challenging the Dissolution Act will not result in an outcome that may have a material adverse effect on the Successor Agency's ability to timely pay debt service on the Bonds.

Reduction in Taxable Value

Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and thereby available to pay principal of and interest on the Bonds are determined by the amount of incremental taxable value in the Redevelopment Project and the current rate or rates at which property in the Redevelopment Project is taxed. The reduction of taxable values of property in the Redevelopment Project caused by economic factors beyond the Successor Agency's control, such as relocation out of the Redevelopment Project by one or more major property owners, sale of property to a non-profit corporation exempt from property taxation, or the complete or partial destruction of such property caused by, among other eventualitiesSantee or other natural disaster, could cause a reduction in the tax increment available to pay debt service on the Bonds. Such reduction of tax increment available to pay debt service on the Bonds could have an adverse effect on the Successor Agency's ability to make timely payments of principal of and interest on the Bonds; this risk could be increased by the significant concentration of property ownership in the Redevelopment Project. see "THE REDEVELOPMENT PROJECT—Largest Taxpayers."

As described in greater detail under the heading "PROPERTY TAXATION IN CALIFORNIA – Article XIIIA of the State Constitution," Article XIIIA provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Bonds could reduce tax increment available to pay debt service on the Bonds.

In addition to the other limitations on, and required application under the Dissolution Act of Pledged Tax Revenues on deposit in the Redevelopment Property Tax Trust Fund, the State electorate or Legislature could adopt a constitutional or legislative property tax reduction with the effect of reducing Pledged Tax Revenues allocated to the Redevelopment Property Tax Trust Fund and available to the Successor Agency. Although the federal and State Constitutions include clauses generally prohibiting the Legislature's impairment of contracts, there are also recognized exceptions to these prohibitions. There is no assurance that the State electorate or Legislature will not at some future time approve additional limitations that could reduce the tax increment available to pay debt service on the Bonds and adversely affect the source of repayment and security of the Bonds.

Limitations on Remedies

The enforceability of the rights and remedies of the owners of the Bonds and the obligations of the Successor Agency may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under state law of certain remedies: the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Bond Counsel has limited its opinion as to the enforceability of the Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium or other similar laws affecting generally the enforcement of creditors' rights, by equitable principles and by the exercise of judicial discretion. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Bond Owners.

Risks to Real Estate Market

The Successor Agency's ability to make payments on the Bonds will be dependent upon the economic strength of the Redevelopment Project. The general economy of the Redevelopment Project will be subject to all of the risks generally associated with urban real estate markets. Real estate prices and development may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development within the Redevelopment Project could be adversely affected by limitations of infrastructure or future governmental policies, including governmental policies to restrict or control development. In addition, if there is a significant decline in the general economy of the Redevelopment Project, the owners of property within the Redevelopment Project may be less able or less willing to make timely payments of property taxes or may petition for reduced assessed valuation causing a delay or interruption in the receipt of Pledged Tax Revenues by the Successor Agency from the Redevelopment Project. See "THE REDEVELOPMENT PROJECT—Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage" for a description of the projected debt service coverage on the Bonds.

Concentration of Property Ownership

Based on fiscal year 2016-17 locally assessed taxable valuations, the top ten taxable property owners in the Redevelopment Project represent approximately 16.45% of the total fiscal year 2016-17 taxable value and 20.59% of the incremental value. Some of these property owners have pending assessed value appeals with respect to their property in the Redevelopment Project. Although the bankruptcy, termination of operations or departure from one of the Redevelopment Project by one of the largest property owners from the Redevelopment Project could adversely impact the availability of Pledged Tax Revenues to pay debt service on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2016-17 available tax increment. See "THE REDEVELOPMENT PROJECT—Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage" for a description of the projected debt service coverage on the Bonds.

Reduction in Inflationary Rate

As described in greater detail below, Article XIIIA of the State Constitution provides that the full cash value of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. Such measure is computed on a calendar year basis. Because Article XIIIA limits inflationary assessed value adjustments to the lesser of the actual inflationary rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The Successor Agency is unable to predict if any further adjustments to the full cash value base of real property within the Redevelopment Project, whether an increase or a reduction, will be realized in the future.

Development Risks

The general economy of a redevelopment project will be subject to all the risks generally associated with real estate development. Projected development within a redevelopment project may be subject to unexpected delays, disruptions and changes. Real estate development operations may be adversely affected by changes in general economic conditions, fluctuations in the real estate market and interest rates, unexpected increases in development costs and by other similar factors. Further, real estate development operations within a redevelopment project could be adversely affected by future governmental policies, including governmental policies to restrict or control development. If projected development in a redevelopment project is delayed or halted, the economy of the redevelopment project could be affected. If such events lead to a decline in assessed values they could cause a reduction in incremental property tax revenues.

The Successor Agency believes that a decline in development activity in the Redevelopment Project is unlikely to adversely impact its ability to pay debt service on the Bonds in light of the debt service coverage provided by fiscal year 2016-17 Pledged Tax Revenues. See "THE REDEVELOPMENT PROJECT—Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage."

Future Land Use Regulations and Growth Control Initiatives

In the past, citizens of a number of local communities in Southern California have placed measures on the ballot designed to limit the issuance of building permits or impose other restrictions to control the rate of future growth in those areas. It is possible that future initiatives could be enacted that could be applicable to the City and have a negative impact on the ability of developers in the Redevelopment Project to complete any existing or proposed development. Bond Owners should assume that any event that significantly affects the ability to develop land in the City could cause the land values within the Redevelopment Project to decrease substantially and could affect the willingness and ability of the owners of land within the Redevelopment Project to pay property taxes when due.

There can be no assurance that land development within the City will not be adversely affected by future governmental policies, including, but not limited to, government policies to restrict or control development. Under current State law, it is generally accepted that proposed development is not exempt from future land use regulations until building permits have been issued and substantial work has been performed and substantial liabilities have been incurred in good faith reliance on the permits prior to the adoption of such regulations.

Assessment Appeals

Property taxable values may be reduced as a result of Proposition 8, which reduces the assessed value of property, or of a successful appeal of the taxable value determined by the County Assessor. An appeal may result in a reduction to the County Assessor's original taxable value and a tax refund to the applicant property owner. A reduction in taxable values within the respective redevelopment project and the refund of taxes which may arise out of successful appeals by property owners will affect the amount of Pledged Pledged Tax Revenues and, potentially, Revenues under the Indenture. The Successor Agency has in the past experienced reductions in its Tax Increment Revenues as a result of assessment appeals. The actual impact to tax increment is dependent upon the actual revised value of assessments resulting from values determined by the County Assessment Appeals Board or through litigation and the ultimate

timing of successful appeals. For a discussion of historical assessment appeals in the Redevelopment Project and summary information regarding pending and resolved assessment appeals for the Successor Agency, see APPENDIX G—FISCAL CONSULTANT'S REPORT.

Certain of the top ten largest property taxpayers in the Redevelopment Project have pending property tax appeals. See "THE REDEVELOPMENT PROJECT—Assessment Appeals" and "THE REDEVELOPMENT PROJECT—Largest Taxpayers" for a description of pending appeals and the potential impact on Pledged Tax Revenues if the appeals are granted.

Levy and Collection of Taxes

The Successor Agency has no independent power to levy or collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the tax increment available to pay debt service on the Bonds.

Although delinquencies in the payment of property taxes by the owners of land in the Redevelopment Project, and the impact of bankruptcy proceedings on the ability of taxing agencies to collect property taxes, could have an adverse effect on the Successor Agency's ability to make timely payments on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2016-17 net tax increment. See "THE REDEVELOPMENT PROJECT—Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage" for a description of the projected debt service coverage on the Bonds.

Bankruptcy and Foreclosure

The payment of the property taxes from which Pledged Tax Revenues are derived and the ability of the County to foreclose the lien of a delinquent unpaid tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditors' rights or by the laws of the State relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the liens to become extinguished, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Although such delay would increase the possibility of delinquent tax installments not being paid in full and thereby increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds, the Successor Agency believes any such adverse impact is unlikely in light of the debt service coverage provided by fiscal year 2016-17 net tax increment. See "THE REDEVELOPMENT PROJECT—Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage" for a description of the debt service coverage on the Bonds.

Estimated Revenues

In estimating that net tax increment will be sufficient to pay debt service on the Bonds, the Successor Agency has made certain assumptions with regard to present and future assessed valuation in the Redevelopment Project, future tax rates and percentage of taxes collected. The Successor Agency believes

these assumptions to be reasonable, but there is no assurance these assumptions will be realized and to the extent that the assessed valuation and the tax rates are less than expected, the net tax increment available to pay debt service on the Bonds will be less than those projected and such reduced net tax increment may be insufficient to provide for the payment of principal of, premium (if any) and interest on the Bonds. See "THE REDEVELOPMENT PROJECT—Projected Available Pledged Tax Revenues and Estimated Debt Service Coverage."

Earthquake, Fire and Other Risks

The City and the Redevelopment Project, like all other California communities, may be subject to unpredictable seismic activity. Potential geologic problem areas exist within the City. There are numerous ancient landslides within the City, alluvial soils that are subject to liquefaction during seismic events and the City is within 10 miles of a significant earthquake fault. While the certainty of occurrence, timing, and degree of significance of geologic and/or seismic hazards cannot be accurately predicted today, it is possible to take appropriate actions which may minimize the loss of life and destruction of property within the City caused by geologic or seismic hazards. The City evaluates geologic and seismic risks during the review of development proposals, as part of the environmental review process. Mitigation measures of any significant geologic or seismic risks are identified and these measures are placed as conditions of approval for the project. Potential seismic hazards within the City associated with movement along regionally active faults can neither be prevented nor predicted with any certainty. However, the existing City of Santee Emergency Plan is reviewed and updated periodically to ensure that it continues to meet the changing needs of residents, transportation systems and public services in the event of a seismically induced emergency. In the event of a severe earthquake, there may be significant damage to property and infrastructure in the City and the Redevelopment Project. As a result, a substantial portion of the property owners may be unable or unwilling to pay their property taxes when due. In addition, the value of land in the City and the Redevelopment Project could be diminished in the aftermath of such an earthquake. Such a reduction could diminish the ability or willingness of property owners to pay property taxes.

Three major waterways in the City – San Diego River and Sycamore and Forester Creeks – have historically caused the majority of the flooding problems. Any project proposed within the 100 year floodplain area of any of these waterways is subject to site plan review. Development within the floodway is prohibited. The 100-year floodplain is the land adjacent to a river, lake or stream that will be inundated by water during a flood that has a 1% chance of occurring of being exceeded in any given year. The floodway is within the floodplain and includes the channel of a river or stream and area adjacent to the channel that will carry moving water during time of flood. There are no permanent structures within the floodway and all structures built since the City incorporated have been constructed to protect them from the 100-year flood.

The City requires designs within the floodplain that ensure minimizing of flood hazards. All development proposed within a floodplain area are required by the City to utilize design and site planning techniques to ensure that structures are elevated at least one foot above the 100-year flood level. All proposed projects that modify the configuration of any of the three main waterways in Santee are required to submit a report prepared by a registered hydrologist that analyzes potential effects of the project downstream as well as in the local vicinity.

The City actively pursues the improvement of drainage ways and flood control facilities so as to lessen recurrent flood problems and includes such public improvements in the Capital Improvements

Program for the City. A $38 million project to provide flood control improvements to Forester Creek was completed in 2008. This project will protect all of the adjacent properties from the 100-year flood.

Hazardous Substances

An environmental condition that may result in the reduction in the assessed value of parcels in the Redevelopment Project would be the discovery of a hazardous substance that would limit the beneficial use of the property. In general, the owners and operators of an assessed parcel may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as CERCLA or the Superfund Act, is the most well known and widely applicable of these laws but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition on the property whether or not the owner (or operator) has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the assessed parcels be affected by a hazardous substance would be to reduce the marketability and value of the parcel by the costs of remedying the condition, since the purchaser, upon becoming owner, will become obligated, along with the seller, to remedy the condition.

An additional environmental condition that may result in the reduction in the assessed value of property would be the discovery of a hazardous substance that would limit the beneficial use of taxable property within the Redevelopment Project. In general, the owners and operators of property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the Redevelopment Project be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition.

Changes in the Law

There can be no assurance that the California electorate will not at some future time adopt initiatives or that the Legislature will not enact legislation that will amend the Dissolution Act, the Redevelopment Law or other laws or the Constitution of the State resulting in a reduction of tax increment available to pay debt service on the Bonds.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the Successor Agency in violation of its covenants in the Indenture.

In addition, current and future legislative proposals, if enacted into law, may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals.

Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market

There can be no guarantee that there will be a secondary market for the Bonds, or, if a secondary market exists, that the Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances.

TAX MATTERS

In the opinion of Best Best & Krieger LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Series A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, provided however, that for the purpose of calculating federal corporate alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Series A Bonds. The Successor Agency has covenanted to comply with certain restrictions designed to ensure that interest on the Series A Bonds will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Series A Bonds being included in federal gross income, possibly from the date of original issuance of the Series A Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series A Bonds may adversely affect the value of, or the tax status of interest on, the Series A Bonds.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Series A Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bond Owners from realizing the full current benefit of the tax status of such interest. As one example, the Obama Administration announced a legislative proposal which, for tax years beginning on or after January 1, 2013, generally would limit the exclusion from gross income of interest on obligations like the Series A Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Series A Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Series A Bonds. Prospective purchasers of the Series A Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Certain requirements and procedures contained or referred to in the Indenture, the Tax Certificate, and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Series A Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to the exclusion from gross income of interest on any Series A Bond if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Best Best & Krieger LLP.

Interest payable on the Series B Bonds is not excluded from gross income for federal income tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series A Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series A Bonds might be affected as a result of such an audit of the Series A Bonds (or by an audit of other similar bonds).

Although Bond Counsel is of the opinion that interest on the Series A Bonds is excluded from gross income for federal income tax purposes and that interest on the Bonds is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Bond Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Bond Owner or the Bond Owner's other items of income or deduction, and Bond Counsel expresses no opinion regarding any such other tax consequences.

Circular 230 Disclosure. To ensure compliance with requirements imposed by the IRS, Bond Counsel informs owners of the Series B Bonds that any U.S. federal tax advice contained in this Official Statement (including any attachments) is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed in this Official Statement.

The complete text of the final opinions that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX B—FORMS OF OPINIONS OF BOND COUNSEL.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The Verification Agent will examine the arithmetical accuracy of certain computations included in the schedules relating to the refunding of the Prior Bonds. See "REFUNDING PLAN." The Verification Agent has restricted its procedures to examining the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of the forecasted outcome.

UNDERWRITING

Series A Bonds. The Series A Bonds are being purchased by Piper Jaffray & Co. (the "Underwriter"). The Underwriter has agreed to purchase the Series A Bonds at a price of $_____ (being the principal amount of the Series A Bonds of $_____, less an Underwriter's discount of $_____, and plus a net original issue premium of $_____). The Underwriter will purchase all of the Series A Bonds if any are purchased.

The Underwriter may offer and sell Series A Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

Series B Bonds. The Series B Bonds are being purchased by the Underwriter. The Underwriter has agreed to purchase the Series B Bonds at a price of $_____ (being the principal amount of the Series B Bonds of $_____, less an Underwriter's discount of $_____. The Underwriter will purchase all of the Series B Bonds if any are purchased.

The Underwriter may offer and sell Series B Bonds to certain dealers and others at a price lower than the offering price stated on the inside cover page of this Official Statement. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has entered into a distribution agreement (the "Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase the Bonds from the Underwriter at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

MUNICIPAL ADVISOR

KNN Public Finance, LLC, Oakland, California, has served as municipal advisor (the "Municipal Advisor") to the Successor Agency in connection with the issuance of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The fees of the Municipal Advisor are contingent upon the sale and delivery of the Bonds. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

LEGAL OPINIONS

The final approving opinions of Best Best & Krieger LLP, San Diego, California, Bond Counsel, will be furnished to the purchaser at the time of delivery of the Bonds. The proposed forms of Bond Counsel's final approving opinions with respect to the Bonds are attached hereto in APPENDIX B—FORMS OF OPINIONS OF BOND COUNSEL. Certain legal matters will be passed on for the Successor Agency by Quint & Thimmig LLP as Disclosure Counsel. Best Best & Krieger LLP, San Diego, will render certain opinions on behalf of the Successor Agency as general counsel to the Successor Agency. Certain legal mat-

ters will be passed on for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California.

Compensation paid to Bond Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon the sale and delivery of the Bonds.

LITIGATION

There is no action, suit or proceeding known to the Successor Agency to be pending and notice of which has been served upon and received by the Successor Agency, or threatened, restraining or enjoining the execution or delivery of the Bonds or the Indenture or in any way contesting or affecting the validity of the foregoing or any proceedings of the Successor Agency taken with respect to any of the foregoing. See, however, "RISK FACTORS—Challenges to Dissolution Act."

RATING

S&P is expected to assign the rating of "__" (stable outlook) to the Bonds based on the issuance of the Municipal Bond Insurance Policy by the Municipal Bond Insurer at the time of delivery of the Bonds. See "MUNICIPAL BOND INSURANCE." In addition, S&P has assigned the underlying rating of "____" (stable outlook) to the Bonds without regard to the issuance of the Municipal Bond Insurance Policy. These ratings reflect only the views of S&P and an explanation of the significance of such ratings may be obtained from S&P. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of the S&P, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

CONTINUING DISCLOSURE

The Successor Agency has covenanted for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the Successor Agency (the "Annual Report") by not later than March 31 after the end of the Successor Agency's fiscal year (the current end of the Successor Agency's fiscal year is on June 30), commencing with the report for the 2015-16 fiscal year, and to provide notices of the occurrence of certain enumerated events. The Annual Report will be filed by the Successor Agency with the Municipal Securities Rulemaking Board (the "MSRB"). The notices of enumerated events will be filed by the Successor Agency with the MSRB. The specific nature of the information to be made available and to be contained in the notices of material events is summarized below under the caption APPENDIX D—FORM OF CONTINUING DISCLOSURE CERTIFICATE. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the "Rule").

The Former Agency previously entered into disclosure undertakings under the Rule in connection with the issuance of the Prior Bonds and, for the last five years, has been compliant with all annual report filing requirements. The City previously entered into disclosure undertakings under the Rule in connection with the issuance of the Santee Public Financing Authority Lease Revenue Bonds, Series 2005 (the "2005 Bonds"). With respect to the 2005 Bonds, the City was required to file its current year budget

summary but instead filed its prior year budget summary. As a result, the required information was filed in connection with the following year's filing. The City has now filed its current year budget summary and will do so going forward. In addition, the City failed to file event notices in connection with rating upgrades of National Public Financing Guarantee Corporation (successor to Financial Guaranty Insurance Company), as insurer of the 2005 Bonds. The City has now filed such notice. The City has otherwise been compliant for the last five years with all annual report filing requirements.

AUDITED FINANCIAL STATEMENTS

The City's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2015 (the "City CAFR") is attached as APPENDIX E—THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF SANTEE FOR THE FISCAL YEAR ENDED JUNE 30, 2015. The City CAFR includes the Successor Agency's audited financial statements for the fiscal year ended June 30, 2015. The Successor Agency's audited financial statements were audited by Teaman, Ramirez & Smith, Inc. (the "Auditor"). The Auditor has not been asked to consent to the inclusion of the City CAFR in this Official Statement and has not reviewed this Official Statement.

As described in "SECURITY FOR THE BONDS—Limited Obligation," the Bonds are payable from and secured by a pledge of Pledged Tax Revenues and the Bonds are not a debt of the City. APPENDIX E—THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF SANTEE FOR THE FISCAL YEAR ENDED JUNE 30, 2015, is included in this Official Statement only because it includes the Successor Agency's audited financial statements.

MISCELLANEOUS

All of the preceding summaries of the Indenture, the Redevelopment Law, the Dissolution Act, other applicable legislation, the Redevelopment Plans, agreements and other documents are made subject to the provisions of such documents respectively and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the Successor Agency for further information in connection therewith.

This Official Statement does not constitute a contract with the purchasers of the Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement by its Executive Director has been duly authorized by the Successor Agency.

CDC SUCCESSOR AGENCY OF THE CITY
OF SANTEE

By _____
Executive Director

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

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APPENDIX B

FORMS OF OPINIONS OF BOND COUNSEL

SERIES A BONDS

[Letterhead of Best Best & Krieger LLP]

[Closing Date]

CDC Successor Agency of the City of Santee
10601 Magnolia Avenue
Santee, California 92071-1266

Re: $_____* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series A

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the CDC Successor Agency of the City of Santee (the "Agency") in connection with the issuance by the Agency of the $_____* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series A (the "Bonds"), pursuant to the provisions of Article II (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and pursuant to an Indenture of Trust, dated as of October 1, 2016 (the "Indenture") by and between the Agency and U.S. Bank National Association, as trustee thereto (the "Trustee"). The proceeds of the Bonds have been applied by the Agency to refinance certain redevelopment activities. We have also examined such certified proceedings and other papers and materials as we deem necessary to render this opinion.

In such connection, we have reviewed the Indenture, the tax certificate of the Agency for the Bonds dated the date hereof (the "Tax Certificate"), certificates of the Agency and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to ensure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax pur-

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* Preliminary, subject to change.

poses. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering materials relating to the Bonds and express no opinion with respect thereto.

Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Agency is a successor agency duly organized and validly existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds;

2. The Bonds constitute the valid and legally binding special obligations of the Agency enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture;

3. The Indenture has been duly approved by the Agency and constitutes the valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases; provided, however, we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein;

4. The Indenture establishes a lien on and pledge of the Pledged Pledged Tax Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture;

5. Interest on the Bonds is exempt from California personal income taxation; and

6. Under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excluded from gross income for purposes of federal income taxation. Interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax provisions of the Code; it should be further noted, however, that, with respect to corporations, such interest will be included in adjusted current earnings when calculating corporate alternative minimum taxable income. Although the interest on the Bonds is excluded from gross income for purposes of federal income taxation, the accrual or receipt of interest on the Bonds, or any portion thereof, may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

Our opinions, expressed herein, may be affected by action taken (or not taken) on events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur.

Respectfully submitted,

SERIES B BONDS

[Letterhead of Best Best & Krieger LLP]

[Closing Date]

CDC Successor Agency of the City of Santee
10601 Magnolia Avenue
Santee, California 92071-1266

Re: $_____* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series B (Taxable)

Ladies and Gentlemen:

We have reviewed the Constitution and laws of the State of California and certain proceedings taken by the CDC Successor Agency of the City of Santee (the "Agency") in connection with the issuance by the Agency of the $_____* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series B (Taxable) (the "Bonds"), pursuant to the provisions of Article II (commencing with Section 53580) of Chapter 3 of Part I of Division 2 of Title 5 of the California Government Code (the "Refunding Law") and pursuant to an Indenture of Trust, dated as of October 1, 2016 (the "Indenture") by and between the Agency and U.S. Bank National Association, as trustee thereto (the "Trustee"). The proceeds of the Bonds have been applied by the Agency to refinance certain redevelopment activities. We have also examined such certified proceedings and other papers and materials as we deem necessary to render this opinion.

In such connection, we have reviewed the Indenture, certificates of the Agency and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other events come to our attention after the date hereof. Accordingly, this opinion speaks only as of its date and is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Agency. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture. We call attention to the fact that the rights and obligations under the Bonds and the Indenture and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against cities and their subordinate entities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering

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* Preliminary, subject to change.

materials relating to the Bonds and express no opinion with respect thereto. Based upon the foregoing, we are of the opinion, under existing law, that:

1. The Agency is a successor agency duly organized and validly existing under the laws of the State of California, with power to enter into the Indenture, to perform the agreements on its part contained therein and to issue the Bonds;

2. The Bonds constitute the valid and legally binding special obligations of the Agency enforceable in accordance with their terms and payable solely from the sources provided therefor in the Indenture;

3. The Indenture has been duly approved by the Agency and constitutes the valid and legally binding obligation of the Agency enforceable against the Agency in accordance with its terms except as such enforcement may be limited by bankruptcy, insolvency, moratorium, transfer or conveyance, or other laws affecting creditor's rights generally, or the exercise of judicial discretion in accordance with general principals of equity or otherwise in appropriate cases; provided, however, we express no opinion with respect to any indemnification, contribution, choice of law or waiver provisions contained therein;

4. The Indenture establishes a lien on and pledge of the Pledged Pledged Tax Revenues (as such term is defined in the Indenture) and other funds pledged thereby for the security of the Bonds, in accordance with the terms of the Indenture;

5. Interest on the Bonds is exempt from California personal income taxation; and

To ensure compliance with requirements imposed by the Internal Revenue Service, we inform you that any U.S. federal tax advice contained herein is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.

Our opinions, expressed herein, may be affected by action taken (or not taken) on events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or occur.

Respectfully submitted,

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix C concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC and the Successor Agency takes no responsibility for the completeness or accuracy thereof. The Successor Agency cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information set forth on such website is not incorporated herein by reference.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Successor Agency as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium (if any), and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Successor Agency or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Successor Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Principal, premium (if any), and interest payments with respect to the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Successor Agency or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Successor Agency or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates representing the Bonds are required to be printed and delivered.

The Successor Agency may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, representing the Bonds will be printed and delivered to DTC in accordance with the provisions of the Indenture.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Successor Agency believes to be reliable, but the Successor Agency takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This CONTINUING DISCLOSURE CERTIFICATE (the "Disclosure Certificate") is executed and delivered by the CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE (the "Successor Agency") in connection with the issuance of $36,920,000* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series A (the "Series A Bonds"), and $5,505,000* CDC Successor Agency of the City of Santee (San Diego County, California) Tax Allocation Refunding Bonds, 2016 Series B (Taxable) (the "Series B Bonds" and, with the Series A Bonds, the "Bonds").. The Bonds are being issued pursuant to an Indenture of Trust, dated as of September 1, 2016 (the "Indenture"), by and between the Successor Agency and U.S. Bank National Association, as trustee (the "Trustee"). The Bonds shall be secured by a pledge, charge and lien upon Pledged Tax Revenues (as such term is defined in the Indenture). The Successor Agency covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings when used in this Disclosure Certificate:

"*Annual Report*" shall mean any Annual Report provided by the Successor Agency pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Beneficial Owner*" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"*Dissemination Agent*" shall mean the KNN Public Finance, LLC or any successor Dissemination Agent designated in writing by the Successor Agency and which has filed with the Successor Agency a written acceptance of such designation. In the absence of such a designation, the Successor Agency shall act as the Dissemination Agent.

"*EMMA*" or "*Electronic Municipal Market Access*" means the centralized on-line repository for documents to be filed with the MSRB, such as official statements and disclosure information relating to municipal bonds, notes and other securities as issued by state and local governments.

"*Listed Events*" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information which may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Participating Underwriter*" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"*Rule*" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Successor Agency for the benefit of the owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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* Preliminary, subject to change.

Section 3. Provision of Annual Reports.

(a) *Delivery of Annual Report*. The Successor Agency shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the Successor Agency's fiscal year (which currently ends on June 30), commencing with the report for the 2015-16 Fiscal Year, which is due not later than March 31, 2017, file with EMMA, in a readable PDF or other electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Successor Agency may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) *Change of Fiscal Year*. If the Successor Agency's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c), and subsequent Annual Report filings shall be made no later than nine months after the end of such new fiscal year end.

(c) *Delivery of Annual Report to Dissemination Agent*. Not later than fifteen (15) Business Days prior to the date specified in subsection (a) (or, if applicable, subsection (b)) of this Section 3 for providing the Annual Report to EMMA, the Successor Agency shall provide the Annual Report to the Dissemination Agent (if other than the Successor Agency). If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall notify the Successor Agency. If the Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on annual filing date (or, if such annual filing date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a failure to file event shall have occurred and the Successor Agency irrevocably directs the Dissemination Agent to immediately send a notice to the MSRB in substantially the form attached as Exhibit A without reference to the anticipated filing date for the Annual Report.

(d) *Report of Non-Compliance*. If the Successor Agency is the Dissemination Agent and is unable to file an Annual Report by the date required in subsection (a) (or, if applicable, subsection (b)) of this Section 3, the Successor Agency shall send, in a timely manner, a notice to EMMA substantially in the form attached hereto as Exhibit A. If the Successor Agency is not the Dissemination Agent and is unable to provide an Annual Report to the Dissemination Agent by the date required in subsection (c) of this Section 3, the Dissemination Agent shall send, in a timely manner, a notice to EMMA in substantially the form attached hereto as Exhibit A.

(e) *Annual Compliance Certification*. The Dissemination Agent shall, if the Dissemination Agent is other than the Successor Agency, file a report with the Successor Agency certifying that the Annual Report has been filed with EMMA pursuant to Section 3 of this Disclosure Certificate, stating the date it was so provided and filed.

Section 4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) *Financial Statements.* Audited financial statements of the Successor Agency for the preceding fiscal year, prepared in accordance with generally accepted accounting principles. If the Successor Agency's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final official statement for the Bonds (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) *Other Annual Information.* To the extent not included in the audited financial statements of the Successor Agency, the Annual Report shall also include the following financial and operating data with respect to the Successor Agency set forth in the Official Statement for the current fiscal year, as follows:

(1) Historical Tax Levies and Collections.

(2) Ten Largest Property Taxpayers (substantially in the form of Table 3 of the Official Statement).

(3) Historical Assessed Values, Incremental Values and Allocated Incremental Revenues (substantially in the form of Table 4 of the Official Statement).

(4) Projected Results of Appeals (substantially in the form of Table 5 of the Official Statement).

(5) Tax Revenues, Debt Service and Debt Service Coverage.

(c) *Cross References.* Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Successor Agency or related public entities, which are available to the public on EMMA. The Successor Agency shall clearly identify each such other document so included by reference.

If the document included by reference is a final official statement, it must be available from EMMA.

(d) *Further Information.* In addition to any of the information expressly required to be provided under paragraph (b) of this Section 4, the Successor Agency shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Section 5. Reporting of Listed Events.

(a) *Reportable Events.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, give notice of the occurrence of any of the following events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Unscheduled draws on debt service reserves reflecting financial difficulties.

(3) Unscheduled draws on credit enhancements reflecting financial difficulties.

(4) Substitution of credit or liquidity providers, or their failure to perform.

(5) Defeasances.

(6) Rating changes.

(7) Tender offers.

(8) Bankruptcy, insolvency, receivership or similar event of the obligated person.

(9) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

Note: For the purposes of the event identified in subparagraph (8), the event is considered to occur when any of the following occur: the appointment of a receiver, trustee or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) *Material Reportable Events.* The Successor Agency shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

(1) Non-payment related defaults.

(2) Modifications to rights of security holders.

(3) Bond calls.

(4) The release, substitution, or sale of property securing repayment of the securities.

(5) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.

(6) Appointment of a successor or additional trustee, or the change of name of a trustee.

(c) *Time to Disclose.* The Successor Agency shall, or shall cause the Dissemination Agent (if not the Successor Agency) to, file a notice of such occurrence with EMMA, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of any Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(5) and (b)(3) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds under the Indenture.

Section 6. Identifying Information for Filings with EMMA. All documents provided to EMMA under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Successor Agency's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Successor Agency shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent.

(a) *Appointment of Dissemination Agent*. The Successor Agency may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate and may discharge any such agent, with or without appointing a successor Dissemination Agent. If the Dissemination Agent is not the Successor Agency, the Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Successor Agency pursuant to this Disclosure Certificate. It is understood and agreed that any information that the Dissemination Agent may be instructed to file with EMMA shall be prepared and provided

to it by the Successor Agency. The Dissemination Agent has undertaken no responsibility with respect to the content of any reports, notices or disclosures provided to it under this Disclosure Certificate and has no liability to any person, including any Bond owner, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Successor Agency shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition, except as may be provided by written notice from the Successor Agency.

(b) *Compensation of Dissemination Agent*. The Dissemination Agent shall be paid compensation by the Successor Agency for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Successor Agency from time to time and all expenses, legal fees and expenses and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Successor Agency, owners or Beneficial Owners, or any other party. The Dissemination Agent may rely, and shall be protected in acting or refraining from acting, upon any direction from the Successor Agency or an opinion of nationally recognized bond counsel. The Dissemination Agent may at any time resign by giving written notice of such resignation to the Successor Agency. The Dissemination Agent shall not be liable hereunder except for its negligence or willful misconduct.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Successor Agency may amend this Disclosure Certificate (and the Dissemination Agent shall agree to any amendment so requested by the Successor Agency that does not impose any greater duties or risk of liability on the Dissemination Agent), and any provision of this Disclosure Certificate may be waived, provided that all of the following conditions are satisfied:

(a) *Change in Circumstances*. If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or the type of business conducted.

(b) *Compliance as of Issue Date*. The undertaking, as amended or taking into account such waiver, would, in the opinion of a nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

(c) *Consent of Holders; Non-impairment Opinion*. The amendment or waiver either (i) is approved by the Bond owners in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Bond owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bond owners or Beneficial Owners.

If this Disclosure Certificate is amended or any provision of this Disclosure Certificate is waived, the Successor Agency shall describe such amendment or waiver in the next following Annual Report and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Successor Agency. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Successor Agency from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Successor Agency chooses to include any information in any Annual Report or notice of occurrence of a Listed Event

in addition to that which is specifically required by this Disclosure Certificate, the Successor Agency shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Successor Agency to comply with any provision of this Disclosure Certificate, any Certificate owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Successor Agency to comply with their obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any failure of the Successor Agency to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate was (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and no implied covenants or obligations shall be read into this Disclosure Certificate against the Dissemination Agent, and the Successor Agency agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have the same rights, privileges and immunities hereunder as are afforded to the Trustee under the Indenture. The obligations of the Successor Agency under this Section 12 shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Successor Agency, the Dissemination Agent, the Participating Underwriter and the owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: [Closing Date]

CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

By _____
Executive Director

ACKNOWLEDGED:

KNN PUBLIC FINANCE, LLC, as Dissemination Agent

By _____
Authorized Officer

EXHIBIT A

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor:	CDC Successor Agency of the City of Santee
Names of Issue:	CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A, and CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series B (Taxable)
Date of Issuance:	[Closing Date]

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Issues as required by the Continuing Disclosure Certificate, dated [Closing Date], furnished by the Obligor in connection with the Issue. The Obligor anticipates that the Annual Report will be filed by _____.

Date: _____

KNN PUBLIC FINANCE, LLC, as Dissemination Agent

By _____
Authorized Officer

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APPENDIX E

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE CITY OF SANTEE FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The Auditor was not requested to consent to the inclusion of its report in this Appendix E and it has not undertaken to update financial statements included in this Appendix E. No opinion is expressed by the Auditor with respect to any event subsequent to its report.

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APPENDIX F

CITY OF SANTEE AND SAN DIEGO COUNTY SUPPLEMENTAL INFORMATION

The following information concerning the City of Santee and San Diego County is included only for the purpose of supplying general information regarding the community. The Bonds are not a debt of the City, County, the State or any of its political subdivisions, and neither the City, the County, the State nor any of its political subdivisions is liable therefor.

Although reasonable efforts have been made to include up-to-date information in this Appendix A, some of the information is not current due to delays in reporting of information by various sources. It should not be assumed that the trends indicated by the following data would continue beyond the specific periods reflected herein.

Introduction

The City of Santee (the "City") is a suburban city of San Diego in San Diego County (the "County"), California. Although it is a part of the East County region, Santee is located just 18 miles (29 km) from the Pacific Ocean. The City is connected to the coastline by State Route 52, a six-lane freeway that runs from Interstate 5 in La Jolla to State Route 67 in El Cajon. The city is bisected by the San Diego River, a linear greenbelt that includes parks, trails and more than 1,100 acres (450 ha) of natural riparian habitat.

Unlike most of the County's coastal cities, Santee still has sizable portions of vacant land suitable for development. It is a growing suburban community that in recent years has added upscale housing, a major corporate business park and expansive shopping centers, along with a destination recreational complex called Sportsplex USA Santee. Prominently overlooking the western side of Santee is Cowles Mountain. This natural landmark, which is the highest point in the city of San Diego, offers sweeping views of the county and is a popular hiking destination.

San Diego County is located in the southwestern corner of the state of California, in the United States. The County is the second-most populous county in California and the fifth-most populous in the United States. Its county seat is the City of San Diego, the eighth-most populous city in the United States. It is the south-westernmost county in the 48 contiguous United States. The County is part of the San Diego–Tijuana metropolitan area, the largest metropolitan area shared between the United States and Mexico.

The County has 70 miles (110 km) of coastline. From north to south, the County extends from the southern borders of Orange County and Riverside County to the Mexico–United States border and Baja California. From west to east, the County stretches from the Pacific Ocean to its boundary with Imperial County. Most of the County has a mild Mediterranean climate to semiarid climate, though there are mountains that receive frost and snow in the wintertime.

There are also 16 naval and military installations of the U.S. Navy, U.S. Marine Corps, and the U.S. Coast Guard in the County. These include the Naval Base San Diego, Marine Corps Base Camp Pendleton, Marine Corps Air Station Miramar, and Naval Air Station North Island.

Population

The table below summarizes population of the City, the County and the State of California for the last five years.

Santee, San Diego County and California
POPULATION

Year	Santee	San Diego County	State of California
2012	54,849	3,153,951	37,881,357
2013	55,870	3,194,778	38,239,207
2014	56,496	3,230,278	38,567,459
2015	56,653	3,263,848	38,907,642
2016	56,757	3,288,612	39,255,883

Source: California Department of Finance, E-4 Population Estimate for Cities, Counties, and the State, 2011-2016, with 2010 Census Benchmark.

Employment

The following table summarizes the historical numbers of workers by industry in the San Diego-Carlsbad MSA (San Diego County) for the last five years:

San Diego-Carlsbad MSA
(San Diego County)
LABOR FORCE AND INDUSTRY EMPLOYMENT
Annual Averages by Industry

	2011	2012	2013	2014	2015[1]
Total, All Industries	1,261,800	1,294,300	1,327,500	1,355,900	1,395,500
Total Farm	9,800	9,800	9,800	9,400	9,100
Mining and Logging	400	400	400	400	400
Construction	55,200	57,000	60,900	63,800	69,500
Manufacturing	96,000	97,800	99,000	101,600	105,300
Wholesale Trade	41,500	43,500	43,900	43,700	44,000
Retail Trade	133,400	137,200	141,300	144,300	146,800
Transportation, Warehousing & Utilities	26,100	27,300	27,200	27,000	28,200
Information	24,200	24,500	24,300	24,400	23,900
Financial Activities	67,400	69,700	70,800	69,400	71,400
Professional & Business Services	207,700	213,900	221,600	224,900	230,900
Educational & Health Services	167,900	174,500	181,000	186,000	193,200
Leisure & Hospitality	155,600	161,700	168,600	177,000	184,000
Other Services	47,700	49,200	49,300	52,000	53,000
Government	229,000	227,800	229,500	231,900	235,900

Source: California Employment Development Department, based on March 2015 benchmark.
Note: Does not include proprietors, self-employed, unpaid volunteers or family workers, domestic workers in households, and persons involved in labor/management trade disputes. Employment reported by place of work. Items may not add to totals due to independent rounding.
(1) Last available full year data.

The following tables summarize historical employment and unemployment for the County, the State of California and the United States for the last five years:

San Diego County, California and United States
CIVILIAN LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT
(Annual Averages)

Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate [1]
2011	San Diego County	1,524,600	1,367,200	157,300	10.3%
	California	18,419,500	16,260,100	2,159,400	11.7
	United States	153,617,000	139,869,000	13,747,000	8.9
2012	San Diego County	1,542,800	1,402,000	140,800	9.1
	California	18,554,800	16,630,100	1,924,700	10.4
	United States	154,975,000	142,469,000	12,506,000	8.1
2013	San Diego County	1,547,000	1,425,900	121,100	7.8
	California	18,671,600	17,002,900	1,668,700	8.9
	United States	155,389,000	143,929,000	11,460,000	7.4
2014	San Diego County	1,549,800	1,450,300	99,500	6.4
	California	18,811,400	17,397,100	1,414,300	7.5
	United States	155,922,000	146,305,000	9,617,000	6.2
2015[2]	San Diego County	1,563,800	1,482,500	81,300	5.2
	California	18,981,800	17,798,600	1,183,200	6.2
	United States	157,130,000	148,834,000	146,411,000	5.3

Source: California Employment Development Department, Monthly Labor Force Data for Counties, Annual Average 2010-2015, and US Department of Labor.

(1) The unemployment rate is computed from unrounded data, therefore, it may differ from rates computed from rounded figures available in this table.

(2) Latest available full-year data.

Major Employers

The table below sets forth the ten principal employers of the County in 2015.

San Diego County
MAJOR EMPLOYERS

Employer Name	Number of Employees	% of Total County Employment
UC San Diego	29,287	1.97%
County of San Diego	17,044	1.15
Sharp HealthCare	16,896	1.14
Scripps Health	14,644	.98
Qualcomm Inc.	13,500	.91
Kaiser Permanente	7,535	.51
UC San Diego Health	7,229	.49
YMCA of San Diego County	5,487	.37
Rady Children's Hospital	5,122	.34
General Atomics	5,088	.34
Total Top 10	121,832	8.20%

Source: San Diego County CAFR for the Fiscal Year Ended June 30, 2015.

Construction Activity

The following table reflects the five-year history of building permit valuation for the City and the County:

Santee
BUILDING PERMITS AND VALUATION
(Dollars in Thousands)

	2011	2012	2013	2014	2015
Permit Valuation:					
New Single-family	23,833	19,501	11,423	1,428	3,975
New Multi-family	7,178	4,104	10,157	18,534	-
Res. Alterations/Additions	4,946	1,732	1,970	3,490	2,971
Total Residential	35,976	24,338	23,550	23,453	6,946
Total Nonresidential	3,093	6,201	31,326	3,097	5,998
Total All Building	39,069	31,540	54,877	26,511	12,944
New Dwelling Units:					
Single Family	81	69	31	4	16
Multiple Family	70	44	102	172	-
Total	151	113	133	176	16

Source: Construction Industry Research Board: "Building Permit Summary."
Note: Totals may not add due to independent rounding.

San Diego County
BUILDING PERMITS AND VALUATION
(Dollars in Thousands)

	2011	2012	2013	2014	2015
Permit Valuation:					
New Single-family	711,514	773,429	936,634	860,232	1,069,272
New Multi-family	375,732	613,538	878,179	611,730	1,028,733
Res. Alterations/Additions	335,344	222,813	245,435	346,889	349,035
Total Residential	1,422,592	1,609,781	2,060,249	1,818,853	2,447,041
Total Nonresidential	961,603	1,235,121	3,485,675	1,920,627	1,862,502
Total All Building	2,384,195	2,844,903	5,545,924	3,739,480	4,309,543
New Dwelling Units:					
Single Family	2,242	2,100	2,539	2,276	3,136
Multiple Family	3,038	4,319	5,803	4,327	6,869
Total	5,280	6,419	8,342	6,603	10,005

Source: Construction Industry Research Board: "Building Permit Summary."
Note: Totals may not add due to independent rounding.

Commercial Activity

Taxable sales in the City and County for the last five available years are shown below. Beginning in 2009, reports summarize taxable sales and permits using the NAICS codes. As a result of the coding change, however, industry-level data for 2009 are not comparable to that of prior years.

Santee
TAXABLE SALES
(Dollars in Thousands)

	2009	2010	2011	2012	2013[1]
Retail and Food Services					
Motor Vehicles and Parts Dealers	22,423	30,614	30,356	29,404	36,211
Home Furnishing and Appliance Stores	27,936	28,733	29,172	28,583	29,896
Bldg. Matrl. And Garden Equip. and Supplies	66,794	69,786	73,485	76,316	80,128
Food and Beverage Stores	31,308	30,953	32,191	34,873	39,239
Gasoline Stations	42,569	47,731	56,371	52,699	58,368
Clothing and Clothing Accessories Stores	25,768	27,558	28,964	30,460	32,785
General Merchandise Stores	189,792	203,074	213,755	225,987	224,964
Food Services and Drinking Places	68,221	69,317	72,142	77,285	93,877
Other Retail Group	55,550	57,587	61,722	62,937	66,610
Total Retail and Food Services	530,360	565,354	598,157	618,544	662,088
All Other Outlets	113,069	110,437	108,004	108,493	187,417
Totals All Outlets[2]	643,429	675,791	706,160	727,037	849,505

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Last available full year data.
(2) Totals may not add up due to independent rounding.

San Diego County
TAXABLE SALES
(Dollars in Thousands)

	2009	2010	2011	2012	2013[1]
Retail and Food Services					
Motor Vehicles and Parts Dealers	4,196,256	4,486,375	5,059,516	5,851,723	6,355,973
Furniture and Home Furnishings Stores	823,551	835,433	894,741	962,420	1,015,878
Electronics and Appliance Stores	1,200,897	1,266,563	1,315,328	1,261,183	1,297,063
Bldg Mtrl. and Garden Equip. and Supplies	1,841,700	1,945,310	2,072,358	2,204,608	2,376,043
Food and Beverage Stores	1,934,812	1,943,969	2,010,404	2,087,821	2,179,811
Health and Personal Care Stores	732,221	789,760	869,965	876,663	815,651
Gasoline Stations	3,153,090	3,663,149	4,437,173	4,595,421	4,515,941
Clothing and Clothing Accessories Stores	2,560,683	2,769,897	2,988,756	3,208,810	3,425,325
Sporting Goods, Hobby, Book and Music Stores	989,236	995,179	1,009,226	1,003,947	1,031,505
General Merchandise Stores	4,254,037	4,381,526	4,528,053	4,695,436	4,784,812
Miscellaneous Store Retailers	1,405,774	1,384,312	1,433,298	1,473,767	1,539,376
Nonstore Retailers	148,931	140,437	152,055	265,508	556,994
Food Services and Drinking Places	4,717,292	4,873,578	5,214,419	5,665,929	5,954,220
Total Retail and Food Services	27,958,518	29,475,489	31,985,292	34,153,236	35,948,594
All Other Outlets	11,770,139	12,148,147	13,105,090	13,793,799	14,348,737
Totals All Outlets[2]	39,728,657	41,623,636	45,090,382	47,947,035	50,297,331

Source: California Board of Equalization, Taxable Sales in California (Sales & Use Tax).
(1) Last available full year data.
(2) Totals may not add up due to independent rounding.

Median Household Income

The following table summarizes the median household effective buying income for the City, the County, the State of California and the nation for the last five years.

Santee, San Diego County, California and United States
MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME

Year	Area	Total Effective Buying Income (000's Omitted)	Median Effective Buying Income
2011	Santee	1,164,015	53,978
	San Diego County	70,602,550	48,111
	California	814,578,457	47,062
	United States	6,438,704,663	41,253
2012	Santee	1,221,203	53,467
	San Diego County	74,593,405	48,634
	California	864,088,827	47,307
	United States	6,737,867,730	41,358
2013	Santee	1,289,303	55,673
	San Diego County	73,266,155	49,302
	California	858,676,636	48,340
	United States	6,982,757,379	43,715
2014	Santee	1,388,895	58,831
	San Diego County	76,880,343	51,447
	California	901,189,699	50,072
	United States	7,357,153,421	45,448
2015	Santee	1,558,015	63,821
	San Diego County	84,949,559	55,146
	California	981,231,666	53,589
	United States	7,757,960,399	46,738

Source: Nielsen, Inc.

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APPENDIX G

FISCAL CONSULTANT'S REPORT

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APPENDIX H

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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CDC SUCCESSOR AGENCY OF THE CITY OF SANTEE

Santee Community Redevelopment Project

PROJECTED TAXABLE VALUES AND ANTICIPATED TAX INCREMENT REVENUES

August 24, 2016

I. Introduction

The CDC Successor Agency of the City of Santee Tax Allocation Refunding Bonds, 2016 Series A (the "Series 2016A Bonds"), and its CDC Successor Agency of the City of Santee Taxable Tax Allocation Refunding Bonds, 2016 Series B (the "Series 2016B Bonds" and, together with the Series 2016A Bonds, the "Refunding Bonds") are being issued by the CDC Successor Agency of the City of Santee (the "Successor Agency") to refinance certain outstanding obligations of the former Community Development Commission of the City of Santee (the "Commission").

The Bonds are special obligations of the Successor Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the Commission's Santee Community Redevelopment Project (the "Redevelopment Project") on parity to certain indebtedness as defined in the Official Statement. The debt service on the Bonds is payable from the pledged Tax Revenues and amounts held in the Redevelopment Obligation Retirement Fund (the "RORF"), and the Successor Agency is not obligated to pay them except from the Tax Revenues and amounts held in the RORF. The Bonds are not a debt of the City of Santee (the "City"), the State of California or any of its political subdivisions (other than the Successor Agency), and neither said City, said State nor any of its political subdivisions (other than the Successor Agency) is liable therefor, nor in any event shall the Bonds be payable out of any funds or properties other than those of the Successor Agency.

On June 29, 2011, the California Legislature and Governor enacted Assembly Bill x1 26 ("ABx1 26"), which generally dissolved redevelopment agencies statewide as of February 1, 2012. The bill was challenged by a suit filed before the California Supreme Court, but was upheld by the Court on December 29, 2012. On June 27, 2012 Assembly Bill 1484 (AB 1484) was signed into law, modifying and supplementing ABx1 26. In accordance with Section 34177.5(g) of the California Health and Safety Code, the Successor Agency bonds shall be considered indebtedness incurred by the dissolved redevelopment agency, with the same legal effect as if the bonds, indebtedness, financing agreement, or amended enforceable obligation had been issued, incurred, or entered into prior to June 29, 2011, in full conformity with the applicable provisions of the California Community Redevelopment Law (being Part 1 of Division 24 of the Health and Safety Code and is being referred to herein as the "Law") that existed prior to that date, shall be included in the successor agency's Recognized Obligation Payment Schedule (the "ROPS"), and shall be secured by a pledge of, and lien on, and shall be repaid from moneys deposited from time to time in the Redevelopment Property Tax Trust Fund (the "RPTTF").

The Redevelopment Project was originally adopted in 1982. In 2002 the Redevelopment Project was amended to both delete and add area. The area that was deleted by Amendment No. 4 was also added back under Amendment No. 5. For this Report we refer to the portion of the Redevelopment Project as originally adopted less the area that was deleted in 2002 as the "Sunset Area." The area that was added by the 2002 Plan amendment is herein referred to as the "Amendment Area." The Law provided for the creation of redevelopment agencies by cities and counties for the purpose of the elimination of blight. The Law, together with Article 16, Section 16 of the California Constitution, authorized redevelopment agencies to receive that portion of property tax revenue generated by project area taxable values that are in excess of the Base Year

value. The Base Year value is defined as the amount of the taxable values within the project area boundaries on the last equalized tax roll prior to adoption of the project area. The amount of current year taxable value that is in excess of the Base Year value is referred to as incremental taxable value. Tax revenues generated from the incremental taxable value are generally referred to as Tax Increment Revenues. The Law provides that the Tax Increment Revenues may be pledged by the redevelopment agency to the repayment of agency indebtedness.

In this report, Tax Increment Revenues with the addition of Unitary Tax Revenue (see Section IV, Allocation of State Assessed Unitary Taxes) are referred to as Gross Tax Revenues. For purposes of this report, Pledged Tax Revenues are defined as Gross Tax Revenues less; (i) the SB 2557 County Administrative fees (see Section IV, County Collection Charges); and, (ii) tax sharing payments that have a lien on Gross Tax Revenues that is superior to the lien on Gross Tax Revenues of debt service on the Bonds (see Section VII, Tax Sharing Agreements and Other Obligations). Net Tax Revenues are defined as Pledged Tax Revenues less tax sharing payments for that portion attributable to the City that have a lien on Pledged Tax Revenues that is subordinate to the lien of debt service on the Bonds.

The purpose of this fiscal consultant report (the "Report") is to examine the assessed values of the current fiscal year and project for nine fiscal years the amount of tax increment revenues anticipated to be received by the Successor Agency from the Redevelopment Project. The Law and the limits within the component redevelopment plans determine the amount of Gross Tax Revenues. The amount of the Pledged Tax Revenues available for the payment of debt service on the Bonds is also affected by prior obligations undertaken by the Commission prior to dissolution. Based on our research, we project that the Pledged Tax Revenues that will be pledged to the payment of debt service on the Bonds assuming a 2% growth rate in assessed values, will be as shown in Table A below.

Table A
Redevelopment Project Pledged Tax Revenues
(000's omitted)

Fiscal Year	Gross Tax Revenues	SB 2557 Charges	Statutory Tax Sharing – Tier 1	Statutory Tax Sharing – Tier 2	Pledged Tax Revenues[1]
2016-17	**$10,890**	($120)	($1,219)	($229)	**$ 9,322**
2017-18	**11,574**	(127)	(1,325)	(344)	**9,777**
2018-19	**11,840**	(130)	(1,367)	(389)	**9,954**
2019-00	**12,111**	(133)	(1,409)	(434)	**10,135**
2000-21	**12,388**	(136)	(1,452)	(481)	**10,319**
2021-22	**12,670**	(139)	(1,495)	(528)	**10,507**
2022-23	**12,958**	(142)	(1,540)	(577)	**10,699**
2023-24	**13,251**	(146)	(1,586)	(626)	**10,894**
2024-25	**13,551**	(149)	(1,632)	(676)	**11,093**
2025-26	**13,856**	(152)	(1,679)	(728)	**11,297**

The taxable values of property and the resulting Pledged Tax Revenues for the Redevelopment Project summarized above are reflected on Tables 1 and 2 of the projections (attached). These projections are based on assumptions determined by our review of the taxable value history of the Redevelopment Project and the property tax assessment and property tax apportionment procedures of San Diego County (the County). The projection illustrates the entire amount of Pledged Tax Revenues projected as being available from the Redevelopment Project. Future year assessed values and Pledged Tax Revenues are projections based upon

[1] Totals may not foot due to rounding.

the assumptions described in this Report, and are not guaranteed as to accuracy. This Report is not to be construed as a representation of such by HdL Coren & Cone.

II. The Project Area

On July 20, 1982, the City Council adopted Ordinance 58 establishing the Redevelopment Plan for the Redevelopment Project (the "Plan"). The Redevelopment Project originally consisted of 1,263 acres encompassing the downtown business district and commercial/industrial corridors along State Route 67, Prospect Avenue and Magnolia Avenue. The Plan has been amended a total of eight times. The first amendment, Ordinance 330 adopted November 23, 1994, brought the Plan into conformity with the requirements of legislation enacted in 1993 (Chapter 942, Statutes of 1993). On September 8, 1999, the Plan was amended by Ordinance 392 to extend the time limit to incur debt. The Plan was further amended in 1999 by Ordinances 393 and 394 to increase the amount of bonded indebtedness that can be outstanding at any one time and to re-instate the eminent domain powers of the Commission. The most recent amendments were adopted by the approval of Ordinance 423 on July 10, 2002. The fourth amendment deleted 616 acres from the Redevelopment Project. The fifth amendment added approximately 1,120 acres (including the 616 acres deleted from the Redevelopment Project) consisting of properties that are zoned residential, commercial, industrial and public. The fifth amendment also increased the amount of tax increment that could be received over the life of the Redevelopment Project, and established new time limits for the added territory. As amended, the Redevelopment Project includes 1,767 acres.

A. Land Use

Table B represents the breakdown of land use in the Redevelopment Project by the number of parcels and by assessed value for fiscal year 2016-17. Unsecured values are connected with parcels that are already accounted for in other categories. It should be noted that the figures below include the net taxable value for all parcels. This information is based on County land use designations as provided by the County.

Table B
Redevelopment Project Component Area Land Use Summary

	Sunset Area			Amendment Area			Redevelopment Project		
Category	**No. Parcels**	**Taxable Value**	**% of Value**	**No. Parcels**	**Taxable Value**	**% of Value**	**No. Parcels**	**Taxable Value**	**% of Value**
Residential	258	$ 77,762,081	12.54%	1,257	$408,267,756	56.16%	1,515	$ 486,029,837	36.07%
Commercial	132	267,083,891	43.06%	105	172,610,553	23.74%	237	439,694,444	32.63%
Industrial	158	169,903,248	27.39%	86	74,372,233	10.23%	244	244,275,481	18.13%
Institutional	3	0	0.0%	5	127,706	0.02%	8	127,706	0.01%
Recreational	1	0	0.0%	26	1,233,810	0.17%	27	1,233,810	0.09%
Vacant Land	38	35,020,610	5.65%	96	23,704,911	3.26%	134	58,725,521	4.36%
Exempt	26	0	0.0%	67	0	0.00%	93	0	0.00%
Subtotals:	**616**	**$549,769,830**	**88.63%**	**1,642**	**$680,316,969**	**93.58%**	**2,258**	**$1,230,086,799**	**91.30%**
Non-Unitary		$ 0	0.00%		$ 0	0.00%		$ 0	0.00%
Unsecured		70,561,204	11.37%		46,677,570	6.42%		117 238 774	8.70%
Subtotals:		**$ 70,561,204**	**11.37%**		**$ 46,677,570**	**6.42%**		**$ 117,238,774**	**8.70%**
Totals:	**616**	**$620,331,034**	**100.00%**	**1,642**	**$726,994,539**	**100.00%**	**2,258**	**$1,347,325,573**	**100.00%**

B. Redevelopment Plan Limits

The Sunset Area - The statutes governing redevelopment plans and their limitations have undergone three major amendments since the original adoption of the Plan. Chapter 942, Statutes of 1993, as codified in Section 33333.6 of the Law, limits the life of redevelopment plans adopted prior to January 1, 1994 to 40 years from the date of adoption or January 1, 2009, whichever is later. It also limits the period within which a redevelopment project area may receive tax increment to the life of the redevelopment plan plus ten years beyond the termination of redevelopment activities except to accommodate certain specific low and moderate-income housing obligations or to pay debt service on bonds, indebtedness or other financial obligations authorized prior to January 1, 1994. These pre-1994 redevelopment plans are further required to include a limitation on the number of tax increment dollars that may be allocated to the redevelopment agency; a time limit on the establishing of indebtedness to be repaid with tax increment; and a limit on the amount of bonded indebtedness to be repaid with tax increment that can be outstanding at one time. These limits can be extended only by an amendment of the redevelopment plan.

For redevelopment plans adopted prior to 1994, Chapter 942 stipulates that the time limit for establishing indebtedness shall not exceed 20 years from the adoption of the redevelopment plan or January 1, 2004, whichever is later. Chapter 741, Statutes of 2001, was adopted under SB 211 and amends several sections of the Law that control time limitations for redevelopment project areas. Limitations, that under prior legislation could not be amended or had different amendment procedures, in accordance with this section, may be modified through project area amendments as set forth in this section of the Law (see Section VI).

The Plan was originally adopted prior to 1994. The provisions of Chapter 942 apply to the Sunset Area that is the remaining territory of the Redevelopment Project that was adopted in 1982. As originally adopted the Plan extended to December 31, 2027, contained no time limit on the repayment of debt, and stipulated July 19, 2002 as the time limit for establishing debt. The original limitation on the receipt of tax increment was $90 million, and the amount of bonds to be repaid with tax increment that could be outstanding at one time could not exceed $15 million.

Ordinance 330 (November 23, 1994) established the duration of the Plan as July 19, 2022, and limited the time to receive property taxes to repay indebtedness to July 19, 2032. In 1998 legislation was enacted (AB 1342, Chapter 635, Statutes of 1998) that provided that redevelopment plans adopted prior to January 1, 1994 that had a limitation period shorter than the terms of Chapter 942 could be amended to extend the limitation to the maximum of Chapter 942. Under this authorization the Commission adopted Ordinance 392 on September 8, 1999, amending the Plan to extend the time to incur indebtedness to be repaid with tax increment to January 1, 2004.

By Ordinance 393, on October 13, 1999 the City amended the Plan to increase the limit on the amount of bonds that could be repaid with tax increment from $15 million to $90 million. This $90 million limit is exclusive of any payments to be made from the principal amount of such bonds to any taxing agency pursuant to a tax-sharing requirement and any deposit to the Low and Moderate Income Housing Fund as a result of such payments to the taxing agencies. On July 10, 2002, when the Plan was amended by Ordinance 423 to delete and add territory, the limit on the amount of tax increment that could be allocated to the Redevelopment Project was increased from $90 million to $500 million. The limit on tax increment is exclusive of payments pursuant to tax-sharing agreements in the Sunset Area and statutory tax-sharing in the Amendment Area and exclusive of the Housing Set-Aside Requirement resulting from tax-sharing payments (See V. below).

The Amendment Area was adopted after 1993 in accordance with the provisions of Chapter 942 for redevelopment plans adopted beginning in 1994. Redevelopment plans adopted after 1993 are required to

contain a limitation on the amount of bonds to be repaid with tax increment that may be outstanding at one time. Further, such post 1994 plans may incur debt up to 20 years from the date of the plan's adoption, may be effective for 30 years from the date of adoption, and may collect tax increment for 45 years after the adoption of the redevelopment plan.

SB 1045 (Chapter 260, Statutes of 2003) allows redevelopment agencies that made contributions to the Educational Revenue Augmentation Fund in 2004 (ERAF, see VI Legislation, below) to extend by one year the effective date of their redevelopment plans and the last date to repay debt with tax increment. With the adoption of Ordinance 446 on November 10, 2004, the redevelopment plan effectiveness time limit was extended by one year to July 19, 2023, and the time limit to receive tax increment to repay debt was extended by one year to July 19, 2033.

Any agency having to make ERAF payments for 2005 and 2006 may have its redevelopment plan amended by ordinance to extend the time limit on the effectiveness of the plan for one year for each year it makes the payment by ordinance of the legislative body providing the agency is in compliance with certain specifications (See VI Legislation, below). These amendments have not been adopted by the City Council and we have not assumed that these extensions to the time limits of the Plan will be made.

Pursuant to Chapter 741, Statutes of 2001, the time limit for incurring debt to be repaid with tax increment may be eliminated by an amendment of the redevelopment plan. Such an amendment will trigger statutory tax-sharing pursuant to Chapter 942 (See VII.A. below). On November 10, 2004, the time limit for incurring debt to be repaid with tax increment within the Sunset Area was eliminated by Ordinance 447.

On September 22, 2015, the Governor signed Senate Bill 107 ("SB 107"). This legislation implemented a number of revisions to the Health and Safety Code as it impacts the time and tax increment limits of former redevelopment project areas. The legislation eliminated the effectiveness of tax increment limits, limits on redevelopment activities and time limits on repayment of indebtedness except for all but contractual agreements that had been structured to terminate based on a project area reaching its tax increment and/or time limits. Pursuant to SB 107, Gross Tax Revenues will continue to be allocated from the Project Areas until such time as all authorized enforceable obligations, including the Bonds, have been repaid.

III. Project Area Assessed Values

A. Assessed Values

Taxable values are prepared and reported by the County Auditor-Controller each fiscal year and represent the aggregation of all locally assessed properties that are part of each component Project Area. The assessments are assigned to Tax Rate Areas (TRA) that are coterminous with the boundaries of the Project Area. The historic reported taxable values for the Project Area and it's component areas were reviewed in order to ascertain the rate of taxable property valuation growth over the most recent ten fiscal years beginning with 2007-08.

Between 2007-08 and 2016-17 the taxable value within the Sunset Area increased by $38,502,671 (6.62%). This represents an average annual growth of only 0.74%. Growth has been very slow to recover from the reductions in value that occurred in fiscal years 2009-10 through 2011-12 and again in 2015-16 within the Sunset Area. Assessed values within the Sunset Area for 2016-17 are now $15 million (2.49%) above the peak values in 2008-09 prior to the economic downturn.

Between 2007-08 and 2016-17 the taxable value within the Amendment Area increased by $174,143,673 (31.50%). This represents an average annual growth of 3.12% despite reductions in value that occurred in fiscal year 2009-10 within the Amendment Area. Growth has been steady in the other years since 2010-11. Assessed values within the Amendment Area for 2016-17 is $129.8 million (21.97%) greater than the peak values in 2008-09 prior to the economic downturn.

Assessed values within the Project Area suffered a value reduction among the single family residential properties within their boundaries due to the requirements of Prop 8. Within the Sunset Area, there are 31 single family home parcels that for 2016-17 are still below their adjusted base values. A total of $712,985 in single family home values was recovered by the Assessor on 34 parcels for 2016-17. These parcels have a potential total of $2.7 million in value to be recovered as market values increase. The Amendment Area has a larger number of residential parcels than the Sunset Area and suffered the larger declines in taxable value as the result of the loss of market values during the recession. For 2016-17 the Amendment Area still has 231 parcels enrolled at values below their adjusted base values and these parcels possess a potential value recovery amount of $23.1 million. Values for 2016-17 in the Amendment Area included $5.2 million in value that was recovered on 256 parcels that had been previously reduced in value under Prop 8.

The two Project Area component areas have grown at differing rates since 2007-08. Each of the component areas experienced some amount of value loss during 2009-10. The Sunset Area also experienced loss during 2010-11 and 2011-12 and again in 2015-16. The table below shows the taxable values for each of the component areas and the percentage by which these values have increased above the prior year values.

Table C
Taxable Value History and Percentage Growth from Prior Year
By Component Area and Redevelopment Project

	Sunset Area	Amendment Area	Redevelopment Project
2007-08	$581,828,363	$552,850,866	$1,134,679,229
2008-09	605,307,383 4.04%	597,163,944 8.02%	1,202,471,327 5.97%
2009-10	602,293,882 (0.50%)	590,866,028 (1.05%)	1,193,159,910 (0.77%)
2010-11	590,424,729 (1.97%)	611,576,626 3.51%	1,202,001,355 0.74%
2011-12	574,589,593 (2.68%)	613,421,956 0.30%	1,188,011,549 (1.16%)
2012-13	583,340,558 1.52%	622,298,042 1.45%	1,205,638,600 1.48%
2013-14	588,460,544 0.88%	641,568,401 3.10%	1,230,028,945 2.02%
2014-15	601,839,572 2.27%	667,754,364 4.08%	1,269,593,936 3.22%
2015-16	593,563,090 (1.38%)	704,811,018 5.55%	1,298,374,108 2.27%
2016-17	620,331,034 4.51%	726,994,539 3.15%	1,347,325,573 3.77%

The detailed history of assessed values for each of the component areas and for the Redevelopment Project from 2007-08 to 2016-17 is illustrated on Table 3 (attached) for each tax increment projection.

B. Top Ten Taxable Property Owners

A review of the top ten taxpayers in the Redevelopment Project for fiscal year 2016-17 was conducted. Within the Redevelopment Project, the aggregate total taxable value for the ten largest taxpayers totaled $221,653,944. This amount is 20.59% of the $1 billion Redevelopment Project incremental value. The top taxpayer in the Redevelopment Project is Vestar Kimco Santee LP that controls nine secured parcels and an unsecured assessment with a combined valuation of $48,384,024. The value of the Vestar Kimco Santee LP parcels is 4.50% of the Redevelopment Project total incremental value. The second largest taxpayer in the Redevelopment Project is Walmart Stores LP that controls a total of $29,006,793 in secured assessed value on three parcels. This amount is 2.70% of the Redevelopment Project incremental value. Table D below illustrates the percentage of incremental value for the top ten taxpayers in the Redevelopment Project and their relative importance to the incremental value of the Redevelopment Project.

Six of the property owners listed as top taxpayers within the Redevelopment Project are located within the Sunset Area and four property owners are located within the Amendment Area. The top ten taxpayers within the Redevelopment Project and the individual component areas are shown on Table 5 for each of the projections.

Table D
Redevelopment Project Top Ten Property Taxpayers [1]

Property Owner	Combined Value	% of Total Assessed Value	% of Total Incremental Value	Primary Land Use
Vestar Kimco Santee LP	$48,384,024	3.59%	4.50%	Trolley Square at Santee Town Center
Walmart Stores LP [2]	29,006,793	2.15%	2.70%	Walmart Store
Santee Retail LP	21,366,537	1.59%	1.99%	The Marketplace at Santee
HCA Arbors Apartment	20,790,544	1.54%	1.93%	The Arbors Apartments
American Realty Capital Properties Inc.	18,846,730	1.40%	1.75%	Commercial Office Building – HD Supply
Costco Wholesale Corporation	17,388,989	1.29%	1.62%	Costco Warehouse
Petsmart Inc.	16,752,478	1.24%	1.56%	Pet Supply Retail Store
Target [2]	16,702,932	1.24%	1.55%	Target Store
Von's Companies Inc.	16,372,008	1.22%	1.52%	Vons Grocery Store
Lowes HIW	16,042,909	1.19%	1.49%	Lowes Home Improvement Store
Top Taxpayer Total Value	**$221,653,944**			
Project Area Assessed Value	**$1,347,325,573**	**16.45%**		
Project Area Inc. Value	**$1,076,294,174**		**20.59%**	

[1] 2016-17 top property owners current as of August 10, 2016
[2] Pending Appeals

Among the Redevelopment Project top ten taxpayers, Walmart Stores LP and Target have assessment appeals pending (see Section IV F below).

IV. Tax Allocation and Disbursement

A. Property Taxes

The taxable values of property are established each year on the January 1 property tax lien date. Real property values reflect the reported assessed values for secured and unsecured land and improvements. The base year value of a parcel is the value established as the full market value upon a parcel's sale, improvement or other reassessment. Article XIIIA of the California Constitution (Proposition 13) provides that a parcel's base year value is established when locally assessed real property undergoes a change in ownership or when new construction occurs. Following the year a parcel's base year value is first enrolled, the parcel's value is factored annually for inflation. The term base year value does not, in this instance, refer to the base year value of the Redevelopment Project. Pursuant to Article XIIIA, Section 2(b) of the State Constitution and California Revenue and Taxation Code Section 51, the percentage increase in the parcel's value cannot exceed 2% of the prior year's value.

Secured property includes property on which any property tax levied by a county becomes a lien on that property. Unsecured property typically includes value for tenant improvements, fixtures, inventory and personal property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other secured property owned by the taxpayer. The taxes levied on unsecured property are levied at the previous year's secured property tax rate. Utility property assessed by the State Board of Equalization (the Board) may be revalued annually and such assessments are not subject to the inflation limitations established by Proposition 13. The taxable value of Personal Property is also established on the lien dates and is not subject to the annual 2% limit of locally assessed real property.

Each year the Board announces the applicable adjustment factor. Since the adoption of Proposition 13, inflation has, in most years, exceeded 2% and the announced factor has reflected the 2% cap. Through 2010-11 there were six occasions when the inflation factor has been less than 2%. Until 2010-11 the annual adjustment never resulted in a reduction to the base year values of individual parcels, however, the factor that was applied to real property assessed values for the January 1, 2010 assessment date was a -0.237% and this resulted in reductions to the adjusted base year value of parcels. The changes in the California Consumer Price Index (CCPI) from October of one year and October of the next year are used to determine the adjustment factor for the January assessment date. Table E below reflects the inflation adjustment factors for the current fiscal year, ten prior fiscal years and the adjustment factor for the next fiscal year.

Table E
Historical Inflation Adjustment Factors

Fiscal Year	Inflation Adj. Factor
2006-07	2.000%
2007-08	2.000%
2008-09	2.000%
2009-10	2.000%
2010-11	-0.237%
2011-12	0.753%
2012-13	2.000%
2013-14	2.000%
2014-15	0.454%
2015-16	1.998%
2016-17	1.525%

For purposes of the projection we have assumed that the inflation adjustment factor for fiscal year 2017-18 and future years will be 2.00%. This assumption is based on the fact that the inflation adjustment factor has been at the maximum allowed amount of 2.00% in 31 of the 41 years since the adoption of Proposition 13. We believe that assuming the resumption of a 2.00% inflation adjustment factor is justified by historical experience.

B. Supplemental Assessments

Chapter 498 of the Statutes of 1983 provides for the reassessment of property upon a change of ownership or completion of new construction. Such reassessment is referred to as the Supplemental Assessment and is determined by applying the current year's tax rate to the amount of the increase or decrease in a property's value and prorating the resulting property taxes to reflect the portion of the tax year remaining as determined by the date of the change in ownership or completion of new construction. Supplemental Assessments become a lien against Real Property.

Since 1984-85, revenues derived from Supplemental Assessments have been allocated to redevelopment agencies and taxing entities in the same manner as regularly collected property taxes. The receipt of Supplemental Assessment Revenues by taxing entities typically follows the change of ownership by a year or more. We have **not** included revenues resulting from Supplemental Assessments in the projections.

C. Tax Rates

Tax rates will vary from area to area within the State, as well as within a community and a project area. The tax rate for any particular parcel is based upon the jurisdictions levying the tax rate for the area where the parcel is located. The tax rate consists of the general levy rate of $1.00 per $100 of taxable value and the over-ride tax rate. The over-ride rate is that portion of the tax rate that exceeds the general levy tax rate and is levied to pay voter approved indebtedness or contractual obligations that existed prior to the enactment of Proposition 13.

A Constitutional amendment approved in June 1983 allows the levy of over-ride tax rates to repay indebtedness for the acquisition and improvement of real property, upon approval by a two-thirds vote. A subsequent amendment of the Constitution prohibits the allocation to redevelopment agencies of tax revenues derived from over-ride tax rates levied for repayment of indebtedness approved by the voters after December 31, 1988. Tax rates that were levied to support any debt approved by voters after December 31, 1988 were not allocated to redevelopment agencies. The over-ride tax rates typically decline each year as a result of (1) increasing property values (which would reduce the over-ride rate that must be levied to meet debt service) and (2) the eventual retirement of debt over time. Prior to the dissolution of redevelopment agencies, there was one tax rate levied within the Redevelopment Project that had been approved by voters prior to 1989 and that produced tax revenue for repayment of debt. The tax rate included a tax rate levied by the Metropolitan Water District that was levied on all taxable value.

Section 34183(a)(1) of the Law as amended by AB1x 26 requires the County Auditor Controller to allocate all revenues attributable to tax rates levied to make annual repayments of the principal and interest on any bonded indebtedness for the acquisition or improvement of real property to the taxing entity levying the tax rate. This was interpreted by the County to include none of the revenues resulting from over-ride tax rates that were previously being allocated to redevelopment agencies except for tax rates levied to cover pension fund obligations based on their determination that these tax rates are not being levied for repayment of indebtedness for acquisition or improvement of real property. There are no tax rates levied within the Project Area to fund pension fund obligations. As a result, the tax increment revenues being deposited into the RPTTF include only

those revenues derived from the general levy tax rate. No tax revenue derived from the tax levies by the Metropolitan Water District has been allocated to the Successor Agency since 2011-12.

The Sunset Area contains a total of 18 Tax Rate Areas (TRAs) and the Amendment Area contains 28 TRAs. A TRA is a geographic area within which the taxes on all property are levied by a certain set of taxing entities. These taxing entities each receive a prorated share of the general levy and those taxing entities with voter approved over-ride tax rates receive the revenue resulting from that over-ride tax rate. The tax increment projections are based only on the 1% general levy tax rate.

As the result of the enactment of SB 107, the Law has been changed such that tax revenue from debt service override tax rates is now clearly required to be allocated directly to the taxing entity levying that tax rate except to the extent that this revenue has been pledged to the payment of bonded indebtedness. Within the Redevelopment Project, all tax revenue including that revenue produced by the Metropolitan Water District's debt service override tax rate was pledged to the payment of debt service on the bonds that are being refunded by issuance of the Bonds. Under the law as revised by SB 107, this revenue must continue to be made available to the Successor Agency for payment of bonded indebtedness, however, any such revenue that is not necessary for payment of debt service on the Bonds will be allocated by the County to the water district and will not be deposited into the RPTTF. Because of the amount of debt service coverage within the Redevelopment Project, for purposes of the projections we have assumed that the revenue from the debt service override tax rate will not be allocated to the Successor Agency's RPTTF revenues.

D. Allocation of Taxes

Taxes on secured property values paid by property owners are due in two equal installments on November 1 and on February 1 and become delinquent on December 10 and April 10. Taxes on unsecured property are due March 1 and become delinquent August 31. Prior to dissolution of redevelopment agencies, the County disbursed secured tax increment revenue to the former redevelopment agencies from November through August with approximately 45 percent of secured revenues apportioned by the end of December and a total of 95% of the secured revenues by the end of the following May. Unsecured revenues were disbursed to the former redevelopment agencies from September through June of each fiscal year with approximately 90% of the unsecured revenues being apportioned in September. The County Auditor-Controller apportions tax increment revenue based on collections and does **not** utilize the alternative allocation method known as the Teeter Plan. The apportionment schedule described above and the apportionment of tax increment revenue based on collections was in use by the County Auditor Controller for many years prior to redevelopment dissolution and continues to be the pattern of tax increment revenue allocation.

As of February 1, 2012, the apportionment of tax increment revenue was dictated by the legislation adopted as ABx1 26 (See Legislation, Section VI). Revenue is now apportioned to Successor Agencies on January 2 and June 1 of each fiscal year. All tax increment revenue is accumulated by the County Auditor-Controller in the RPTTF for allocation on these two dates. The tax increment revenue available for allocation on January 2 consists of revenues collected after June 1 of the previous fiscal year and for collections in November and December of the current fiscal year. The tax increment revenues available for allocation on June 1 include revenues collected from January 1 to June 1 of the current fiscal year.

From the amounts accumulated in the RPTTF for each allocation date, the County Auditor-Controller is to deduct its own County administrative charges and is to calculate and deduct amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law and for statutory tax sharing obligations required by Sections 33607.5 and 33607.7 of the Law. The amount remaining after these

reductions, if any, is what is available for payment by the Successor Agency of debt obligations of the former redevelopment agency.

Prior to receiving revenues on January 2 and June 1, the Successor Agency must adopt a Recognized Obligation Payment Schedule (ROPS) that lists the debt obligations of the former redevelopment agency that must be paid during the upcoming six month periods of January 1 through June 30 and July 1 through December 31. There is a provision in the legislation for a Successor Agency to request additional amounts in one ROPS payment to allow it to make payments that may be beyond the revenues available in the upcoming allocation cycle. The ROPS must be submitted at least 90 days prior to each RPTTF allocation date and approved by the Successor Agency's Oversight Board that is established in the legislation with membership consisting of representatives from various taxing entities. The ROPS must also receive approval from the State Department of Finance (the "DOF"). Filing ROPS statements is mandated by statute and penalties are incurred if they are filed late or if they are not filed at all.

The Successor Agency is entitled to receive an amount to cover the administrative costs of winding down the business of the former redevelopment agency. This amount is set by AB1x 26 at the greater of $250,000 per year or a maximum of 3% of the amount allocated from the RPTTF. AB 1484 added language that allowed the Oversight Board to reduce the amount of the minimum administrative allowance. To the extent that revenues are insufficient to pay all of the approved ROPS obligations, the Successor Agency's administrative allowance will be reduced or eliminated. Successor Agency administrative allowance amounts that have been approved but cannot be paid due to a lack of RPTTF revenue will be carried over to the next RPTTF allocation for payment as funds become available.

As a result of passage of SB 107, commencing July 1, 2016 the administrative cost allowance will be 3% of the actual property taxes allocated to the Successor Agency in the preceding fiscal year less the Successor Agency's administrative cost allowance and City loan repayment amounts. If, however, 3% of the actual property taxes allocated in the preceding fiscal year is greater than 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City loan repayment amounts, then the administrative cost allowance shall not exceed 50% of the total RPTTF amounts distributed to pay enforceable obligations as reduced by the administrative allowance and City Loan repayment amounts.

If there are RPTTF amounts remaining after reductions for County administrative charges, amounts owed, if any, to taxing entities for tax sharing agreements entered into pursuant to Section 33401 of the Law, enforceable obligations and Successor Agency administrative allowance, these remainder amounts are referred to as Residual Revenue. Residual Revenue for each allocation cycle is proportionately allocated to the taxing entities and to the Educational Revenue and Augmentation Fund (ERAF). The legislation stipulates that the combination of tax sharing payments and Residual Revenue payments to tax entities may not exceed that taxing entity's full share of tax increment revenue. In circumstances where a taxing entity receives all or most of its share of tax increment revenue as a result of its tax sharing agreement, that taxing entity's share of the Residual Revenue distribution may be reduced and the portions of Residual Revenue allocated to the other taxing entities will be proportionately increased. (See Section VII – Tax Sharing Agreements and Other Obligations, below). The forms and procedures used by a successor agency to submit its ROPS to its Oversight Board and to the DOF are dictated by the legislation as interpreted by DOF.

E. Annual Tax Receipts to Tax Levy

The County Auditor-Controller apportions tax revenues to the RPTTF based upon the amount of the tax levy that is received from the taxpayers. Collection rates for the Project Areas have been consistently high. The following table illustrates the final tax revenue collections for the previous six fiscal years. To calculate the

rate of collections, the revenue allocated to the component project areas for current year revenues (secured, unsecured and Homeowners exemption revenues) are compared to the adjusted tax charge for that year. Occasionally, a collection rate of greater than 100% or an abnormally low collection rate occurs when roll corrections are made by the Assessor after publication of the tax roll.

Table F
Current Year Collection Rates
for Most Recent Five Years

Fiscal Year	Adjusted Tax Levy	Current Year Apportioned	Prior Year Collections	Total Apportioned	Current Year Collections (%)	Total Collection (%)
2011-12[2]	$ 9,336,802	$ 9,186,742	$ (24,411)	$ 9,162,331	98.39%	98.13%
2012-13	9,497,488	9,381,665	155,654	9,537,319	98.78%	100.42%
2013-14	9,725,322	9,625,296	181,965	9,807,261	98.97%	100.84%
2014-15	10,106,089	10,012,212	232,160	10,244,372	99.07%	101.37%
2015-16	10,400,972	10,319,900	193,933	10,513,833	99.22%	101.09%

Source: San Diego County Auditor-Controller's Office, Disbursement Tax Division "Agency Trust Fund Summary"

F. Assessment Appeals

Assessment appeals data from the County and through July 20, 2016 has been reviewed to determine the potential impact that pending appeals may have on the projected Gross Tax Revenues. We have determined that there are 27 pending appeals within the Redevelopment Project. In order to estimate the potential reduction in assessed value that may occur as a result of these pending appeals, we have reviewed the historical averages since 2011 for the number of appeals allowed and the amount of assessed value removed. We have then applied those averages to the currently pending appeals and estimated the number of pending appeals that may be allowed and the amount of assessed value that may be removed as a result of these pending appeals.

Two of the Redevelopment Project top ten taxpayers have pending appeals of their assessed value. These taxpayers are among the Redevelopment Project top ten taxpayers, Walmart Stores LP and Target have assessment appeals pending.

The table below summarizes the projected loss of assessed value will result from the assessment appeals that are currently pending within the component project areas. The projected reductions in value from successful appeals have been factored into the projection of value for 2017-18.

Table G
Assessment Appeals Summary
2011-12 through July 20, 2016

Project Areas	Total No. of Appeals	No. of Resolved Appeals	No. of Successful Appeals	Avg. Reduction	No. & Value of Appeals Pending		Est. No. of Appeals Allowed	Est. Reduction on Pending Appeals Allowed (2016-17 Value Adj.)
Sunset Area	55	41	33	28.59%	14	($32,077,219)	11	$ 7,382,226
Amendment Area	71	58	55	16.34%	13	($41,992,363)	12	$ 6,504,710
Redevelopment Project	**126**	**99**	**88**	**25.68%**	**27**	**($74,069,582)**	**23**	**$13,886,936**

[2] Collections data for fiscal year 2011-12 may be inaccurate due to reporting from County data. This first year of dissolution caused County reporting to be significantly revised and underreporting of revenues was likely.

As mentioned above, only two of the top taxpayers in the Redevelopment Project have pending assessment appeals. The table below reflects those currently pending assessment appeals among the top taxpayers.

Table H
Pending Assessment Appeals Among Top Taxpayers

Taxpayer	FY of Appeal	No. Of Parcels Under Appeal	Total Value Under Appeal	Owner Opinion of Value	Potential Max. Value Reduction
Walmart Stores LP	2015-16	1	$15,041,950	$1,974,720	$13,067,230
Target Corporation	2015-16	1	$16,753,661	$ 410,000	$16,343,661

G. County Collection Charges

Chapter 466 (SB 2557) allows counties to recover charges for property tax administration in an amount equal to their 1989-90 property tax administration costs, as adjusted annually. For fiscal year 2015-16, the County collection charges were $114,135 within the Redevelopment Project. Based on the original tax charge for 2015-16, this amount is 1.098% of the anticipated Gross Revenue. We have projected the County SB 2557 collection charges for 2016-17 and future years at 1.098% of Gross Tax Revenue. For purposes of these projections, we have assumed that the County Auditor Controller will continue to charge the Successor Agency for property tax administration and that such charge will increase proportionally with any increases in revenue. This charge is calculated on the amount of gross property tax revenue allocated to the Successor Agency.

H. Allocation of State Assessed Unitary Taxes

Legislation enacted in 1986 (Chapter 1457) and 1987 (Chapter 921) provided for a modification of the distribution of tax revenues derived from utility property assessed by the State Board of Equalization, other than railroads. Prior to the 1988-89 fiscal year, property assessed by the SBE was assessed statewide and was allocated according to the location of individual components of a utility in a tax rate area. Commencing in 1988-89, tax revenues derived from unitary property and assessed by the SBE are accumulated in a single Tax Rate Area for the County. It is then distributed to each taxing entity in the County in the following manner: (1) each taxing entity will receive the same amount as in the previous year plus an increase for inflation of up to two percent; (2) if utility tax revenues are insufficient to provide the same amount as in the previous year, each taxing entity's share would be reduced pro-rata county wide; and (3) any increase in revenue above two percent would be allocated in the same proportion as the taxing entity's local secured taxable values are to the local secured taxable values of the County.

To administer the allocation of unitary tax revenues to redevelopment agencies, the County Auditor Controller no longer includes the taxable value of utilities as part of the reported taxable values of the project area, therefore, the base year of project areas have been reduced by the amount of utility value that existed originally in the base year. The County Auditor Controller allocated an aggregate total of $127,518 of unitary tax revenue to the Redevelopment Project for 2015-16. For purposes of the projections we estimate that this same amount of unitary tax revenue will be allocated for each fiscal year of the projection. The unitary tax revenue amounts that were allocated for 2015-16 are listed by component area in Table I below.

Table I Unitary Revenue Allocated	
Project Area	**Unitary Revenue**
Sunset Area	$ 94,342
Amendment Area	33,176
Redevelopment Project	**$127,518**

V. Low and Moderate Income Housing Set-Aside

Sections 33334.2 and 33334.3 of the Law required redevelopment agencies to set aside not less than 20 percent of all tax increment revenues from project areas adopted after December 31, 1976 into a low and moderate income housing fund (the "Housing Set-Aside Requirement"). Sections 33334.3, 33334.6 and 33334.7 of the Law extend this requirement to redevelopment projects adopted prior to January 1, 1977. With the adoption of AB1x 26, the Housing Set-Aside Requirement was eliminated. The housing fund into which these set-aside amounts were formerly deposited has been eliminated and any unencumbered amounts remaining in that fund have been identified through a mandated Due Diligence Review. The amounts found to be unencumbered through this Due Diligence Review have been paid to the County and these funds have been allocated to the taxing entities within the former project area.

VI. Legislation

In order to address State Budget deficits, the Legislature enacted SB 614, SB 844 and SB 1135 that required payments from redevelopment agencies for the 1992-93, 1993-94 and 1994-95 fiscal years into a countywide ERAF. The Commission could have used any funds legally available and not legally obligated for other uses, including agency reserve funds, bond proceeds, earned income, and proceeds of land sales, but not moneys in the Low and Moderate Income Housing Fund (the "Housing Fund") to satisfy this obligation. From 1995-96 to 2001-02, state budgets were adopted with no additional shifting of tax increment revenues from redevelopment agencies, however, the 2002-03 State Budget required a shift of $75 million of tax increment revenues statewide from redevelopment agencies to ERAF to meet the state budget shortfall. AB 1768 (Chapter 1127, Statutes of 2002) was enacted by the Legislature and signed by the Governor and based upon the methodology provided in the 2002-03 budget, the shift requirement for the former redevelopment agencies to make payments into the ERAF was limited to fiscal year 2002-03 only.

As part of the State's 2003-04 budget legislation, SB 1045 (Chapter 260, Statutes of 2003) required redevelopment agencies statewide to contribute $135 million to local County ERAF which reduced the amount of State funding for schools. This transfer of funds was limited to fiscal year 2003-04 only. Under the Law as amended by SB 1045, the redevelopment agencies were authorized to use a simplified methodology to amend the individual redevelopment plans to extend by one year the effectiveness of the plan and the time during which the agencies could repay debt with tax increment revenues. In addition, the amount of this payment and the ERAF payments made in prior years were to be deducted from the cumulative tax increment amounts applied to a project area's cumulative tax increment revenue limit.

After the State's budget for 2004-05 was approved by the legislature and signed by the Governor, Senate Bill 1096 was adopted. Pursuant to SB 1096, redevelopment agencies within the State were required to pay a total of $250 million to ERAF for fiscal year 2004-05 and for 2005-06. The payments were due on May 10 of each fiscal year. As in previous years, payments were permitted to be made from any available funds other than the

Housing Fund. If an agency was unable to make a payment, it was allowed to borrow up to 50% of the current year Housing Tax Set-Aside Requirement, however, the borrowed amount was required to be repaid to the Housing Fund within 10 years of the last ERAF payment (May 10, 2006). Under SB 1096, redevelopment plans with less than ten years of effectiveness remaining from June 30, 2005, could be extended by one year for each year that an ERAF payment is made. For redevelopment plans with 10 to 20 years of effectiveness remaining after June 30, 2005, the plans may be extended by one year for each year that an ERAF payment is made if the city council could find that the former redevelopment agency was in compliance with specified state housing requirements. These requirements are: 1) that the agency is setting aside 20% of gross tax increment revenues; 2) that housing implementation plans are in place; 3) that replacement housing and inclusionary housing requirements are being met; and, 4) that no excess surplus exists. As outlined below, the method by which ERAF loans from the Housing Fund may be repaid has been modified by the adoption of AB 1484. The requirement for repayment of these loans by certain dates has been eliminated.

In July, 2009, the Legislature adopted AB 26 4x as a means of implementing a package of 30 bills that were adopted in order to close the State's budget deficit. Under this legislation the former redevelopment agencies statewide were required to pay into their county's "Supplemental" ERAF (the "SERAF"), $1.7 billion in fiscal year 2009-10 and were required to pay another $350 million in fiscal year 2010-11. Based on a State Controller formula, the former redevelopment agencies were required to pay the required amounts by May, 2010 and May, 2011 respectively.

Under this legislation, the former redevelopment agencies could use any available funds to make the SERAF payments. If Housing Set-Aside Requirement or Housing Fund amounts were borrowed to make the SERAF payment, the borrowed amounts were required to be repaid to the Housing Fund by June 30, 2015 and June 30, 2016 respectively. Under the requirements of Section 34191.4 amended by AB 1484, however, redevelopment agencies that borrowed from the Housing Fund to make the required SERAF payments for 2010 and for 2011 may only repay the borrowed amounts from annual amounts that are 50% of the increase in annual Residual Revenues that are above the Residual Revenue for fiscal year 2012-13. Repayment amounts are, under current legislation, to be repaid to the Successor Housing Authority established pursuant to AB 1x 26 and AB 1484 (see below). Repayment of SERAF payment amounts borrowed from the Housing Fund may only be repaid from growth in Residual Revenue. As a result, the repayment of these amounts will have no impact on the Successor Agency's ability to repay indebtedness.

AB 1x 26 and AB 1x 27 were introduced in May 2011 as placeholder bills and were substantially amended on June 14, 2011. These bills proposed to dramatically modify the Law as part of the fiscal year 2011-12 State budget legislation. AB 1x 26 would dissolve redevelopment agencies statewide effective October 1, 2011 and suspend all redevelopment activities as of its effective date. AB 1x 27 would allow redevelopment agencies to avoid dissolution by opting into a voluntary program requiring them to make substantial annual contributions to local school and special districts. The bills were signed by the Governor in late June, 2011 and were challenged by a suit filed before the California Supreme Court by the CRA. On December 29, 2011, the Supreme Court ruled that AB 1x 27 was unconstitutional and that AB 1x 26 was not unconstitutional. On June 27, 2012 the legislature passed and the Governor signed Assembly Bill 1484. This legislation made certain revisions to the language of AB 1x 26 based on experience after its implementation.

Once the obligations of the former redevelopment agencies have been recognized as Enforceable Obligations, the Successor Agency is obliged to manage the repayment of those Enforceable Obligations through the semiannual adoption of ROPS by the Oversight Board that is made up of representatives of taxing entities within the former redevelopment agency. Membership of the Oversight Board is dictated by Section 34179 of the Law. After 2016, there will be a single Oversight Board in each county that will be responsible for

adoption of ROPS for all successor agencies in the county. The ROPS establishes the amounts that may be paid by the Successor Agency on the former redevelopment agency's debts during the six month periods following payments to the Successor Agency from the RPTTF by the County Auditor-Controller on January 2 and June 1 of each year.

The legislature has recently approved SB 107. Among the changes to the dissolution statutes that were included in SB 107 was the affirmative elimination of the effectiveness of time and tax increment limits from the redevelopment plans of the former project areas. Section 34189(a) now provides that the elimination of these limits will not result in the restoration or continuation of funding for projects whose contractual terms specified that project funding would cease once the limitations in the redevelopment plans had been reached. It doesn't appear that any of the obligations of the Successor Agency will be affected by this change to the law.

Numerous lawsuits have been filed on various aspects of AB 1x 26 and AB 1484 which could impact the dissolution of redevelopment agencies. Our projections could be impacted as a result of future court decisions.

VII. Tax Sharing Agreements and Other Obligations

The legislation that dissolved redevelopment agencies also required that the calculation and payment of tax sharing amounts be taken over by the County Auditor-Controller. Since February, 2012, the tax sharing obligations outlined below have been administered by the County Auditor-Controller's office.

A. Tax Sharing Agreements

SB 211 Payments

As the result of an amendment made to the Sunset Area that eliminated the redevelopment plan limits on incurrence of new debt, the Sunset Area is subject to tax sharing payments to all taxing entities that have not entered into tax sharing agreements with the Commission. These payments will be made in accordance with the three-tiered formulas for statutory tax sharing payments required of those project areas or amendment areas adopted after January 1, 1994. These statutory tax-sharing payments began in the fiscal year following the year within which the former limit was passed and using the assessed value of the project area for the fiscal year within which the original time limit was exceeded as an adjusted base year value.

The first tier tax-sharing amount is 25 percent of the gross tax increment revenue produced by the incremental growth in value above the project area value in the fiscal year that the original limit would have been exceeded less 20% for the Housing Set-Aside Requirement. The City has elected to receive its share of this first tier of tax-sharing payments as permitted by the Law. The second tier payments began in the eleventh year after the tier one payments are initiated. This second tier payments are 21 percent of the tax increment revenue, net of the Housing Set-Aside Requirement, that is derived from the growth in assessed value that is in excess of the assessed value of the component area in year ten. The City may not receive any portion of the second tier tax-sharing payments. The third tier payments begin in the 31st year after the initiation of the tier one payments. This third tier is 14 percent of the tax increment revenue, net of the Housing Set-Aside Requirement that is derived from the growth in assessed value that is in excess of the assessed value of the component area in the 30th year. The City may not receive any portion of the third tier tax-sharing payments. These three tiers of tax sharing are calculated independent of one another and continue from their inception through termination of the component area's repayment of debt.

Table J below shows the fiscal years that are or will be the adjusted base years for the three tiers of statutory tax sharing in the Sunset Area. The adjusted base year values are shown where they have been determined.

Table J
SB 211 Statutory Tax Sharing Payment
Adjusted Base Year Values

	Tier 1 Adj. Base Year	Tier 2 Adj. Base Year	Tier 3 Adj. Base Year
Sunset Area	2003-04	2013-14	2033-34
	$362,141,705	$453,381,273	TBD

Amendment Area

Within the Amendment Area, statutory tax sharing payments required by Section 33607.5 of the Law began in 2003-04 fiscal year, and will continue for as long as the component project areas are entitled to repay indebtedness. Within the first tier of tax sharing, the taxing entities receive their proportionate shares of an amount that is 25% of all tax increment apportioned to the component project area net of the Housing Set-Aside Requirement. Beginning in 2013-14, the 11th year after the fiscal year that tax increment is first received within the Amendment Area, the taxing entities begin to receive their proportionate shares of an amount that is 21% of the revenue derived from the incremental increase in assessed values above the component project area values for the tenth year (fiscal year 2012-13). This payment is in addition to the first tier payments. Beginning in 2033-34, the 31st year after the fiscal year that tax increment revenue is first received, a third tier of tax sharing is initiated. The taxing entities receive their proportionate shares of an amount that is 14% of the revenue derived from the increase in assessed values above the component project area values for the 30th year (fiscal year 2032-33). These payments are in addition to the first and second tier payments.

Under the Law, the City is considered a taxing entity and may elect to receive its share of the required tier 1 payments. The City may not, however, receive any share of the tier 2 and tier 3 payments. The City has elected to receive its share of all tier 1 payment amounts.

The City has agreed to subordinate their share of the SB 211 and AB 1290 statutory tax sharing payments to the debt service on the Bonds.

VIII. Development Activities

Real property represents assessed valuations for land and improvements. The new development assumptions incorporated into this report include new construction or property transfer activities which are completed. The impacts of these new development are included in the Projections of Incremental Taxable Value and Tax Increment Revenue and shown in detail on Tables 4 (New Development).

Parc One @ Santee – Located at 310-320 Town Center Parkway, the Parc One @Santee apartment complex was developed by Intergulf J M R (Parc One) LLC. The 172-unit community features one, two and three bedroom units. Completed in April 2016, this development is anticipated to add $18,534,883 improvement value to the 2017-18 rolls based on building permit valuations provided by the City.

Sales and Transfers Occurring After the Lien Date

Changes in value due to transfers of ownership occurring after the lien date for the 2016-17 fiscal year will affect the taxable values for fiscal year 2017-18. New development continues to occur within the

Redevelopment Project that is above and beyond changes of ownership but no additional value has been included in the projections for new construction. The Table K below reflects the values changes incorporated into the projected values for 2017-18 as a result of the transfers of ownership occurring after January 1, 2016 and through August 10, 2016.

Table K
Value Added to Projection from Transfers of Ownership

	After 1/1/2016	
Project Area	**# Transfers**	**Added Value To the 2016-17 Rolls**
Sunset Area	24	$13,610,255
Amendment Area	86	25,140,467
Redevelopment Project	**110**	**$38,750,722**

IX. Trended Taxable Value Growth

In accordance with Proposition 13, growth in real property land and improvement values may reflect the year-to-year inflationary rate not to exceed 2% for any given year. A 2% growth rate is the maximum inflationary growth rate permitted by law and this rate of growth has been realized in all but ten years since 1976-77. The years in which less than two percent growth was realized included fiscal years 1983-84 (1.0%), 1995-96 (1.19%), 1996-97 (1.11%), 1999-00 (1.85%), 2004-05 (1.867%), 2010-11 (-0.237%), 2011-12 (0.753%), 2014-15 (0.454%), 2015-16 (1.998%) and 2016-17 (1.525%). We have assumed a resumption of 2% annual inflationary growth in all fiscal years after 2016-17. Future values will also be impacted by changes of ownership and new construction not reflected in our projections. In addition, the values of property previously reduced in value due to assessment appeals based on reduced market values could increase more than 2% when real estate values increase more than 2% (see Section IV A above). Seismic activity and environmental conditions such as hazardous substances that are not anticipated in this Report might also impact taxable assessed values and Gross Revenues. HdL Coren & Cone makes no representation that taxable assessed values will actually grow at the rate projected.

Anticipated revenues could be adjusted as a result of unidentified assessment appeal refunds, other Assessor corrections discussed previously, or unanticipated increases or decreases in property tax values. Estimated valuations from developments included in this analysis are based upon our understanding of the general practices of the County Assessor and County Auditor-Controller's Office. General assessment practices are subject to policy changes, legislative changes, and the judgment of individual appraisers. While we believe our estimates to be reasonable, taxable values resulting from actual appraisals may vary from the amounts assumed in the projections.

Successor Agency to the Community Development Commission of the City of Santee

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Santee Community Redevelopment Project and Amendment

PROJECTION OF INCREMENTAL TAXABLE VALUE AND TAX REVENUES

(000's Omitted)

24-Aug-16

Table 1 - Combined

Taxable Values (1)		**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Real Property (2)		1,261,176	1,329,521	1,356,111	1,383,233	1,410,898	1,439,116	1,467,898	1,497,256	1,527,201	1,557,746
Personal Property (3)		86,149	86,149	86,149	86,149	86,149	86,149	86,149	86,149	86,149	86,149
Total Projected Value		1,347,326	1,415,670	1,442,260	1,469,383	1,497,047	1,525,265	1,554,048	1,583,406	1,613,351	1,643,895
Taxable Value over Base	**271,031**	**1,076,294**	**1,144,639**	**1,171,229**	**1,198,351**	**1,226,016**	**1,254,234**	**1,283,016**	**1,312,374**	**1,342,319**	**1,372,863**
Gross Tax Increment Revenue (4)		10,763	11,446	11,712	11,984	12,260	12,542	12,830	13,124	13,423	13,729
Unitary Tax Revenue		128	128	128	128	128	128	128	128	128	128
Gross Tax Revenues		**10,890**	**11,574**	**11,840**	**12,111**	**12,388**	**12,670**	**12,958**	**13,251**	**13,551**	**13,856**
LESS:											
SB 2557 Admin. Fee (5)		(120)	(127)	(130)	(133)	(136)	(139)	(142)	(146)	(149)	(152)
Tax Sharing Payments											
Statutory Tax Sharing Tier 1 (6)		(376)	(403)	(421)	(439)	(458)	(477)	(497)	(516)	(537)	(558)
Statutory Tax Sharing Tier 2 (6)		(54)	(83)	(103)	(123)	(143)	(164)	(185)	(207)	(229)	(252)
Statutory Tax Sharing Tier 3 (6)		0	0	0	0	0	0	0	0	0	0
AB 1290 Statutory Tax Sharing Tier 1 (6)		(843)	(923)	(946)	(970)	(994)	(1,018)	(1,044)	(1,069)	(1,095)	(1,122)
AB 1290 Statutory Tax Sharing Tier 2 (6)		(176)	(261)	(286)	(312)	(338)	(364)	(391)	(419)	(447)	(476)
AB 1290 Statutory Tax Sharing Tier 3 (6)		0	0	0	0	0	0	0	0	0	0
Pledged Tax Revenues		**9,322**	**9,777**	**9,954**	**10,135**	**10,319**	**10,507**	**10,699**	**10,894**	**11,093**	**11,297**
Subordinate Tax Sharing Payments											
City - SB 211 Statutory Tax Sharing Tier 1 (7)		(113)	(122)	(127)	(133)	(138)	(144)	(150)	(156)	(162)	(168)
City - AB 1290 Statutory Tax Sharing Tier 1 (7)		(235)	(258)	(264)	(271)	(278)	(284)	(291)	(299)	(306)	(313)
Net Tax Revenues		**8,973**	**9,398**	**9,563**	**9,731**	**9,903**	**10,079**	**10,257**	**10,440**	**10,626**	**10,815**

(1) Taxable values as reported by San Diego County

(2) Real property consists of land and improvements. Increased for inflation at 2% annually. Values for 2017-18 are increased by $57,285,605 due to new constructionto and 110 transfers of ownership from 1/1/2016 through 8/10/2016 and decreased by $13,886,936 for projected value loss due to pending assessment appeals.

(3) Personal property is held constant at 2016-17 level.

(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.

(5) SB 2557 charge is estimated at 1.098% of Gross Revenue.

(6) See individual projections for specific statutory tax sharing details.

(7) See individual projections for specific statutory tax sharing details.

Successor Agency to the Community Development Commission of the City of Santee

Santee Community Redevelopment Project and Amendment

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

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24-Aug-16

Table 2 - Combined

		Total Taxable Value	Taxable Value Over Base 271,031	Gross Tax Revenue	SB 2557 Charge	Statutory Tax Sharing Tier 1	Statutory Tax Sharing Tier 2	Statutory Tax Sharing Tier 3	Pledged Tax Revenues	SB 211 Statutory Tax Sharing	Net Tax Revenues
1	2016-17	1,347,326	1,076,294	10,890	(120)	(1,219)	(229)	0	**9,322**	(349)	8,973
2	2017-18	1,415,670	1,144,639	11,574	(127)	(1,325)	(344)	0	**9,777**	(379)	9,398
3	2018-19	1,442,260	1,171,229	11,840	(130)	(1,367)	(389)	0	**9,954**	(391)	9,563
4	2019-20	1,469,383	1,198,351	12,111	(133)	(1,409)	(434)	0	**10,135**	(403)	9,731
5	2020-21	1,497,047	1,226,016	12,388	(136)	(1,452)	(481)	0	**10,319**	(416)	9,903
6	2021-22	1,525,265	1,254,234	12,670	(139)	(1,495)	(528)	0	**10,507**	(428)	10,079
7	2022-23	1,554,048	1,283,016	12,958	(142)	(1,540)	(577)	0	**10,699**	(441)	10,257
8	2023-24	1,583,406	1,312,374	13,251	(146)	(1,586)	(626)	0	**10,894**	(454)	10,440
9	2024-25	1,613,351	1,342,319	13,551	(149)	(1,632)	(676)	0	**11,093**	(468)	10,626
10	2025-26	1,643,895	1,372,863	13,856	(152)	(1,679)	(728)	0	**11,297**	(482)	10,815
11	2026-27	1,675,050	1,404,018	14,168	(156)	(1,728)	(780)	0	**11,504**	(496)	11,009
12	2027-28	1,706,828	1,435,796	14,485	(159)	(1,777)	(833)	0	**11,716**	(510)	11,206
13	2028-29	1,739,241	1,468,210	14,810	(163)	(1,827)	(888)	0	**11,932**	(524)	11,407
14	2029-30	1,772,303	1,501,272	15,140	(166)	(1,879)	(943)	0	**12,152**	(539)	11,613
15	2030-31	1,806,026	1,534,995	15,477	(170)	(1,931)	(1,000)	0	**12,376**	(554)	11,822
16	2031-32	1,840,424	1,569,392	15,821	(174)	(1,984)	(1,058)	0	**12,605**	(570)	12,036
17	2032-33	1,875,509	1,604,478	16,172	(178)	(2,039)	(1,117)	0	**12,839**	(585)	12,254
18	2033-34	1,911,296	1,640,265	16,530	(182)	(2,094)	(1,177)	(22)	**13,055**	(602)	12,453
19	2034-35	1,947,799	1,676,768	16,895	(186)	(2,151)	(1,238)	(63)	**13,257**	(618)	12,639
20	2035-36	1,985,032	1,714,001	17,268	(190)	(2,209)	(1,301)	(105)	**13,463**	(635)	12,829
21	2036-37	2,023,010	1,751,979	17,647	(194)	(2,268)	(1,365)	(148)	**13,674**	(652)	13,022
22	2037-38	2,061,747	1,790,716	18,035	(198)	(2,328)	(1,430)	(191)	**13,888**	(669)	13,219
23	2038-39	2,101,259	1,830,228	18,430	(202)	(2,389)	(1,496)	(235)	**14,107**	(687)	13,420
24	2039-40	2,141,561	1,870,530	18,833	(207)	(2,452)	(1,564)	(280)	**14,330**	(705)	13,626
25	2040-41	2,182,670	1,911,638	19,244	(211)	(2,515)	(1,633)	(326)	**14,558**	(723)	13,835
26	2041-42	2,224,600	1,953,569	19,663	(216)	(2,580)	(1,703)	(373)	**14,790**	(742)	14,048
27	2042-43	2,267,369	1,996,338	20,091	(221)	(2,647)	(1,775)	(421)	**15,027**	(761)	14,266
28	2043-44	2,310,993	2,039,962	20,527	(225)	(2,714)	(1,848)	(470)	**15,269**	(781)	14,488
29	2044-45	2,355,490	2,084,459	20,972	(230)	(2,784)	(1,923)	(520)	**15,515**	(801)	14,714
30	2045-46	2,400,877	2,129,846	21,426	(235)	(2,854)	(1,999)	(571)	**15,767**	(821)	14,946
				476,724	**(5,236)**	**(59,854)**	**(32,085)**	**(3,726)**	**375,823**	**(17,185)**	**358,637**

(1) Final Year for Agency to receive tax increment from the Sunset Area.

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Successor Agency to the Community Development Commission of the City of Santee

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Santee Community Redevelopment Project and Amendment

HISTORICAL VALUES (1)

24-Aug-16

Table 3 - Combined

Secured (2)	Revised Base Year (2005-06)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Land	112,505,140	493,177,817	504,066,505	476,365,855	474,982,676	475,422,695	478,181,914	485,439,071	505,556,910	526,202,305	555,657,164
Impts	134,445,874	565,036,676	616,407,942	642,573,661	658,572,803	653,193,806	657,871,224	674,960,513	700,602,812	717,621,681	742,619,122
Pers Prop	1,571,922	4,460,642	6,856,806	6,439,751	6,903,232	6,584,850	6,002,430	6,191,495	5,684,706	4,593,976	3,445,132
Exemptions	(3,002,756)	(45,085,618)	(44,003,914)	(47,351,568)	(48,838,450)	(49,153,661)	(50,491,567)	(51,160,285)	(61,143,459)	(66,000,735)	(71,634,619)
Total Secured	**245,520,180**	**1,017,589,517**	**1,083,327,339**	**1,078,027,699**	**1,091,620,261**	**1,086,047,690**	**1,091,564,001**	**1,115,430,794**	**1,150,700,969**	**1,182,417,227**	**1,230,086,799**
Unsecured (3)											
Land	0	0	0	0	0	0	0	0	0	0	0
Impts	6,979,067	28,050,333	36,325,238	38,079,041	35,598,539	33,247,210	35,237,166	36,309,507	39,093,311	35,411,709	34,534,675
Pers Prop	22,448,423	90,762,463	90,737,731	84,289,284	80,804,113	74,520,140	84,089,486	83,071,373	84,191,029	84,272,488	86,385,723
Exemptions	(3,916,271)	(1,723,084)	(7,918,981)	(7,236,114)	(6,021,558)	(5,803,491)	(5,252,053)	(4,782,729)	(4,391,373)	(3,727,316)	(3,681,624)
Total Unsecured	**25,511,219**	**117,089,712**	**119,143,988**	**115,132,211**	**110,381,094**	**101,963,859**	**114,074,599**	**114,598,151**	**118,892,967**	**115,956,881**	**117,238,774**
GRAND TOTAL	**271,031,399**	**1,134,679,229**	**1,202,471,327**	**1,193,159,910**	**1,202,001,355**	**1,188,011,549**	**1,205,638,600**	**1,230,028,945**	**1,269,593,936**	**1,298,374,108**	**1,347,325,573**
Incremental Value:		863,647,830	931,439,928	922,128,511	930,969,956	916,980,150	934,607,201	958,997,546	998,562,537	1,027,342,709	1,076,294,174
Growth Over Previous Year			7.85%	-1.00%	0.96%	-1.50%	1.92%	2.61%	4.13%	2.88%	4.76%

(1) Source: San Diego County Lien Date Rolls

(2) Secured values include state assessed non-unitary utility property.

F:\Bond Service\Tax Allocation Bonds\Santee 2016\Projection 5 - cm

Successor Agency to the Community Development Commission of the City of Santee

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Santee Community Redevelopment Project

NEW DEVELOPMENT

24-Aug-16

Table 4 - Combined

000's omitted

REAL	SqFt/ Units	Value	Total Value	Less Existing	Total Value Added	Start	Complete	2017-18	2018-19	2019-20	2020-21	2021-22
Residential Development												
Parc One Apartments @ Santee - 172 units	0	0	18,534,883	0	18,535			18,535	0	0	0	0
	0	0	0	0	0			0	0	0	0	0
Commercial Development												
	0	0	0	0	0			0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0
Transfer Sales (January 1, 2016 thru August 10, 2016)												
Transfer Sales	110	0	106,178,500	67,427,778	38,751		Completed	38,751	0	0	0	0
Total Real Property:	**110**		**124,713,383**	**67,427,778**	**57,286**			57,286	0	0	0	0

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Successor Agency to the Community Development Commission of the City of Santee
Santee Community Redevelopment Project and Amendment

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24-Aug-16

TOP TEN TAXABLE PROPERTY OWNERS FOR 2016-17 (1)

Table 5 - Combined

	Secured			Unsecured			Total			
	Value	Parcels	% Secured Value	Value	Parcels	% Unsecured Value	Value	% Total Value	% Incr. Value	Use Code
1. Vestar Kimco Santee LP	$48,276,075	9	3.92%	$107,949	1	0.09%	$48,384,024	3.59%	4.50%	Commercial **Trolley Square at Santee Town Center** - includes Barnes & Noble Booksellers, TJ Maxx, 24 Hour Fitness, Bed Bath and Beyond, Mimi's Café and MTS Transit System Amendment Area
2. Walmart Stores LP (2)	$29,006,793	3	2.36%	$0	0	0.00%	$29,006,793	2.15%	2.70%	Commercial Walmart Store located in the Santee Town Power Center Sunset Area
3. Santee Retail LP	$21,366,537	8	1.74%	$0	0	0.00%	$21,366,537	1.59%	1.99%	Commercial **The Marketplace at Santee** - includes Sprouts Farmers Market, Starbucks, Fed Ex Office, US Bank, Jack In the Box & T-Mobile Amendment Area
4. HCA Arbors Apartments	$20,790,544	3	1.69%	$0	0	0.00%	$20,790,544	1.54%	1.93%	Residential **The Arbors Apartments** - 214 units apartment complex Sunset Area
5. American Realty Capital Properties Inc.	$18,846,730	1	1.53%	$0	0	0.00%	$18,846,730	1.40%	1.75%	Commercial Office Building HD Supply Sunset Area
6. Costco Wholesale Corporation	$13,618,799	1	1.11%	$3,770,190	1	3.22%	$17,388,989	1.29%	1.62%	Commercial Costco Warehouse located in the Santee Town Power Center Sunset Area
7. Petsmart Inc.	$16,497,107	1	1.34%	$255,371	1	0.22%	$16,752,478	1.24%	1.56%	Commercial PetSmart Store located in the Trolley Square at Santee Town Center Amendment Area
8. Target (2)	$16,702,932	1	1.36%	$0	0	0.00%	$16,702,932	1.24%	1.55%	Commercial Target Store located in the Trolley Square at Santee Town Center Amendment Area
9. Von's Companies Inc.	$15,228,750	1	1.24%	$1,143,258	1	0.98%	$16,372,008	1.22%	1.52%	Commercial Von's Grocery Store Sunset Area
10. Lowes HIW	$14,318,825	1	1.15%	$1,724,084	1	1.67%	$16,042,909	1.19%	1.49%	Commercial Lowes Home Improvement Store Sunset Area
	$214,653,092	29		$7,000,852	5		$221,653,944			
Total Project Area Value:	1,230,086,799		17.45%	117,238,774		5.97%	1,347,325,573	16.45%		
Project Area Incremental Value:	$984,566,619		21.80%	$91,727,555		7.63%	$1,076,294,174	20.59%		

(1) 2016-17 top property owners current as of August 10, 2016.
(2) Pending Appeals

Successor Agency to the Community Development Commission of the City of Santee

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Santee Community Redevelopment Project - Sunset Area

PROJECTION OF INCREMENTAL TAXABLE VALUE AND TAX REVENUES

(000's Omitted)

24-Aug-16

Table 1 - Sunset Area

Taxable Values (1)		**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Real Property (2)		569,321	586,787	598,523	610,494	622,704	635,158	647,861	660,818	674,034	687,515
Personal Property (3)		51,010	51,010	51,010	51,010	51,010	51,010	51,010	51,010	51,010	51,010
Total Projected Value		**620,331**	**637,798**	**649,534**	**661,504**	**673,714**	**686,168**	**698,871**	**711,828**	**725,045**	**738,525**
Taxable Value over Base	**80,005**	**540,326**	**557,793**	**569,528**	**581,499**	**593,709**	**606,163**	**618,866**	**631,823**	**645,040**	**658,520**
Gross Tax Increment Revenue (4)		5,403	5,578	5,695	5,815	5,937	6,062	6,189	6,318	6,450	6,585
Unitary Tax Revenue		94	94	94	94	94	94	94	94	94	94
Gross Tax Revenues		**5,498**	**5,672**	**5,790**	**5,909**	**6,031**	**6,156**	**6,283**	**6,413**	**6,545**	**6,680**
LESS:											
SB 2557 Admin. Fee (5)		(60)	(62)	(64)	(65)	(66)	(68)	(69)	(70)	(72)	(73)
Tax Sharing Payments											
SB 211 Statutory Tax Sharing Tier 1 (6)		(376)	(403)	(421)	(439)	(458)	(477)	(497)	(516)	(537)	(558)
SB 211 Statutory Tax Sharing Tier 2 (6)		(54)	(83)	(103)	(123)	(143)	(164)	(185)	(207)	(229)	(252)
SB 211 Statutory Tax Sharing Tier 3 (6)		0	0	0	0	0	0	0	0	0	0
Pledged Tax Revenues		**5,008**	**5,124**	**5,203**	**5,283**	**5,364**	**5,447**	**5,532**	**5,618**	**5,707**	**5,797**
Subordinate Tax Sharing Payments											
City - SB 211 Statutory Tax Sharing Tier 1 (7)		(113)	(122)	(127)	(133)	(138)	(144)	(150)	(156)	(162)	(168)
Net Tax Revenues		**4,894**	**5,003**	**5,076**	**5,150**	**5,226**	**5,303**	**5,382**	**5,463**	**5,545**	**5,628**

(1) Taxable values as reported by San Diego County

(2) Real property consists of land and improvements. Increased for inflation at 2% annually. Values for 2017-18 are increased by $13,610,255 due to 24 transfers of ownership from 1/1/2016 through 8/10/2016 and decreased by $7,382,226 for projected value loss due to pending assessment appeals.

(3) Personal property is held constant at 2016-17 level.

(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.

(5) SB 2557 charge is estimated at 1.098% of Gross Revenue.

(6) By the adoption of an amendment to the Redevelopment Plan under the terms of SB 211, the Agency has eliminated the Plan's time limit for incurrence of new debt (Jan. 1, 2004). By the elimination of this limit, the Agency is required to make statutory tax sharing payments beginning in the fiscal year following the date of the eliminated time limit. Using the assessed values for 2003-04 as the adjusted base year and beginning in 2004-05, Taxing Entities that do not have existing tax sharing agreements receive their shares of 25% of tax increment revenue net of Housing Set-Aside. In addition, beginning in the 11th year after the initiation of statutory tax sharing payments, Taxing Entities receive 21% of tax revenue on incremental value above 10th year value net of Housing Set-Aside. Statutory tax sharing payments are projected through to the last date to receive tax increment revenue. The City of Santee is considered a taxing entity and may opt to receive its share for the first tier of tax-sharing.

(7) The City Taxing Entities have agreed to subordinate their share (23.18%) of the SB 211 statutory tax share to the debt service on the 2011 Bonds.

Successor Agency to the Community Development Commission of the City of Santee

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Santee Community Redevelopment Project - Sunset Area

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

24-Aug-16

Table 2 - Sunset Area

		Total Taxable Value	Taxable Value Over Base 80,005	Gross Tax Revenue	SB 2557 Charge	Statutory Tax Sharing Tier 1	Statutory Tax Sharing Tier 2	Statutory Tax Sharing Tier 3	Pledged Tax Revenues	SB 211 Statutory Tax Sharing	Net Tax Revenues
1	2016-17	620,331	540,326	5,498	(60)	(376)	(54)	0	**5,008**	(113)	4,894
2	2017-18	637,798	557,793	5,672	(62)	(403)	(83)	0	**5,124**	(122)	5,003
3	2018-19	649,534	569,528	5,790	(64)	(421)	(103)	0	**5,203**	(127)	5,076
4	2019-20	661,504	581,499	5,909	(65)	(439)	(123)	0	**5,283**	(133)	5,150
5	2020-21	673,714	593,709	6,031	(66)	(458)	(143)	0	**5,364**	(138)	5,226
6	2021-22	686,168	606,163	6,156	(68)	(477)	(164)	0	**5,447**	(144)	5,303
7	2022-23	698,871	618,866	6,283	(69)	(497)	(185)	0	**5,532**	(150)	5,382
8	2023-24	711,828	631,823	6,413	(70)	(516)	(207)	0	**5,618**	(156)	5,463
9	2024-25	725,045	645,040	6,545	(72)	(537)	(229)	0	**5,707**	(162)	5,545
10	2025-26	738,525	658,520	6,680	(73)	(558)	(252)	0	**5,797**	(168)	5,628
11	2026-27	752,276	672,271	6,817	(75)	(579)	(275)	0	**5,888**	(175)	5,714
12	2027-28	766,301	686,296	6,957	(76)	(600)	(299)	0	**5,982**	(181)	5,801
13	2028-29	780,607	700,602	7,100	(78)	(622)	(323)	0	**6,077**	(188)	5,890
14	2029-30	795,199	715,194	7,246	(80)	(645)	(347)	0	**6,175**	(195)	5,980
15	2030-31	810,083	730,077	7,395	(81)	(667)	(372)	0	**6,274**	(201)	6,073
16	2031-32	825,264	745,259	7,547	(83)	(691)	(398)	0	**6,375**	(208)	6,167
17	2032-33	840,749	760,744	7,702	(85)	(715)	(424)	0	**6,479**	(216)	6,263
18	2033-34	856,544	776,539	7,860	(86)	(739)	(450)	0	**6,584**	(223)	6,361
19	2034-35	872,654	792,649	8,021	(88)	(764)	(477)	(18)	**6,674**	(230)	6,443
20	2035-36	889,087	809,082	8,185	(90)	(789)	(505)	(36)	**6,765**	(238)	6,527
21	2036-37	905,849	825,844	8,353	(92)	(815)	(533)	(55)	**6,858**	(246)	6,612
22	2037-38	922,946	842,941	8,524	(94)	(841)	(562)	(74)	**6,953**	(254)	6,699
23	2038-39	940,384	860,379	8,698	(96)	(868)	(591)	(94)	**7,050**	(262)	6,788
24	2039-40	958,172	878,167	8,876	(98)	(895)	(621)	(114)	**7,149**	(270)	6,879
25	2040-41	976,315	896,310	9,057	(99)	(923)	(652)	(134)	**7,249**	(278)	6,971
26	2041-42	994,821	914,816	9,243	(102)	(951)	(683)	(155)	**7,352**	(287)	7,065
27	2042-43	1,013,697	933,692	9,431	(104)	(980)	(714)	(176)	**7,457**	(296)	7,161
28	2043-44	1,032,951	952,946	9,624	(106)	(1,010)	(747)	(198)	**7,564**	(305)	7,259
29	2044-45	1,052,590	972,585	9,820	(108)	(1,040)	(780)	(220)	**7,673**	(314)	7,359
30	0	1,072,622	992,616	10,021	(110)	(1,071)	(813)	(242)	**7,784**	(323)	7,461
Totals				**227,453**	**(2,499)**	**(20,884)**	**(12,110)**	**(1,516)**	**190,444**	**(6,302)**	**184,142**

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Successor Agency to the Community Development Commission of the City of Santee
Santee Community Redevelopment Project - Sunset Area

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24-Aug-16

HISTORICAL VALUES (1)

Table 3 - Sunset Area

Secured (2)	Amended Base Year (2003-04)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Land	35,893,070	232,927,731	237,088,776	237,677,404	233,333,686	231,493,714	237,069,597	237,722,742	241,062,592	244,191,852	257,102,821
Impts	28,291,160	282,822,696	293,667,200	300,573,379	296,684,858	287,084,349	290,287,151	295,489,127	299,049,723	296,913,610	308,698,147
Pers Prop	1,301,601	4,346,407	5,779,689	5,405,748	5,979,670	5,371,149	4,843,106	5,099,951	4,705,084	3,656,369	2,582,193
Exemptions	(140,460)	(11,520,618)	(10,392,404)	(12,590,882)	(12,505,979)	(12,755,114)	(13,055,869)	(13,316,981)	(13,424,775)	(18,308,188)	(18,613,331)
Total Secured	**65,345,371**	**508,576,216**	**526,143,261**	**531,065,649**	**523,492,235**	**511,194,098**	**519,143,985**	**524,994,839**	**531,392,624**	**526,453,643**	**549,769,830**
Unsecured											
Land	0	0	0	0	0	0	0	0	0	0	0
Impts	5,146,850	17,316,717	19,892,366	20,322,796	19,382,076	18,091,459	19,466,709	20,836,226	23,441,078	21,451,096	22,133,064
Pers Prop	9,512,877	57,205,658	60,030,165	51,556,410	47,814,250	46,153,684	45,444,225	43,800,988	48,101,412	46,832,259	49,494,059
Exemptions	0	(1,270,228)	(758,409)	(650,973)	(263,832)	(849,648)	(714,361)	(1,171,509)	(1,095,542)	(1,173,908)	(1,065,919)
Total Unsecured	**14,659,727**	**73,252,147**	**79,164,122**	**71,228,233**	**66,932,494**	**63,395,495**	**64,196,573**	**63,465,705**	**70,446,948**	**67,109,447**	**70,561,204**
GRAND TOTAL	**80,005,098**	**581,828,363**	**605,307,383**	**602,293,882**	**590,424,729**	**574,589,593**	**583,340,558**	**588,460,544**	**601,839,572**	**593,563,090**	**620,331,034**
Incremental Value:		501,823,265	525,302,285	522,288,784	510,419,631	494,584,495	503,335,460	508,455,446	521,834,474	513,557,992	540,325,936
Annual Change:			4.68%	-0.57%	-2.27%	-3.10%	1.77%	1.02%	2.63%	-1.59%	5.21%

(1) Source: San Diego County

(2) Secured values include state assessed non-unitary utility property.

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Successor Agency to the Community Development Commission of the City of Santee
Santee Community Redevelopment Project - Sunset Area
NEW DEVELOPMENT

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24-Aug-16

Table 4 - Sunset Area

000's omitted

REAL	SqFt/ Units	Value	Total Value	Less Existing	Total Value Added	Start	Complete	2017-18	2018-19	2019-20	2020-21	2021-22
Residential Development												
	0	0	0	0	0			0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0
Commercial Development												
	0	0	0	0	0			0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0
Transfer Sales (January 1, 2016 thru August 10, 2016)												
Transfer Sales	24	0	37,250,000	23,639,745	13,610		Completed	13,610	0	0	0	0
Total Real Property:	**24**		**37,250,000**	**23,639,745**	**13,610**			13,610	0	0	0	0

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Successor Agency to the Community Development Commission of the City of Santee
Santee Community Redevelopment Project - Sunset Area

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TOP TEN TAXABLE PROPERTY OWNERS FOR 2016-17 (1)

24-Aug-16

Table 5 - Sunset Area

		Secured			Unsecured			Total			
		Value	Parcels	% Secured Value	Value	Parcels	% Unsecured Value	Value	% Total Value	% Incr. Value	Use Code
1.	Walmart Stores LP (2)	$29,006,793	3	5.28%	$0	0	0.00%	$29,006,793	4.68%	5.37%	Commercial
2.	HCA Arbors Apartments	$20,790,544	3	3.78%	$0	0	0.00%	$20,790,544	3.35%	3.85%	Residential
3.	American Realty Capital Properties Inc.	$18,846,730	1	3.43%	$0	0	0.00%	$18,846,730	3.04%	3.49%	Commercial
4.	Costco Wholesale	$13,618,799	1	2.48%	$3,770,190	1	5.34%	$17,388,989	2.80%	3.22%	Commercial, Unsecured
5.	Von's Companies Inc.	$15,228,750	1	2.77%	$1,143,258	1	1.62%	$16,372,008	2.64%	3.03%	Commercial, Unsecured
6.	Lowes HIW	$14,318,825	1	2.57%	$1,724,084	1	1.62%	$16,042,909	2.46%	2.82%	Commercial, Unsecured
7.	Union City Investments (2)	$15,715,000	7	2.81%	$0	0	0.00%	$15,715,000	2.49%	2.86%	Commercial
8.	Kohls Department Stores	$13,104,807	1	2.38%	$1,164,625	1	1.65%	$14,269,432	2.30%	2.64%	Commercial, Unsecured
9.	Alcott Estates LP	$14,071,934	6	2.52%	$0	0	0.00%	$14,071,934	2.23%	2.57%	Commercial
10.	Mission Gorge Square	$11,918,418	11	2.14%	$0	0	0.00%	$11,918,418	1.89%	2.17%	Commercial
		$166,620,600	35		$7,802,157	4		$174,422,757			
	Total Project Area Value:	549,769,830		30.31%	70,561,204		11.06%	620,331,034	28.12%		
	Project Area Incremental Value:	$484,424,459		34.40%	$55,901,477		13.96%	$540,325,936	32.28%		

(1) 2016-17 top property owners current as of August 10, 2016.

(2) Pending Appeals

F:\Bond Service\Tax Allocation Bonds\Santee 2016\Projection 5 - cm

Successor Agency to the Community Development Commission of the City of Santee

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Santee Community Redevelopment Project - Amendment Area

PROJECTION OF INCREMENTAL TAXABLE VALUE AND TAX REVENUES

(000's Omitted)

24-Aug-16

Table 2 - Amendment Area

Taxable Values (1)		**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Real Property (2)		691,856	742,733	757,588	772,740	788,195	803,958	820,038	836,438	853,167	870,230
Personal Property (3)		35,139	35,139	35,139	35,139	35,139	35,139	35,139	35,139	35,139	35,139
Total Projected Value		**726,995**	**777,872**	**792,727**	**807,879**	**823,333**	**839,097**	**855,176**	**871,577**	**888,306**	**905,369**
Taxable Value over Base	**191,026**	**535,968**	**586,846**	**601,701**	**616,852**	**632,307**	**648,071**	**664,150**	**680,551**	**697,280**	**714,343**
Gross Tax Increment Revenue (4)		5,360	5,868	6,017	6,169	6,323	6,481	6,642	6,806	6,973	7,143
Unitary Tax Revenue		33	33	33	33	33	33	33	33	33	33
Gross Revenues		**5,393**	**5,902**	**6,050**	**6,202**	**6,356**	**6,514**	**6,675**	**6,839**	**7,006**	**7,177**
LESS:											
SB 2557 Admin. Fee (5)		(59)	(65)	(66)	(68)	(70)	(72)	(73)	(75)	(77)	(79)
Tax Sharing Payments											
AB 1290 Statutory Tax Sharing Tier 1 (6)		(843)	(923)	(946)	(970)	(994)	(1,018)	(1,044)	(1,069)	(1,095)	(1,122)
AB 1290 Statutory Tax Sharing Tier 2 (6)		(176)	(261)	(286)	(312)	(338)	(364)	(391)	(419)	(447)	(476)
AB 1290 Statutory Tax Sharing Tier 3 (6)		0	0	0	0	0	0	0	0	0	0
Pledged Tax Revenues		**4,315**	**4,653**	**4,752**	**4,852**	**4,955**	**5,060**	**5,167**	**5,276**	**5,387**	**5,500**
Subordinate Tax Sharing Payments											
City - AB 1290 Statutory Tax Sharing Tier 1 (7)		(235)	(258)	(264)	(271)	(278)	(284)	(291)	(299)	(306)	(313)
Net Tax Revenues		**4,079**	**4,395**	**4,487**	**4,581**	**4,677**	**4,775**	**4,875**	**4,977**	**5,081**	**5,187**

(1) Taxable values as reported by San Diego County

(2) Real property consists of land and improvements. Increased for inflation at 2% annually. Values for 2017-18 are increased by $43,675,350 due to new development and 86 transfers of ownership from 1/1/2016 through 8/100/2016 and decreased by $6,504,710 for projected value loss due to pending assessment appeals.

(3) Personal property is held constant at 2016-17 level.

(4) Projected Gross Tax Increment is based upon incremental values factored against the general levy tax rate of $1.00 per $100 of taxable value. Per ABx 1 26, all revenue derived from debt service override tax rates will be directed to the levying entities.

(5) SB 2557 charge is estimated at 1.098% of Gross Revenue.

(6) All Taxing Entities receive their shares of 25% of total tax increment revenue net of housing set aside. In addition, after year 10, Taxing Entities receive 21% of tax revenue on incremental value above the year 10 value net of housing set aside. After year 30, Taxing Entities receive 14% of tax revenue on incremental value above the year 30 value net of housing set aside. The City of Santee is considered a taxing entity and may opt to receive its share of the first tier of the tax sharing revenue.

(7) The City Taxing Entities have agreed to subordinate their share (21.83%) of the AB 1290 statutory tax share to the debt service on the Bonds.

Successor Agency to the Community Development Commission of the City of Santee

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Santee Community Redevelopment Project - Amendment Area

PROJECTION OF INCREMENTAL VALUE AND TAX INCREMENT REVENUE

(000s Omitted)

24-Aug-16

Table 2 - Amendment Area

		Total Taxable Value	Taxable Value Over Base 191,026	Gross Tax Revenue	SB 2557 Charge	Statutory Tax Sharing Tier 1	Tier 2	Tier 3	Pledged Tax Revenues	SB 211 Statutory Tax Sharing	Net Tax Revenues
1	2016-17	726,995	535,968	5,393	(59)	(843)	(176)	0	**4,315**	(235)	4,079
2	2017-18	777,872	586,846	5,902	(65)	(923)	(261)	0	**4,653**	(258)	4,395
3	2018-19	792,727	601,701	6,050	(66)	(946)	(286)	0	**4,752**	(264)	4,487
4	2019-20	807,879	616,852	6,202	(68)	(970)	(312)	0	**4,852**	(271)	4,581
5	2020-21	823,333	632,307	6,356	(70)	(994)	(338)	0	**4,955**	(278)	4,677
6	2021-22	839,097	648,071	6,514	(72)	(1,018)	(364)	0	**5,060**	(284)	4,775
7	2022-23	855,176	664,150	6,675	(73)	(1,044)	(391)	0	**5,167**	(291)	4,875
8	2023-24	871,577	680,551	6,839	(75)	(1,069)	(419)	0	**5,276**	(299)	4,977
9	2024-25	888,306	697,280	7,006	(77)	(1,095)	(447)	0	**5,387**	(306)	5,081
10	2025-26	905,369	714,343	7,177	(79)	(1,122)	(476)	0	**5,500**	(313)	5,187
11	2026-27	922,774	731,748	7,351	(81)	(1,149)	(505)	0	**5,616**	(321)	5,295
12	2027-28	940,527	749,500	7,528	(83)	(1,177)	(535)	0	**5,734**	(329)	5,405
13	2028-29	958,634	767,608	7,709	(85)	(1,205)	(565)	0	**5,854**	(337)	5,518
14	2029-30	977,104	786,078	7,894	(87)	(1,234)	(596)	0	**5,977**	(345)	5,632
15	2030-31	995,944	804,917	8,082	(89)	(1,264)	(628)	0	**6,102**	(353)	5,749
16	2031-32	1,015,160	824,133	8,275	(91)	(1,294)	(660)	0	**6,230**	(361)	5,869
17	2032-33	1,034,760	843,734	8,471	(93)	(1,324)	(693)	0	**6,360**	(370)	5,990
18	2033-34	1,054,753	863,726	8,670	(95)	(1,356)	(727)	(22)	**6,471**	(379)	6,092
19	2034-35	1,075,145	884,119	8,874	(97)	(1,387)	(761)	(45)	**6,583**	(387)	6,196
20	2035-36	1,095,945	904,919	9,082	(100)	(1,420)	(796)	(69)	**6,698**	(397)	6,302
21	2036-37	1,117,161	926,135	9,295	(102)	(1,453)	(831)	(92)	**6,816**	(406)	6,410
22	2037-38	1,138,802	947,775	9,511	(104)	(1,487)	(868)	(117)	**6,935**	(415)	6,520
23	2038-39	1,160,875	969,848	9,732	(107)	(1,521)	(905)	(141)	**7,057**	(425)	6,632
24	2039-40	1,183,389	992,363	9,957	(109)	(1,557)	(943)	(166)	**7,182**	(435)	6,747
25	2040-41	1,206,354	1,015,328	10,186	(112)	(1,593)	(981)	(192)	**7,309**	(445)	6,864
26	2041-42	1,229,779	1,038,753	10,421	(114)	(1,629)	(1,021)	(218)	**7,438**	(455)	6,983
27	2042-43	1,253,672	1,062,645	10,660	(117)	(1,667)	(1,061)	(245)	**7,570**	(465)	7,105
28	2043-44	1,278,042	1,087,016	10,903	(120)	(1,705)	(1,102)	(272)	**7,705**	(476)	7,229
29	2044-45	1,302,900	1,111,874	11,152	(122)	(1,743)	(1,143)	(300)	**7,842**	(487)	7,355
30	2045-46	1,328,256	1,137,229	11,405	(125)	(1,783)	(1,186)	(329)	**7,982**	(498)	7,484
				249,270	**(2,737)**	**(38,971)**	**(19,974)**	**(2,210)**	**185,378**	**(10,883)**	**174,495**

F:\Bond Service\Tax Allocation Bonds\Santee 2016\Projection 5 - cm

Successor Agency to the Community Development Commission of the City of Santee
Santee Community Redevelopment Project - Amendment Area

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HISTORICAL VALUES (1)

24-Aug-16

Table 3 - Amendment Area

Secured (2)	Revised Base Year (2005-06)	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Land	76,612,070	260,250,086	266,977,729	238,688,451	241,648,990	243,928,981	241,112,317	247,716,329	264,494,318	282,010,453	298,554,343
Impts	106,154,714	282,213,980	322,740,742	342,000,282	361,887,945	366,109,457	367,584,073	379,471,386	401,553,089	420,708,071	433,920,975
Pers Prop	270,321	114,235	1,077,117	1,034,003	923,562	1,213,701	1,159,324	1,091,544	979,622	937,607	862,939
Exemptions	(2,862,296)	(33,565,000)	(33,611,510)	(34,760,686)	(36,332,471)	(36,398,547)	(37,435,698)	(37,843,304)	(47,718,684)	(47,692,547)	(53,021,288)
Total Secured	**180,174,809**	**509,013,301**	**557,184,078**	**546,962,050**	**568,128,026**	**574,853,592**	**572,420,016**	**590,435,955**	**619,308,345**	**655,963,584**	**680,316,969**
Unsecured (3)											
Land	0	0	0	0	0	0	0	0	0	0	0
Impts	1,832,217	10,733,616	16,432,872	17,756,245	16,216,463	15,155,751	15,770,457	15,473,281	15,652,233	13,960,613	12,401,611
Pers Prop	12,935,546	33,556,805	30,707,566	32,732,874	32,989,863	28,366,456	38,645,261	39,270,385	36,089,617	37,440,229	36,891,664
Exemptions	(3,916,271)	(452,856)	(7,160,572)	(6,585,141)	(5,757,726)	(4,953,843)	(4,537,692)	(3,611,220)	(3,295,831)	(2,553,408)	(2,615,705)
Total Unsecured	**10,851,492**	**43,837,565**	**39,979,866**	**43,903,978**	**43,448,600**	**38,568,364**	**49,878,026**	**51,132,446**	**48,446,019**	**48,847,434**	**46,677,570**
GRAND TOTAL	**191,026,301**	**552,850,866**	**597,163,944**	**590,866,028**	**611,576,626**	**613,421,956**	**622,298,042**	**641,568,401**	**667,754,364**	**704,811,018**	**726,994,539**
Incremental Value:		361,824,565	406,137,643	399,839,727	420,550,325	422,395,655	431,271,741	450,542,100	476,728,063	513,784,717	535,968,238
Annual Change:			12.25%	-1.55%	5.18%	0.44%	2.10%	4.47%	5.81%	7.77%	4.32%

(1) Source: San Diego County Lien Date Rolls

(2) Secured values include state assessed non-unitary utility property.

F:\Bond Service\Tax Allocation Bonds\Santee 2016\Projection 5 - cm

Successor Agency to the Community Development Commission of the City of Santee
Santee Community Redevelopment Project - Sunset Area
NEW DEVELOPMENT

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24-Aug-16

Table 4 - Amendment Area

000's omitted

REAL	SqFt/ Units	Value	Total Value	Less Existing	Total Value Added	Start	Complete	2017-18	2018-19	2019-20	2020-21	2021-22
Residential Development												
Parc One Apartments @ Santee - 172 units	0	0	18,534,883	0	18,535		Apr-16	18,535	0	0	0	0
	0	0	0	0	0			0	0	0	0	0
Commercial Development												
	0	0	0	0	0			0	0	0	0	0
	0	0	0	0	0			0	0	0	0	0
Transfer Sales (January 1, 2016 thru August 10, 2016)												
Transfer Sales	86	0	68,928,500	43,788,033	25,140		Completed	25,140	0	0	0	0
Total Real Property:	**86**		**87,463,383**	**43,788,033**	**43,675**			43,675	0	0	0	0

F:\Bond Service\Tax Allocation Bonds\Santee 2016\Projection 5 - cm

Successor Agency to the Community Development Commission of the City of Santee
Santee Community Redevelopment Project - Amendment Area

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TOP TEN TAXABLE PROPERTY OWNERS FOR 2016-17 (1)

24-Aug-16

Table 5 - Amendment Area

		Secured			Unsecured			Total			
		Value	Parcels	% Secured Value	Value	Parcels	% Unsecured Value	Value	% Total Value	% Incr. Value	Use Code
1.	Vestar Kimco Santee LP	$48,276,075	9	7.10%	$107,949	1	0.23%	$48,384,024	6.66%	9.03%	Commercial, Unsecured
2.	Santee Retail LP	$21,366,537	8	3.14%	$0	0	0.00%	$21,366,537	2.94%	3.99%	Commercial
3.	Petsmart Inc.	$16,497,107	1	2.42%	$255,371	1	0.55%	$16,752,478	2.30%	3.13%	Commercial, Unsecured
4.	Target (2)	$16,702,932	1	2.46%	$0	0	0.00%	$16,702,932	2.30%	3.12%	Commercial
5.	Walgreen Company (2)	$11,069,656	2	1.63%	$542,811	2	1.16%	$11,612,467	1.60%	2.17%	Commercial, Unsecured
6.	Cox Communications CA LLC (2)	$0	0	0.00%	$11,580,254	2	24.81%	$11,580,254	1.59%	2.16%	Unsecured
7.	T C Construction Company	$0	0	0.00%	$8,350,844	1	17.89%	$8,350,844	1.15%	1.56%	Unsecured
8.	Fanita Valley 72 LLC	$8,116,958	1	1.19%	$15,900	1	0.03%	$8,132,858	1.12%	1.52%	Residential
9.	Mazzola Family Trust	$7,884,272	1	1.16%	$0	0	0.00%	$7,884,272	1.08%	1.47%	Residential
10.	Intergulf J M R (Parc One) LLC	$6,287,622	1	0.92%	$221,220	1	0.47%	$6,508,842	0.90%	1.21%	Residential
		$136,201,159	24		$21,074,349	9		$157,275,508			
	Total Project Area Value:	680,316,969		20.02%	46,677,570		45.15%	726,994,539	21.63%		
	Project Area Incremental Value:	$500,142,160		27.23%	$35,826,078		58.82%	$535,968,238	29.34%		

(1) 2016-17 top property owners current as of August 10, 2016.

(2) Pending Appeals

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