



OVERVIEW

This report summarizes the City’s financial position through the fiscal year ending June 30, 2022 for the General Fund, the Water and Wastewater Funds, and an update on the American Rescue Plan Act project funds.

The purpose of the report is to provide City Council, City Management, and the Escondido community an update on the City’s fiscal status based on the most recent financial information available. The revenue and budget information include adjustments for encumbrances, carryovers, and any other supplemental appropriations approved by the City Council as of June 30, 2022.

This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting principles (GAAP).

GENERAL FUND

The General Fund Fiscal Year 2021/22 operating budget was adopted as a balanced budget but relies on over \$8 million of one-time sources of funds including the final loan repayment from the Successor Agency Redevelopment Loan of \$2.2 million and an estimated transfer of \$6.1 million from the Section 115 Pension Trust Fund.

Total budgeted operating revenue was projected to increase by 3% to reach \$107.2 million and the adopted expenditure budget of \$117.1 million increased by approximately \$7.1 million or 6% compared to the revised FY2020/21 operating budget. In addition to providing core City services including Public Safety, Public Works, Community Services, and Community Development, the FY2021/22 budget reflects the resources required to address specific public service needs around traffic flow, traffic safety, and homelessness.

Due to strong consumer demand for products, continued high inflation, and a strong housing market, overall operating revenue exceed the amount project by \$11.8 million, a 9% increase from the prior fiscal year. As reported in previous fiscal updates, the City continues to experience expenditure savings from vacant staff positions in multiple departments as recruitments are being performed. This resulted in expenditures being under the amount budgeted by \$2.6 million.

General Fund
Comparison of FY2021/22 Operating Budget to Actuals

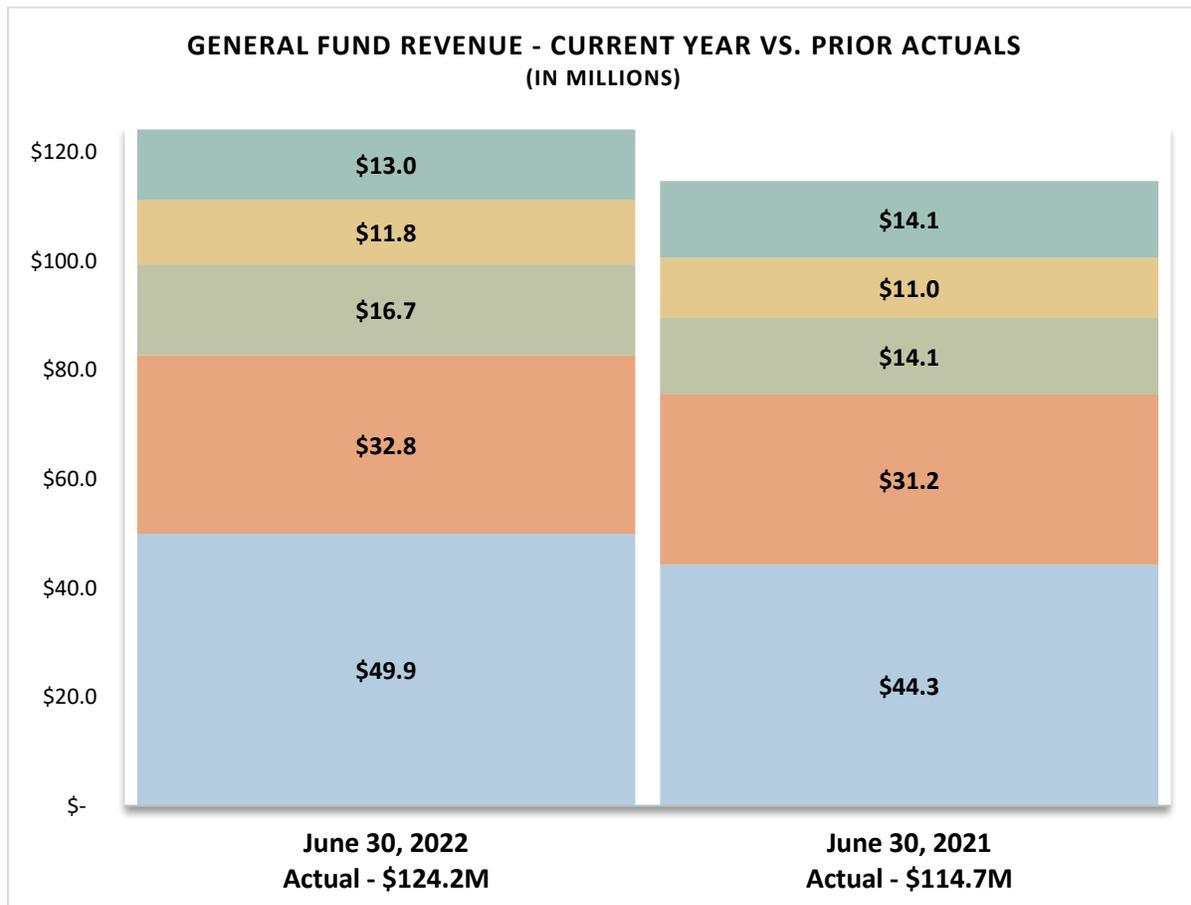
	FY2021/22 ADOPTED BUDGET	FY2020/21 AMENDED BUDGET	FY2021/22 ACTUAL RESULTS	OVER / (UNDER) AMENDED BUDGET
Total Operating Revenue	\$107,219,510	\$112,476,190	\$124,249,750	\$11,773,560
Total Operating Expenditures	(117,063,760)	(119,307,480)	(116,663,940)	(2,643,540)
Other Sources (Uses)	1,563,840	1,563,840	1,563,840	-
Net Operating Surplus / (Deficit)*	(\$8,280,410)	(\$5,267,450)	\$9,149,650	-

*FY2021/22 projected Operating Budget deficit closed with one-time revenue from the Redevelopment Loan payment of \$2.2 million and funding from the Section 115 Pension Trust Fund of \$6.1 million.

GENERAL FUND REVENUE

	FY2021/22 AMENDED BUDGET	ACTUAL RESULTS JUNE 2022	ACTUAL RESULTS JUNE 2021	Prior Year vs. Current Year
Sales Tax	\$46,347,300	\$49,857,190	\$44,295,510	\$5,561,680
Property Tax	30,925,000	32,753,740	31,209,630	1,544,110
Other Taxes	13,680,000	16,734,250	14,142,700	2,591,550
Charges for Services	10,169,710	11,831,970	10,951,710	880,260
Permits and Licenses	1,412,500	2,157,450	2,433,870	(276,420)
Fines and Forfeitures	908,000	880,870	864,800	16,070
Intergovernmental	4,397,680	4,870,850	5,095,300	(224,450)
Rental Income	3,738,000	4,008,410	4,131,580	(123,170)
Other Revenue	898,000	1,155,020	1,527,250	(372,230)
TOTAL OPERATING REVENUE	\$112,476,190	\$124,249,750	\$114,652,350	\$9,597,400

Sales tax is the largest General Fund revenue source at 40% of total operating revenue followed by property tax, other taxes, and charges for services. The chart below shows the major categories of revenue collected through June 30, 2022 compared to the revenue collected in the prior year through June 30, 2021.



Sales Tax (\$49.9 million)

The Sales Tax revenue projected in the Fiscal Year 2021/22 Operating Budget adopted in June 2021 was \$42.1 million, an increase of \$2.7 million or 7% over the FY2020/21 amended sales tax forecast. Actual sales tax revenue **increased by 13%** compared to the prior fiscal year.

The growth in sales tax revenue experienced in the City of Escondido since the onset of the pandemic is similar to statewide results. According to HdL Companies, “The Golden State showed continued strong gains in sales tax receipts, reporting an overall 10% spike in sales and use tax from April through June when compared to the same quarter last year. These returns mark the sixth consecutive quarter of double-digit growth since the pandemic periods in 2020.”

The largest sales tax segment, 37% of total sales tax revenue, is Transportation, which includes new and used auto sales, auto repair shops, and service stations. Sales revenues increased by 20% compared to the prior year primarily due to new auto sales. Limited supply has been overwhelmed by strong demand and the smaller inventories increased the taxable price of vehicles. As businesses, commuters, and travelers returned to the road with increased gas prices, fuel and service stations also increased by about 59% compared to the same quarter in the prior year.

Sales tax revenue received through the County Pool is now the second largest sales tax segment accounting for 20% of the sales tax revenue received this fiscal year. Effective in April 2019, new taxable sales are distributed to the City under the AB 147 Wayfair decision which extended the sales and use taxes to online and out-of-state retailers engaged in business in California. However, the increase in activity from the countywide pool experienced during the pandemic has slowed; total receipts remained flat compared to the prior year.

The Construction sales tax segment which accounts for revenue generated from building materials, including both wholesale and general retail, increased from the prior year by about 9%. This can be attributed to increases in the price of materials, including lumber and steel, and the continued high demand for home improvements and new construction in the City.

General Retail and Food Products combined make up 24% of the total sales tax revenue for the City and increased by 35% compared to the prior fiscal year. This growth reflects increased foot traffic and buying activity as people return to in-store shopping and indoor dining.

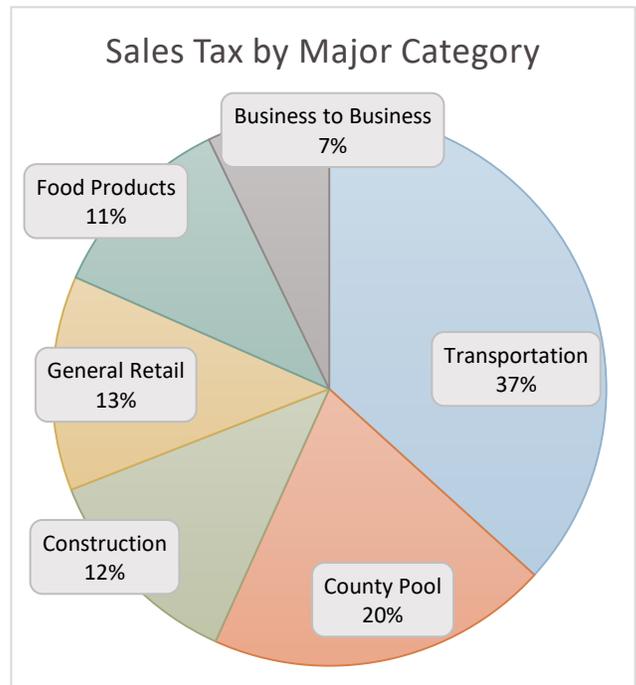
Property Tax (\$32.8 million)

Property Tax revenue increased by \$1,544,110 or about 5% compared to the prior year. The largest portions of property tax revenue are distributed by the County in December and April each year. The FY2021/22 Operating Budget projected property tax growth of just 3%. The increase in overall assessed values of properties in Escondido, favorable lending conditions, and the continued rise in the number of home sales have all lead to significant growth in property tax revenues this fiscal year.

Other Taxes (\$16.7 million)

Other Taxes include franchise fee revenues, Transient Occupancy Tax, and business license revenue and combined have increased by \$2,591,550 compared to the prior year.

The City collects franchise fee revenues from San Diego Gas and Electric (SDG&E), cable companies conducting business within City limits, and Escondido Disposal Incorporated (EDI). Revenues received from franchise agreements increased by \$1.5 million from the prior fiscal year primarily due to an increase in fees collected from EDI and SDG&E.



Transient Occupancy Tax, also known as hotel tax, increased by \$830,715 compared to the prior year. Due to the COVID-19 pandemic, many hotels remained closed or partially closed during the prior fiscal year. The tourism industry was impacted significantly as a result of the closures, and many forecasted its recovery would take much longer than it has. The Transient Occupancy Tax receipts have **increased by 49%** from the pre-pandemic levels in March 2020.

All entities doing business in the City are required to have a valid business license. The business license tax is calculated based on annual gross receipts; business license revenue from the 2022 calendar year is based off of 2021 gross receipts. Business license revenues remained flat compared to the prior fiscal year.

Charges for Services (\$11.8 million)

Charges for Services include paramedic fees, Community Services fees for recreational and community activities, and charges for development related services, which include Engineering and Planning fees. In the prior fiscal year, due to the public health orders, City recreation facilities and services were restricted or closed. However, as certain restrictions have been lifted, Community Service fees have increased by approximately \$612,700 compared to the prior fiscal year. Development Services revenue also increased by about \$1.1 million, due to the development projects occurring throughout the City.

Intergovernmental (\$3.8 million)

Intergovernmental revenue includes the Rincon fire services agreement, state mandated cost claims, and various grants, and decreased \$71,040 compared to the prior year.

Permits and Licenses (\$2.2 million)

Revenue generated from permits and licenses decreased slightly compared to fiscal year 2020/21; however, construction and development activity continues driving building permit revenue compared to previous fiscal years.

Fines & Forfeitures (\$880,870)

Fines & Forfeitures represent fees collected for Code Compliance citations, vehicle code violations, parking citations, lost library materials, and impound fees. The increase of \$16,070 is due to an increase in activity as pandemic-related restrictions continued to be lifted.

Investment, Rental Income, and Other Revenues (\$5.2 million)

Investments, Rental Income, and Other Revenue includes rental income, interest earned from investing activities, and other miscellaneous receipts and have remained flat compared to the prior year.

One-Time Funds: Fire Mutual Aid Reimbursements (\$1,023,638)

The City's Fire Department staff can be deployed to assist other State agencies with responses to fires and other incidents. The California Office of Emergency Services reimburses the City for the time and resources of the staff deployed. As of June 2022, reimbursements of \$1,023,638 have been recorded.

GENERAL FUND OPERATING EXPENDITURES

The FY2021/22 General Fund Operating Budget increased by approximately \$7.1 million or 6% compared to the FY 2020/21 revised Operating Budget. In addition to providing core City services including Public Safety, Public Works, Community Services, and Community Development, the FY2021/22 budget reflects the resources required to address specific public service needs around traffic flow, traffic safety, and homelessness.

As shown in the table below, total General Fund actual expenditures increased by 9.9% compared to the prior fiscal year or about \$10.5 million. However, actual expenditures are under budget by about \$2.6 million, including the carryover expenses committed to the next fiscal year.

	FY2021/22 AMENDED BUDGET	ACTUAL RESULTS JUNE 2022	ACTUAL RESULTS JUNE 2021
General Government & Support Services	\$6,891,580	\$6,094,090	\$5,406,180
Community Services	9,097,870	8,945,190	7,407,930
Development Services	8,185,560	6,598,350	6,871,570
Public Works	12,497,670	12,263,600	10,107,380
Police	49,324,210	49,105,220	45,947,390
Fire	29,053,990	29,600,210	27,172,350
California Center for the Arts	2,412,680	2,747,680	2,181,670
Other Expenditures	1,843,920	1,309,600	1,017,330
TOTAL OPERATING EXPENDITURES	\$119,307,480	\$116,663,940	\$106,111,800

As reported in prior financial updates, the City continues to experience expenditure savings from vacant staff positions in multiple departments as recruitments are being performed. In calendar year 2021 the City had the highest turnover rate at 14%. This is not unique to the City but is comparable to the competitive job market locally. As a result of the vacant positions and extended length of recruitments, actual Employee Services costs are under the FY2021/22 budgeted amount by \$3.3 million.

	FY2021/22 BUDGET	ACTUAL RESULTS JUNE 2022	OVER / (UNDER) BUDGET
Employee Services	\$100,647,550	\$97,371,390	(\$3,276,160)
Maintenance and Operations	21,014,070	21,286,440	272,370
Internal Service Charges	12,664,600	12,664,600	-
Allocations	(16,784,730)	(16,402,890)	381,840
Debt Service	620,990	620,900	(90)
Capital Outlay	1,145,000	1,123,500	(21,500)
TOTAL OPERATING EXPENDITURES	\$119,307,480	\$116,663,940	(\$2,643,540)

GENERAL FUND RESERVES

In December 2015, City Council adopted a Fund Balance Policy and established a General Fund target Reserve balance of 25% of General Fund operating revenues in order to maintain adequate levels of fund balance based. This goal is based on a risk-based analysis to mitigate current and future risks, adequately provide for cash flow requirements, and to fund one-time unanticipated expenditure requirements.

Total General Fund operating revenue in Fiscal Year 2021/22 is \$124,249,750 and 25% of this amount is \$27,854,878. The current General Fund Reserve balance is \$17,392,319, or 16% of budgeted operating revenue, which is below the identified acceptable risk-based analysis adopted by City Council and general government practices.

Section 115 Irrevocable Pension Trust Fund

In February 2018, City Council authorized the establishment of a Section 115 Irrevocable Pension Trust Fund. The Trust Fund is used to set aside and hold money to meet future pension liabilities and can be used to provide economic relief during recessionary cycles and/or rate increases that are significantly above anticipated projected employee rate increases. Funds placed in this Trust can also be used to offset the City's "normal" CalPERS costs, such that if funds are necessary for other purposes, a certain amount of flexibility is present. Another benefit is that funds held in the Trust can be invested in the same manner as funds in a typical pension fund rather than as part of the City's General Fund, which means a potentially higher rate of return.

When the Pension Trust Fund was established, a funding policy for contributions to the Fund was recommended and included the four years of annual Successor Agency Redevelopment Loan Repayments of \$14 million that began in Fiscal Year 2018/19, future proceeds from the sale of City Property belonging to the General Fund, and a portion of General Fund surplus at the end of each fiscal year, if one exists. On October 27, 2021, City Council approved the transfer of the FY2020/21 Successor Agency Redevelopment Loan Repayment of \$5,982,930 and the remaining net resources from the FY2020/21 yearend operating results of \$5,567,915.

On June 30, 2022, the Section 115 Pension Trust Fund had a balance of \$23,667,372 which included City contributions of \$24,406,430 less a loss on investment earnings net of expenses of \$739,058. Prior to fiscal year 2021/22, the Trust Fund had a 1-year rate of return of 14%, and the investment earnings had grown to about \$1.4 million.

The 3-month rate of return of the investment portfolio is a loss of 8.32%, the 1-year rate of return is .38%, and the 3-year rate of return is 2.05%.

The following table provides a summary of the activity since the establishment of the Trust Fund.

Section 115 Pension Trust Fund	
Prior Contributions	\$12,855,585
Successor Agency Advance Repayment – FY2020/21	5,982,930
General Fund Operating Results – FY2020/21	5,567,915
Investment Earnings, net of expenses	(739,058)
Balance as of June 30, 2022	\$23,667,372

WATER FUND

The Water Fund ended the fiscal year with net revenue of \$11.2 million, a decrease of \$2.5 million compared to the prior year. Water service charges remained flat compared to the prior year. Operating expenses increased primarily due to an increase in the amount of purchased water needed in the fiscal year.

The City has agreed to set charges for water services each year at rates sufficient to produce net revenues (after paying operating and maintenance expenses,

excluding depreciation, GASB 68 pension accounting entries and interest) of at least 1.20 times debt services on the bonds. As shown in the chart above, the City has met this debt service coverage in both fiscal years. Excess net revenues are used to fund ongoing capital expenditure projects needed to maintain the City's water system infrastructure.

	ACTUAL RESULTS JUNE 2022	ACTUAL RESULTS JUNE 2021	PRIOR YEAR VS CURRENT YEAR
Operating Revenues	\$74,725,288	\$75,323,498	(\$598,210)
Operating Expenses	(63,466,618)	(61,511,905)	1,954,713
Net Operating Income	\$11,258,670	\$13,811,593	(\$2,552,923)
<i>Amount Required for Long-Term Debt Obligations:</i>			
Debt Service Payments	\$4,512,451	\$4,294,616	
Coverage Required	1.20	1.20	
Amount Required	5,414,942	5,153,539	
Excess of Net Revenues	\$5,843,728	\$5,658,054	

WASTEWATER FUND

The Wastewater Fund ended the fiscal year with net revenue of \$15.2 million, an increase of \$2.5 million compared to the prior year. This was primarily the result of an increase in wastewater charges for services of about \$3.5 million compared to the prior year, offset by increases in Utilities and general operating expenses.

The City has agreed to set charges for wastewater services each year at rates sufficient to produce net revenues (after

paying operating and maintenance expenses, excluding depreciation, GASB 68 pension accounting entries and interest) of at least 1.15 times debt services on the bonds. As shown in the chart above, the City has met this debt service coverage in both fiscal years. Excess net revenues are used to fund ongoing capital expenditure projects needed to maintain the City's wastewater system infrastructure.

	ACTUAL RESULTS JUNE 2022	ACTUAL RESULTS JUNE 2021	PRIOR YEAR VS CURRENT YEAR
Operating Revenues	\$43,196,211	\$40,133,972	\$3,062,239
Operating Expenses	(28,017,968)	(27,446,619)	571,349
Net Operating Income	\$15,178,243	\$12,687,353	\$2,490,890
<i>Amount Required for Long-Term Debt Obligations:</i>			
Debt Service Payments	\$5,673,346	\$6,110,003	
Coverage Required	1.15	1.15	
Amount Required	6,524,347	7,026,504	
Excess of Net Revenues	\$8,653,896	\$5,660,849	

American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARPA”) was signed into law, which contains \$1.9 trillion in overall national spending to support COVID relief and economic recovery efforts. ARPA provides a \$350 billion allocation of Coronavirus State & Local Fiscal Recovery Funds (“CSLFRF”) to state, local, territorial, and tribal governments. Within the guidelines of ARPA, the City of Escondido was categorized as a Metropolitan City and was allocated \$38,808,509. Funds may only be used for project costs initiated on or after March 3, 2021, and must qualify within one of the eligible expenditure categories detailed below. All funds must be encumbered by December 31, 2024 and fully spent by December 31, 2026.

The Treasury identified the following five eligible categories of expenditures:

- Support public health expenditures;
- Address negative economic impacts caused by the public health emergency;
- Replace lost public sector revenue;
- Provide premium pay for essential workers;
- Invest in water, sewer, and broadband infrastructure.

Based on the initial guidelines, in September 2021 City Council approved a list of projects totaling \$22,808,509. The following is a status update for each of those projects:

Ambulance Gurneys	Total Budget	\$230,000
 Complete	Expenditures as of June 30, 2022	(228,914)
	Ending Project Balance, Available to Reallocate	\$1,086
	<p>Project funds were used to replace the City’s current inventory of 15 gurneys. The gurneys were reaching the end of their useful life and the manufacturer will be discontinuing those models. Ambulance gurneys are essential for the care, comfort and transportation of patients, including those experiencing flu-like symptoms and COVID-19. Replacing the current inventory with new models will provide technological updates and safety features that will benefit patients and the ambulance crew. The remaining balance of \$1,086 will be returned to the ARPA fund balance for future reallocation to another project.</p>	

Community Non-Profit Grant Program	Total Budget	\$1,500,000
 Complete	Expenditures as of June 30, 2022	(1,500,000)
	Project Balance	\$-
	<p>The Community Non-Profit Grant Program provided grants to enable non-profit organizations to adopt safer operating procedures, sustain operations during periods of closure, and mitigate financial hardship resulting from the COVID-19 public health emergency. The program was administered by the Escondido Community Foundation (ECF). The grant application period opened on May 12 and closed on August 11, 2022. Technical application assistance was provided by the Small Business Development Center (SBDC) in partnership with the ECF. Initial eligibility review was completed followed by grant determinations. Intent to Award letters were issued to 117 organizations on September 29, 2022. The total awards offered were \$1.5 million.</p> <p>The ECF will be providing a full update on the success of the program to the City Council on January 25, 2023.</p>	

	Total Budget	\$75,000
	Expenditures as of June 30, 2022	(-)
	Project Balance	\$75,000
<p>Funds were allocated to purchase an ADA vehicle for transporting mobility-limited seniors to the nutrition program. The vehicle has been ordered and delivery is anticipated in FY2022/23. Once the vehicle is outfitted and the driver staff position filled, the program will be promoted through the City’s existing nutrition and transportation program.</p>		

	Total Budget	\$600,000
	Expenditures as of June 30, 2022	(-)
	Project Balance	\$600,000
<p>Of the 11 consoles in the dispatch center, four of them are not equipped with police and fire radio equipment. Operationally this limits our ability to provide adequate social distancing of on-duty dispatch personnel. Adding radio equipment to the four consoles will greatly improve the preparation necessary to manage the health of our dispatch workforce, maintain public safety services in response to COVID-19, and improve our readiness to manage large events and disasters in Escondido.</p> <p>On May 11, 2022, City Council approved the purchase of the consoles, finalizing the procurement process. The equipment has been ordered and once received, the build-out of each workstation is expected to take several months to complete; therefore, we are expecting completion of this project before the end of June 2023.</p>		

	Total Budget	\$4,000,000
	Expenditures as of June 30, 2022	(214,753)
	Return to ARPA available funds	(3,200,000)
	Project Balance	\$585,247
<p>The COVID-19 pandemic highlighted the vital role that technology plays in our ability to communicate to the public, ensure critical public safety activities continue, and the necessity of providing online self-serve options to enable customers to access City services. Project funds are allocated to provide the necessary technology upgrades to enable the City to continue responding to the pandemic and provide long-term benefits to customers, business, citizens, and City staff.</p> <p>New hardware was purchased and installed to improve the City’s cybersecurity defenses while providing the connectivity, security, and resiliency that the City needs to operate our municipal area network and effectively deliver digital municipal services to our community.</p> <p>City staff are proposing to utilize General Fund operational sources of funds for Enterprise Resource Planning (ERP) software, therefore the project budget of \$3,000,000 is being unobligated and returned to the ARPA available funds.</p> <p>The remaining balance will be used to continue to support the implementation of the CityWorks software platform for Development Services.</p>		

	Total Budget	\$150,000
	Expenditures as of June 30, 2022	(-)
	Project Balance	\$150,000
<p>Funds will be used to prepare a comprehensive study to identify areas that lack broadband and strategies to address those weaknesses and improve connectivity and digital equity in disadvantaged neighborhoods.</p> <p>After a successful proposal process, a consultant has been selected to prepare the study which is anticipated to be completed in September 2023.</p>		

	Total Budget	\$100,000
	Expenditures as of June 30, 2022	(8,520)
	Project Balance	\$91,480
<p>Assistance will be provided to recover from pandemic-related losses and support businesses that have been impacted by the pandemic with future program activities to support marketing, event generation, and promotions.</p> <p>Funds are being used to restart Visit Escondido, the City’s tourism program. A social media management company has been engaged by the City to increase the visibility of Escondido as a tourist destination through influencer campaigns, the relaunching of the Visit Escondido social media channels, and a revamp of the Visit Escondido website. The Program roadmap includes strategies for reengaging the community to highlight Escondido points of interest and drive tourism to the region. Key highlights include: brand update, website updates, new social media strategy, CSUSM capstone survey, downtown art walk map, regional print and digital advertising, Downtown Escondido digital gift card program, Small Business Saturday event support, and downtown holiday lights.</p>		

	Total Budget	\$400,000
	Expenditures as of June 30, 2022	(40,923)
	Project Balance	\$359,077
<p>Project funds will be used to improve the City’s website and marketing efforts to provide a state-of-the-art web experience designed to grow regional visitation to Escondido and to attract businesses to the City. Funding will also be used to expedite and accelerate the City’s and business community’s economic recovery by supporting economic development activities and consultant expenses needed for various redevelopment efforts throughout the City.</p> <p>Funds have been utilized to support business industry growth. Key projects include evaluation of Westfield Costco tenant economic opportunity, economic development branding and event presence to increase City brand recognition to target business audiences reaching over 1,000 event attendees (Five.Ten.Thirty CONNECT event at Petco Park, Naturally San Diego, SD Farm Bureau, San Diego North County Business Expo, San Diego Food Systems Alliance, Startup San Diego Startup Week). This effort has resulted in a 20% increase in new Economic Development email newsletter subscribers (344), attendance of 200 at the agtech startup hackathon event (exceeding target goal of 100 attendees by 100%), and the creation of industry data tools for ongoing monitoring of the local economy and key industries which is now utilized in conversations with existing and potential businesses by City staff and other community organizations.</p>		

The City engaged with the Chamber of Commerce to create a Greater Escondido Business Directory. The Chamber of Commerce will be providing an update on the results of this project to the City Council in January/February 2023.

Staff will be releasing a Request for Proposal in December 2022 to engage with consultants who will assist with the website project and anticipate completing the selection by March 2023. It is anticipated that the new website will launch by the end of the 2023 fiscal year. An updated website will enhance the user experience, simplify content management, and provide improved citizen-centric information and customer service to the community while meeting high standards for design quality and visual appeal.

CPTED & Business Improvements (\$500,000) Business Façade Improvements (\$153,509) 	Total Budget	\$653,509
	Expenditures as of June 30, 2022	(-)
	Project Balance	\$653,509

Funding will be used to assist business owners with property improvements and/or changes to their property with the goal of managing the surrounding environment through the strategy of Crime Prevention Through Environmental Design (CPTED).

The grant program launched in May 2022. The City received 9 applications for the program, of which 3 have been approved for Façade improvement grant funding for a total of \$35,247 committed. Grant funds will be distributed to the recipients after the improvements are complete. There have been no grant funds awarded for CPTED improvements.

Marketing efforts have been made throughout the grant program, including the City’s social media channels, City newsletters, and announcements at community meetings. Other marketing efforts include creating lawn signs/window posters for grantees who receive funding to prominently display at their storefronts.

The staff recommendation is to close applications for both grant programs in December and reallocate unused funding to other projects.

Kit Carson Amphitheater 	Total Budget	\$1,000,000
	Expenditures as of June 30, 2022	141,023
	Project Balance	\$858,977

The amphitheater located within Kit Carson Park is a full-service performance venue with outdoor setting that serves as an ideal location for a variety of outdoor performance shows and unique special events. Accessible public event space has been an essential component of responding to the pandemic. Funds will be used to make improvements to the amphitheater including the dressing rooms, actor restrooms, and stage, which will expand the current use of the facility in order to promote outdoor recreation and socialization activities to mitigate the spread of COVID-19.

The replacement of the amphitheater roof and rain gutters has been completed. A contract for the paint and siding repair is in the process of being finalized.

Grand Avenue Streetscape Improvements 	Total Budget	\$5,000,000
	Expenditures as of June 30, 2022	(-)
	Project Balance	\$5,000,000

This project is designed to help alleviate the economic hardships caused by the pandemic and speed the recovery of the particularly hard-hit hospitality sector through permanent expansion of outdoor dining areas into public spaces along Grand Avenue. The project builds upon the grant-funded phase I improvements by expanding sidewalks into street and parking areas on Grand Avenue between Maple and Juniper. To maximize area available for outdoor dining and enhance walkability, a roundabout at Broadway and Grand is proposed that will calm traffic and minimize potential conflicts between vehicles and pedestrians.

Topographic survey and 30% plans have been completed. The scope of work includes widening of the sidewalk between Maple and Juniper and a traffic circle at Broadway. The scope was shared with the Downtown Business Association during their meeting on November 17, 2022. Recent construction cost escalations will result in the need for additional funding to complete the second phase and/or value engineering of scope items as feasible, such as festoon lighting. Staff will return in early 2023 with an updated funding request.

Grape Day Park 	Total Budget	\$5,000,000
	Expenditures as of June 30, 2022	(-)
	Project Balance	\$5,000,000

This project funds completion of the Grape Day Park Master Plan, a portion of the construction costs for a new Aquatics Center and enhancements promote healthier living environments, outdoor recreation, and socialization to mitigate the spread of COVID-19.

Master Plan and Aquatics Center: Seven proposals were received for completion of the Master Plan and design of the Aquatics Center. City Council approved the consulting services agreement with LPA Design Studios on August 24, 2022. The community engagement process including stakeholder interviews, focus groups, and community meetings has begun. More information is available at <https://escondido.org/grape-day-park>. The Master Plan is expected to be completed by March 2023 and the Aquatics Center design completed by the end of 2023. Feedback received from prospective consultants during the proposal phase is that the budget for the project may be insufficient to build the desired Aquatics Center. As design progresses, more information will be provided to the City Council on the anticipated costs and funding/phasing options.

Event Space Additions: To better accommodate events, ARPA funding has been designated to build concrete pads and electrical outlets to accommodate temporary stages along the lyric court and in front of the train depot. The meandering sidewalk through Grape Day Park will include concrete pads and electrical for food trucks. Design for the restroom project is 75% with anticipated bid date shortly after the Grape Day Master Plan is finalized in late Summer 2023.

Citywide Public Access 	Total Budget	\$2,500,000
	Expenditures as of June 30, 2022	(-)
	Project Balance	\$2,500,000

This project will improve public access CityWide by performing sidewalk repairs focused around our parks, schools, and commercial corridors and connecting the Escondido Creek Trail to certain access points in the community.

The City Council awarded the Phase I Street Maintenance project on November 16, 2022. The annual project has been expanded to include an additional 0.5-miles of sidewalk repair in areas targeted for ARPA funding (\$580,000), including segments of Ash Street, Lincoln Avenue, Midway Drive, Mission Avenue, Rose Street, Citrus Avenue and East Valley Parkway. Construction is anticipated to be completed by late Spring 2023. A request for design proposals is under preparation to design access improvement to East Valley Parkway between Midway and Rose Street to add concrete sidewalk and trees.

Queen Calafia Event Space 	Total Budget	\$250,000
	Expenditures as of June 30, 2022	(-)
	Additional Funds Requested	585,000
	Project Balance	\$835,000

This project will provide funding to construct a new rentable event space adjacent to the Queen Calafia Magical Sculpture Garden.

On June 30, 2022, the City issued an RFP for the design of the event space and no responses were received. Staff believe this is due to the small-scale scope and budget of the project. With the escalation of infrastructure projects throughout the state, smaller projects such as this are at a disadvantage. Design firms have an extensive list of projects available to them and therefore have the ability to select larger, more lucrative projects.

After reviewing the options for this project, staff are recommending an alternative approach, similar to what was done with the National Fitness Campaign (NFC) Fitness Courts. Staff recommend purchasing the event structure in advance and issue an RFP for the installation and construction of the concrete pad and walkway. In addition to publicly advertising the RFP, staff will reach out directly to the firms that submitted proposals for the installation of the NFC Courts, as the two projects are similar in size and scope. Although constructing a DG walkway would alleviate stormwater requirements and save approximately \$85,000, it is the staff recommendation to construct the walkway out of concrete for better ADA accessibility, less required maintenance in the long-term, and better longevity of the pathway.

Staff are requesting an additional **\$585,000** in ARPA funding for this project. This will cover materials, installation, staff support, and contingencies. The majority of the additional funding requested is to cover the purchase of the amphitheater style structure proposed, at \$450,000. It is estimated that the timeline to receive the materials is 16-20 weeks from the order date. Staff will consecutively release the RFP for Installations during that lead-time.

CityWide Park Improvements 	Total Budget	\$500,000
	Expenditures as of June 30, 2022	(-)
	Additional Funds Requested	1,625,000
	Project Balance	\$2,125,000

Safe and accessible parks have been a critical component of the City’s response to the pandemic because they offer residents a public space where they can safely go to maintain their physical and mental well-being. Funds will be used to improve the quality of City parks through capital improvements.

Westside Park Skate Spot (no additional funding) – Due to the increased cost in building materials, (e.g. 30% increase in the cost of concrete and steel) it is anticipated that this project will at a minimum require the entire \$500,000 allocation. The RFP for the design of this project will be released in January 2023, with completion anticipated for early 2024.

With the direction from City Council in April 2022, Staff are proposing allocating additional funding for the following opportunities:

Pickleball (\$400,000) – Accelerated by COVID, both tennis and pickleball have experienced dramatic growth over the past few years. In an attempt to accommodate this growing sport, the City has painted pickleball lines on nine of its 17 tennis courts, resulting in 20 dual-lined pickleball courts. Unfortunately, this model has led to tension between pickleball and tennis players.

With a goal of better serving more users and diversifying the recreation offerings at City parks, staff have done extensive outreach around this topic.

- Two community meetings were held to gather feedback from the Pickleball and Tennis communities, one at Mountain View Park and the other at Washington Park. Both events were very well attended with approximately 130 people in attendance at Mountain View Park and 30 in attendance at Washington Park.
- The City issued a survey regarding how courts are currently used and how court space should be allocated in the future. From that survey, 337 responses were received.
- Survey related to court rules was released November 23, 2022 and will be open for responses until December 15, 2022
- Staff received dozens of emails from the public expressing their desires and concerns as it relates to modifying existing courts verses installing new courts.
- Staff conducted a survey of local municipalities to determine types of courts available and best practices around rules and enforcement.

Throughout all of these efforts we saw strong advocacy for both sports and the need to balance the exploding popularity of pickleball without significantly impacting tennis. As a result, City staff are recommending both short term and long-term solutions.

Long term solution: Staff recognize that dedicated courts are the best solution and therefore are recommending ARPA funding to implement that project. If approved, this project will take months to implement. This project will fund the installation of eight new dedicated pickleball courts in Escondido. Staff evaluated multiple park options.

- a. Mountain View Park - *Staff’s recommendation because the park master plan already calls for a sports court in this location adjacent to the existing tennis/pickleball courts, so no new environmental work would have to be done and there is already a thriving racket community utilizing this park. The impacts would be negligible and would therefore not result in a Master Plan amendment. However, the location cited in the master plan is in the existing historic Elmer Field property. Therefore, this would

require realigning the existing fence to accommodate the new pickleball courts. The timeline for completion of the project at this location is the shortest.

- b. Rod McLeod Park – this developed park has plenty of space for construction and existing restroom facilities, but the master plan would have to be updated including environmental assessment and significant grading would have to be done in this hilly location to create a flat space for the courts. There is also an existing SDG&E easement through the middle of this park which would restrict the available locations for the courts and likely add to the cost. The timeline would be much longer than Mountain View Park and the cost would have to be increased to ~\$800,000 to include updating the master plan, environmental assessment, and grading.
- c. 11th Avenue Park – this is a completely empty “greenfield” project with no adopted master plan. The timeline for this project would be the longest – most likely outside the scope of the ARPA approved timeline - and the cost would have to include a master plan, environmental assessment, and significant additional improvements such as restrooms that don’t currently exist. The cost is estimated to be in the \$millions.

Short term solution: The City will be replacing the metal nets at Washington Park to make the courts more playable for both pickleball and tennis players, and we will be piloting a set of rules for Mountain View Park. The rules will be based on the survey results that will be returned by December 15 and either designate specific days of play or hours of play for each group. New signage reflecting these rules will be posted and made effective January 3, 2023. Our hope is that these small temporary changes will improve the players experience in our parks, until new dedicated pickleball courts can be built.

Archery Range (\$35,000) – Archery ranges are relatively low cost and bring another outdoor recreational amenity to the City. Archery is a sport for everyone, regardless of age, fitness level, or physical capabilities. In addition, archery ranges can provide recreational and educational programming for youth summer camps, after school programs, Junior Olympic Development classes, and club sports. Archery is an Olympic sport and many Olympic athletes get introduced to the sport through a local municipal archery range.

The City of Poway operates an archery range at Lake Poway, <https://ca-poway.civicplus.com/403/Archery-Range>. City staff would model an archery range similar to the Lake Poway Archery Range in accordance with City Attorney recommendations. Staff would require participants to sign a waiver, check in with a Ranger prior to using the facility, and pay a nominal use fee (Poway - \$16/Year). Recreation staff would create a reservation system (facility calendar) for facility rentals i.e. birthday parties, tournaments, archery classes, summer camps, and other programming opportunities. During scheduled events, the archery range would be closed to the general public. Otherwise, the archery range would be open to the public, coinciding with park hours, on a first come, first served basis. After assessing potential locations at Dixon Lake, Lake Wohlford, and Ryan Park staff’s recommendation is to install this archery range at Lake Wohlford due to the available space, topography of the land, and proximity to the Ranger station.

John Masson Bike Park at Jesmond Dene Park (\$300,000) – This project will construct a one-acre bike park in Jesmond Dene Park. On November 18, 2020 the City Council approved the Prop 68 Per Capita grant allocation of \$271,303 for this project. Because the community surrounding the park does not qualify as a severely disadvantaged community, a match in the amount of \$70,000 is required. Additional funds are being requested for a matching requirement of the grant and inflationary cost increases in materials. The City is currently working with Kimley-Horn to design the park. The public engagement piece of this project will commence in January 2023. Design is expected to take eight months, with construction starting in late summer of 2023.

Futsal at Washington Park (\$215,000) – This project will convert two tennis courts at Washington Park to two Futsal Courts. This includes materials, installation, project management, and contingencies.

On April 7, 2021, the City Council approved an MOU with The US Soccer Foundation to provide potential funding for two futsal courts in Washington Park. Unfortunately, the US Soccer Foundation has yet to identify a fiscal sponsor for the courts, so the City has since explored other options for partnerships. In early 2022, Street Soccer USA (SSUSA) and the San Diego Loyal, a San Diego based professional soccer team, reached out to City staff

regarding such a partnership. The SSUSA is committed to long term programming at Washington Park in the form of providing trained, paid coaches, oversight, management, scheduling of programming, and ongoing general upkeep of the site.

Funding for these services has been committed by the San Diego Loyal. Committed funds would cover the following weekly programming, for a 12-month period (approximately an \$80,000 value).

- Provide free soccer programming 2 times per week 40 weeks per year according to an agreed upon schedule with the City of Escondido and other community stakeholders.
- Place trained staff/coaches/volunteers to deliver the SSUSA Skills-Based Curriculum to a wide variety of clients both youth and adults.
- Work cooperatively with the City to resolve any questions or concerns about programing objectives or outcomes.
- Provide ongoing communication regarding program operations, activities and opportunities to expand/enhance services including additional practices, games and tournaments.
- With appropriate approvals, recognize a partnership with City in SSUSA written, electronic and promotional materials, including web-site material, as it concerns a shared mission and joint efforts to increase the number of citizens who participate in structured programming as well as open play.
- Reinforce the policies and procedures of the City.
- Provide basic equipment necessary for soccer programming.

In addition to programmed time, the futsal courts will be open to general community use for pick-up soccer play on a first come, first served basis. If demand is significant, staff will evaluate a free reservation system.

A survey was conducted in January 2021 to determine how and what amenities people use at Washington Park, as well as to gauge the level of support for converting two tennis courts to Futsal courts. There was an overwhelmingly positive response for the installation of futsal courts. Of the 412 responses, 391 were in support of converting the courts.

Additionally, two public outreach meetings were held in June 2022 to gather input on potential court conversions primarily related to pickleball and tennis. These meetings were also used as an opportunity to remind the public of the previously approved mini-pitch systems that would be coming to Washington Park.

Ryan Park LED Lighting Retrofit (\$675,000) – There are currently eight fields at Ryan Park, five of which are lit. In 2021, funding for Ryan Park Field Expansion and Lighting Project was approved using Park Development Fees through the Capital Improvement Program budget. To supplement the previously approved Capital project at Ryan Park, this ARPA project will be used to retrofit the existing inefficient, expensive halide lights on the remaining fields to LED, so that they are consistent with the new lights being installed. The outcome of these collective projects is that Ryan Park will have eight total fields – seven of them will be lit with energy efficient, cost effective LEDs. One of those lit fields will be designated for public use only. One field will remain unlit.

	Total Budget	\$0
	Proposed Project Funds	200,000
	Project Balance	\$200,000

Per City Council direction in April 2022, funds will be used to engage with a consultant to complete the environmental document based on the existing draft park master plan. Once completed, the El Caballo Park master plan will be brought forward to City Council for adoption concurrent with the environmental document.

COVID-19 City Expenses (\$500,000) 	Total Budget	\$500,000
	Expenditures as of June 30, 2022	21,627
	Project Balance	\$478,373

Funds will be used for the following:

- On-going personal protective equipment (PPE) needs
- Enforcement of public health efforts
- Development of COVID testing and/or vaccination program
- Public communication efforts
- Investments in public facilities to meet pandemic operational needs
- Payroll costs for employees primarily dedicated to the COVID-19 response

FOR MORE INFORMATION

This summary report is based on detailed information generated by the City’s Finance department. If you have any questions or would like additional information on this report, please contact the Finance department at (760) 839-4676 or visit www.escondido.org