

Visalia City Council Agenda

For the regular meeting of: TUESDAY, February 19, 2008

Location: City Hall Council Chambers, 707 W. Acequia, Visalia CA 93291

Mayor: Jesus J. Gamboa
Vice Mayor: Bob Link
Council Member: Greg Collins
Council Member: Donald K. Landers
Council Member: Amy Shuklian

All items listed under the Consent Calendar are considered to be routine and will be enacted by one motion. If anyone desires discussion on any item on the Consent Calendar, please contact the City Clerk who will then request that Council make the item part of the regular agenda.

3:45 p.m.

SWEARING IN CEREMONY - Police Chief Bob Carden will swear in the following Police Officers:

- Jason Tejada
- Matthew Jones
- Todd Johns

4:00 p.m.

SPECIAL PRESENTATIONS/RECOGNITION - Interim Fire Chief Glass will recognize Captain Rob Henry - Fire Fighter of the Year

Police Chief Carden and Interim Fire Chief Glass will recognize the following employees for their heroic efforts in a structure fire on Crenshaw Street:

- Battalion Chief Doyle Sewell
- Captain Darrin Hughes
- Captain Miguel Oseguera
- Firefighter/Paramedic Dameon Malek
- Firefighter/Paramedic Chris Fischer
- Police Officer Jared Hughes
- Police Officer Daniel Ford

WORK SESSION AND ACTION ITEMS (as described)

4:30 p.m.

Public Comment on Work Session and Closed Session Items -

4:30-5:45 p.m.

1. Effective May 1, 2008, increase the city and retiree health contribution by \$23.03 per month for a total increase of \$46.06 per month, the same as increases already implemented with current employees, and set May 5, 2008 as the date to consider other proposed changes to the retiree health benefits.

5:45 p.m.

2. Analysis of Airport Solar Installation

The time listed for each work session item is an estimate of the time the Council will address that portion of the agenda. Members of the public should be aware that the estimated times may vary. Any items not completed prior to Closed Session may be continued to the evening session at the discretion of the Council.

ITEMS OF INTEREST

CLOSED SESSION (immediately following work session)

6:00 p.m.

3. Conference with Legal Counsel - Anticipated Litigation
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: one potential case

REGULAR SESSION

7:00 p.m.

PLEDGE OF ALLEGIANCE

INVOCATION - Pastor Bob Grenier, Calvary Chapel

EMPLOYEE INTRODUCTION - Introduction of Chris Young, Assistant Director of Public Works by Andrew Benelli, Public Works Director

CITIZENS REQUESTS - This is the time for members of the public to comment on any matter within the jurisdiction of the Visalia City Council. This is also the public's opportunity to request that a Consent Calendar item be removed from that section and made a regular agenda item for discussion purposes. Comments related to Regular or Public Hearing Items listed on this agenda will be heard at the time the item is discussed or at the time the Public Hearing is opened for comment. The Council Members ask that you keep your comments brief and positive. Creative criticism, presented with appropriate courtesy, is welcome. The Council cannot legally discuss or take official action on citizen request items that are introduced tonight. In fairness to all who wish to speak tonight, each speaker from the public will be allowed three minutes (speaker timing lights mounted on the lectern will notify you with a flashing red light when your time has expired). Please begin your comments by stating and spelling your name and providing your street name and city.

CHANGES TO THE AGENDA/ITEMS TO BE PULLED FOR DISCUSSION

4. **CONSENT CALENDAR** - Consent Calendar items are considered routine and will be enacted by a single vote of the Council with no discussion. For a Consent Calendar item to be discussed, or voted upon individually, it must be removed at the request of the Council.
- a) Authorization to read ordinances by title only.
 - b) Receive Planning Commission Action Agenda for the meeting of February 11, 2008.

- c) Consideration to amend the South Ben-Maddox Auto Center Architectural Design Standards, to allow changes in the sign layout and related standards for building signage. The south Ben Maddox Auto Center is located on the east side of Ben Maddox Way between Noble Avenue and Tulare Avenue, Don Groppetti property owner.
- d) Approval of the appointment of Amy Shuklian to serve as the City's alternate to the Tulare County Consolidated Waste Management Board.
- e) Authorization to "sole source" the purchase of Primary and Secondary clarifier equipment to D. C. Frost in the amount of \$176,500 and \$120,900 respectively.
- f) Authorization to file Notice of Completions:
- River Run Ranch Phase 3, containing 24 lots, located East of McAuliff Street and North of St. Johns Parkway.
 - River Run Ranch Phase 4, containing 26 lots, located East of McAuliff Street and North of St. Johns Parkway
- g) Authorization to submit a grant application to the Federal Transit Administration for funding for additional buses from the Alternative Transportation in Parks and Public Lands program for the Sequoia Shuttle service.
- h) Adopt a resolution terminating the City of Visalia's participation in California Public Entity Insurance authority (CPEIA). **Resolution 2008-08 required.**
- i) Authorize the refinancing of a portion of a debt to PERS by issuing Pension Obligation Bonds and direct staff to proceed with participating in the pooled pension obligation bond program offered through the California Statewide Communities Development Authority (CSCDA). **Resolution 2008-09 required.**
- j) *Item removed at the request of staff*
- k) Review and approve project plan for Proposition 1B - Local Streets and Roads Improvement, Congestion Relief, and Traffic Safety Account Funds of \$1,893,832.07
5. Receipt of the Comprehensive Annual Financial Report (CAFR) for the City of Visalia, the Single Audit Report, and the Component Unit Financial Statements for the Redevelopment Agency of the City of Visalia for the 2006-07 fiscal year.
6. Adjourn this regular meeting to Monday, February 25, 2008, 4:00 p.m., at the City Hall Council Chambers for the following: **(motion required)**
- A. Approval of Amendment to the Lease of Recreation Park Stadium with Top of the Third, Inc.
- B. Authorization to award the construction contract for the Recreation Park Right Field Improvements project to Seals/Biehle General Contractors of Visalia in the amount of \$7,740,000. Project No. 0011-15152-72-0-8037.

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

REPORT OF CLOSED SESSION MATTERS FINALIZED BETWEEN COUNCIL MEETINGS

Upcoming Council Meetings

- Monday, March 3, 2008, Work Session 4:00/Regular Session 7:00 p.m. – City Council Chambers, 707 W. Acequia
- Monday, March 17, 2008, Joint Meeting with COS Board 4:00 p.m. - Convention Center, 303 E. Acequia
- Monday, March 17, 2008, Work Session 5:00 p.m. (following joint meeting); Regular Session 7:00 p.m. – Convention Center, 303 E. Acequia
- Monday, March 31, 2008, Joint Meeting with Parks and Recreation Commission – 5:00 p.m. Convention Center, 303 E. Acequia

In compliance with the American Disabilities Act, if you need special assistance to participate in meetings call (559) 713-4512 48-hours in advance of the meeting. For Hearing-Impaired - Call (559) 713-4900 (TDD) 48-hours in advance of the scheduled meeting time to request signing services.

Any written materials pertaining to items on this agenda that are distributed to the Council are available for public review at the Office of the City Clerk, 425 E. Oak Street, Visalia, CA 93291

City of Visalia Agenda Item Transmittal

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 1

Agenda Item Wording: Effective May 1, 2008, increase the city and retiree health contribution by \$23.03 per month for a total increase of \$46.06 per month, the same as increases already implemented with current employees, and set May 5, 2008 as the date to consider other proposed changes to the retiree health benefits.

Deadline for Action: None

Submitting Department: Administrative Services

Contact Name and Phone Number: Eric Frost, x4474

Department Recommendation: That the City Council:

- Receive this report;
- Consider public input; and,
- Adopt or modify the following retiree health care recommendation:

That annual contribution increases for retiree health be officially approved by City Council according to Administrative Policy 301. City policy 301 provides the following:

“Retirees and their dependents are eligible for medical and vision benefits at a cost determined each year by the City.”

Health care costs increased by \$46.06 a month in January. Management recommends that retiree health contributions increase by ½ that amount this year or \$23.03 a month, effective May 1, 2008 to allow time for notice. This increase is the same amount that employees will be paying as of March 2008.

- Further, that the City Council reviews the following potential policies and consider them for adoption at a future date after full comment and consideration has been given. Staff recommends that these items be considered at their May 5, 2008 meeting.

1. That the City Council reaffirms the City’s policy that the retiree health plan becomes secondary to Medicare at Medicare eligible age. For those individuals

For action by:

- City Council
- Redev. Agency Bd.
- Cap. Impr. Corp.
- VPFA

For placement on which agenda:

- Work Session
- Closed Session

Regular Session:

- Consent Calendar
- Regular Item
- Public Hearing

Est. Time (Min.): _____

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

who have worked for the City for more than 20 years and are not eligible for free Part A Medicare insurance, the City would pay ½ of the premium. Few, if any, individuals should fall in this category because all employees hired since April 1, 1986 have been included in Medicare.

2. That the City Council direct staff to explore the value of providing a Medicare supplement for Medicare eligible retirees instead of the City's health plan in order to preserve benefits and save money.
 3. That as of January 1, 2009, an actively at work retiree who is eligible for health benefits from their employer would be required to take medical coverage as well as paying the City's retiree premium. The City's insurance would be secondary during the retiree's employment. At the time the retiree separated from their employment, the City's insurance would then become primary.
 4. That as of January 1, 2009, a self-employed retiree or an actively at work retiree without health coverage who earns over \$40,000 in the prior calendar year would pay a progressively higher share of their medical premium as outlined on page 6 of this document.
 5. That if the City varies current retiree contributions based upon length of service, contribution would vary as follows:
 - Retirees having served 20 years or more receive the highest City contribution to their health insurance;
 - Retirees having served at least 15 years but less than 20 years pay an additional \$50 a month;
 - Retirees having served at least 10 years but less than 15 years pay an additional \$100 a month;
 - Retirees having served less than 10 years would pay an additional \$150 a month.
 6. For retirees that retired on an industrial disability retirement, an additional 10 year credit be given to length of service calculations, assuring that industrial disability retirees receive some additional level of City contribution. Thus, an individual who worked 10 years and then had an industrial disability retirement would receive the same contribution as an individual who worked 20 years with a service retirement.
- Direct staff to continue to meet with employee bargaining groups on the proposed January 2009 changes

Discussion

The City of Visalia provides a health plan to attract, retain and promote the well-being of employees. This health plan is a significant part of the City's compensation package. The City has also extended access to its health plan to City retirees. The City's currently adopted policy on retiree health care only states that retirees may participate in the plan at a rate determined by the City. The City has allowed retirees access to the plan and has provided a contribution on behalf of retirees.

The City's Retiree Health Plan contributions at one time were minimal. However, today they are significant with the City contributing \$2 million a year for currently retired employees. New accounting rules require that the City disclose to potential lenders what the City's retiree health commitment is. An adopted, written policy is needed to clarify what the retiree benefit is and to assist the City in best funding that adopted policy.

This paper's purpose is to discuss a proposal that the Council will consider in adopting a Retiree Health Plan Policy. ***The proposal DOES NOT eliminate retiree health care or reduce the annual \$2 million contribution the City makes on behalf of retirees each year.*** Rather, the City wants to assure both its retirees and its citizens that it can and will meet its commitment to allow retirees access to the City's health plan. As a result, the proposed Retiree Health Plan Policy options are designed to assure that the City can meet its financial commitments. ***A summary of the proposed policy points are outlined on the last page.***

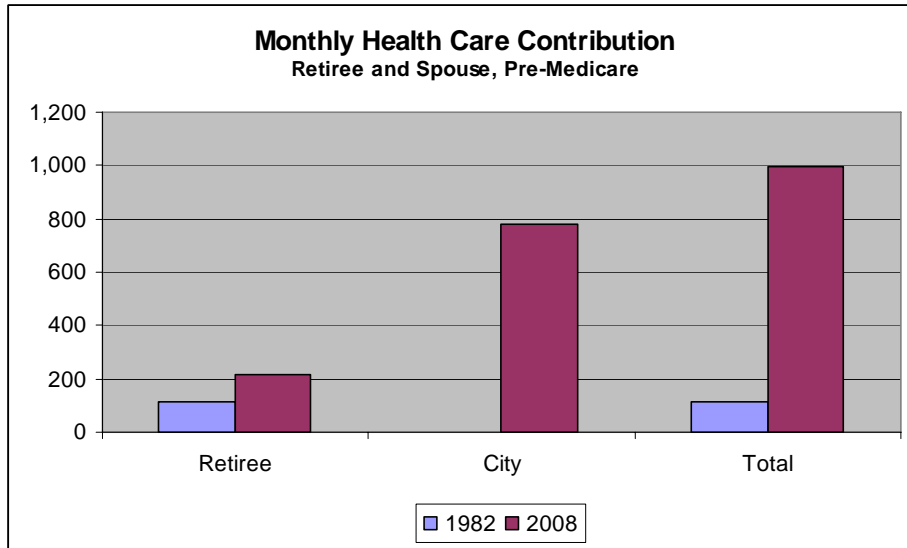
On February 12, 2008, the City staff conducted a retiree meeting at the City's Convention Center to outline the health plan's potential proposals. Comments from that meeting are included in the staff report. Several other meetings have been held with smaller groups of retirees and one large group meeting has been held as this item has been worked on extensively for the last several years. It should be noted that retirees understand that cost increases will occur. At the same time they feel most vulnerable because their income tends to be fixed and they have few ways to alter their financial circumstances.

Background

The City has a self-funded health insurance plan. The City's plan is funded from both City and plan participant contributions. The City provides retirees access to the City's health plan. This calendar year each participants average cost to the City is about \$1,000 a month. City will collect an employee and a retiree contribution to the health care cost. The City also provides a substantial health plan contribution on behalf of each employee or retiree in addition to the contribution the employee or retiree makes.

Originally, the City agreed to provide retirees access to the City's health plan in 1982. At that time, retirees paid the full cost of their health plan: no City contribution. Over time, the health plan's costs increased, but the retiree's contributions did not until 5 years ago. In the last 5 years, retiree's health plan contributions have increased, but the City makes a very substantial greater contribution on behalf of retirees as shown in Chart I, Monthly Health Care Contributions.

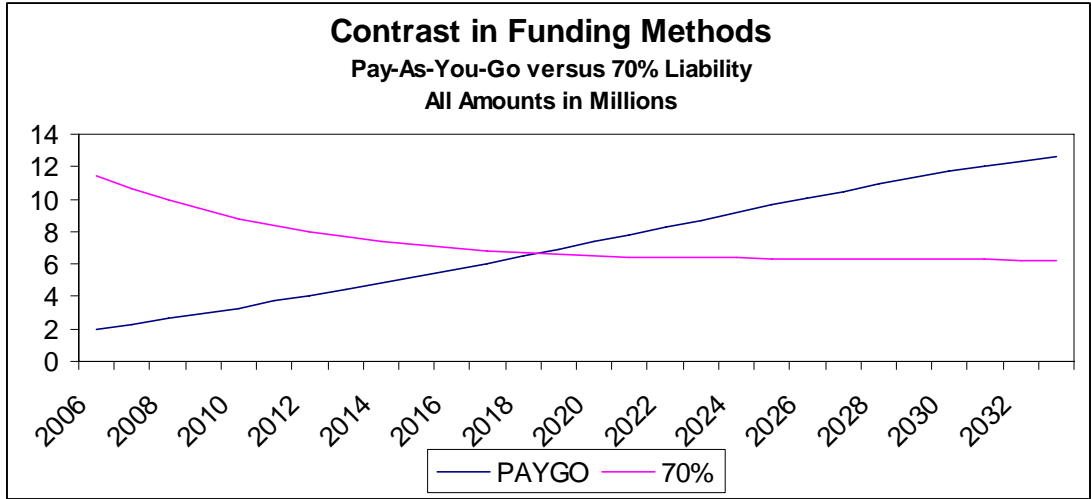
Chart I



Retiree pay-as-you-go health benefits cost the City over \$2 million annually. If the City wishes to fully fund the current year, pay-as-you-go cost and the future cost of employees and retirees, the City would need to contribute another \$4 - \$7 million annually to retiree health care. In other words, the City would need to continue to pay the \$2 million plus each year for actual health costs and begin setting aside another \$4 to \$7 million annually to fully fund the current and future cost of retiree health care.

Although prefunding retiree health contributions appear daunting, the consequence of staying with the pay-as-you-go system is potentially worse. After a relatively short period of time, the pay-as-you-go system will actually cost the City more than paying for the benefit more like a pension. Chart II, Contrast in Funding Methods, contrasts two funding approaches to retiree health care from a report prepared by an actuary in September of 2006. The first method is our current Pay-As-You-Go (PAYGO) method compared to funding more like a pension at 70% of the annual pension liability. This contrast shows that funding the plan costs more at first, but saves money in the long run. Within 10 years, the PAYGO system would cost as much as the pension like funding method. So developing funding policies will assist the City in assuring the fiscal stability of the retiree health plan.

Chart II



The Council balances its desire to provide employee benefits against the resources provided by taxpayers. As a result, the City has compared what it offers to the City’s retirees to other local agencies. The benefits offered by other entities in the area are less than what Visalia offers as shown on Chart III, Comparison of Retiree Health Benefits - 2005. The Chart illustrates that the City’s benefits for retirees are more generous than other local governments it uses for salary surveys. Only the Visalia Unified School District approaches the City’s benefit level. However, a school district employee must work for the district at least 15 years to receive comparable benefits and the school district benefit ends at Medicare Eligible Age. Further, the average VUSD retiree is older when they retire than the average City retiree.

Chart III
Comparison of Retiree Health Benefits - 2005
Comparison of Retiree Health Benefits
Surrounding Agencies

Agency	1. Agency provides Retiree Health	2. Agency contributes to Retiree Health.	3. Monthly contribution @ 20 years of service	Note
1 Clovis	Yes	No	-	
2 Fresno	Yes	No	-	
3 Kings Co.	Yes	No	-	
4 Porterville	Yes	No	-	
5 Tulare	Yes	No	-	Except for pre-1984
6 Tulare Co.	Yes	No	-	
7 Kern Co. Bakersfiel	Yes	Some	446	By bargaining unit
8 d Fresno	Yes	Yes	140	
9 Co.	Yes	Yes	160	
10 Hanford	Yes	Yes	56	
11 Visalia	Yes	Yes	715	Requires PERS Retirement.
12 VUSD	Yes	Some	775	Requires 15 years of service. VUSD contribution ends at Medicare Age
13 KDHCD	No	-	-	

In constructing a Retiree Health Plan Policy, five main policy points need to be considered, namely:

- What level of **contribution** shall the City provide on behalf of retirees?
- What level of **participation in Medicare** should the City expect from retirees?
- What coverage **supplemental to Medicare**, if any, should the City provide after an individual reaches Medicare age?
- What level of coverage should the City provide to retirees who are **actively at work**?
- What **length of service** should an employee provide in order to qualify for retiree health contributions from the City?

Contribution

The City currently makes a substantial contribution on behalf of all retirees to the health plan. The contribution varies based upon Medicare eligibility and number of dependents but averages almost \$800 a month. The City **DOES NOT** propose to discontinue this level of contribution. It is important to note, however, that the City's health contribution for retirees is high compared to other agencies as outlined in Chart III.

Annually, the City sets its health plan coverage and cost. Although the City is self-insured, it participates in a multi-jurisdiction health pool which sets its member contributions annually. Pool members' costs are revised each January. The City's plan cost increase for 2008 is \$46.06 per month per participant. The City fully paid for this cost increase for January and February but has not taken action for future months.

The proposal is to have the Council annually set the retiree health plan contributions based upon the City's ability to pay. For this year, City employees increased their health care contribution by \$23.03 a month, effective March 1, 2008. Staff is recommending to the City Council that retiree health contributions increase by \$23.03 a month also. This change would be effective as of May 1, 2008 in order to give sufficient notice to retirees. In the future, retiree contribution rates would be set early to allow for implementation by January 1 of each year, the beginning of the City's health plan year.

Participation in Medicare

The City's health plan document states that the City's plan will always be secondary to Medicare after the employee retires and the retiree is of Medicare age. All US Citizens are eligible for Medicare. However, the cost of Medicare Part A is approximately \$400 a month for those who have not contributed into the Medicare system for at least 40 quarters.

As of April, 1986, all newly hired employees participate in Medicare in which both the employee and the employer contribute 1.45% of wages into the Medicare system. Some individuals who were hired by the City prior to 1986 may have not achieved sufficient Medicare quarters to qualify for the Medicare Part A. The City believes that few people will be in these categories.

For those individuals that for whatever reason do not qualify for free Medicare Part A coverage, the City would contribute ½ of the monthly premium cost. By offering this coverage, the City is assuring that all retirees have access to Medicare coverage.

As an alternative, the City could agree to pay a higher share of the Medicare Part A, say ¾, because when retirees reach Medicare age, they will have to pay Medicare Part B premiums.

These premiums vary based upon income but are around \$100 a month. Thus, the retiree at Medicare age without sufficient Medicare quarters will pay Part B premiums and potentially Part A premiums if they do not have 40 Medicare quarters.

Supplemental Medicare Coverage

Currently, the City's health plan is supplemental medical coverage for retirees after the employee is retired and reaches Medicare age. The City also contributes substantially to the cost of that coverage while most other employers do not.

The proposal is to continue to have retirees contribute a premium for supplemental Medicare coverage but to consider replacing the City's current health plan with a commercially available Medicare Supplement. The contribution rate for retirees would be considered annually with whatever cost increases were considered for the plan in general.

Actively At Work with Employer Provided Health Care Coverage

Some retirees continue on to another career after retirement but remain on the City's health plan. During the time the retiree is actively employed, they are frequently offered some type of health benefit. A retired City employee can often have insurance benefits from their employer be the primary coverage during their active service with the new employer.

The City's retiree health plan policy proposal is that actively at work retirees would be required to receive at least the lowest cost health benefits provided by their employer for the retiree and their dependent, if any. During their employment, they would also continue to pay for the City's retiree health premium, with the City's plan becoming secondary to the employer's plan. (Health reinsurers do not allow a break in service.) At the end of their employment, the City's plan would then again become primary.

Staff recommends that this provision become effective as of January 1, 2009 to allow current working retirees to enroll in their health plan during the next open enrollment.

Actively At Work without Employer Provided Health Coverage

If a retiree earned in wages (not PERS nor interest income) over \$40,000 in the prior calendar year and was not offered health coverage by their employer or were self-employed, the Visalia City retiree health contribution would increase. Those earning (not unearned income such as interest or stock gains) less than \$40,000 a year would pay the standard retiree premium. Those earning over \$80,000 a year would pay the full City health premium cost. Any earnings between \$40,000 and \$80,000 would pay proportionally larger premiums as shown on the Chart II. Additional Share of Health Premium Based on Earned Income below:

Chart II

Additional Share of Health Premium Based on Earned Income

Previous year's earned income as reported on a 1040	Additional Share of Total Health Premium
40,000	0.0%
45,000	12.5%
50,000	25.0%
55,000	37.5%
60,000	50.0%
65,000	62.5%
70,000	75.0%
75,000	87.5%
80,000	100.0%

To implement any of the actively at work provisions, the City will need to annually send out a questionnaire asking if the retiree had access to health coverage from their employer or what their earned income was for the prior year. Under penalty of perjury, the retiree would declare their status. False statements may disqualify a retiree from continued health coverage. Additionally, the City may request a copy of an individual's 1040 Tax Form to verify information.

Both actively at work provisions will need to provide a transition period in order to allow currently uncovered retirees at work time to enroll for coverage. Staff recommends that these provisions become effective as of January 1, 2009.

Retiree Health Plan Access and Length of Service

Currently, the City provides access and contributes a substantial contribution on behalf of the retiree to its employee health plan for all retirees who retire from PERS. The proposal would be that all retirees would continue to have access to the health plan, but to qualify for a City contribution the employee would be required to work for the City for at least 20 years.

If council desires to implement varying rates based upon years of service, Staff recommends that as of January 1, 2009, the following structure be applied:

- Retirees having served 20 years or more receive the highest City contribution to their health insurance;
- Retirees having served at least 15 years but less than 20 years pay an additional \$50 a month;
- Retirees having served at least 10 years but less than 15 years pay an additional \$100 a month;
- Retirees having served less than 10 years would pay an additional \$150 a month.

If length of service is considered when setting retiree health insurance rates, staff recommends that those individuals who retired with an industrial disability be granted a 10 year service credit in addition to actual services years. This will assure that industrial disability retirees receive a higher level of contribution to offset their disability shortened career.

The City Council may decide to have a lower threshold for department and assistant department head level positions because those employees are typically nearing the end of their career and would not be expected to work for 20 years in that position. For those types of positions, prior public service should be included in their health care contribution threshold.

Retiree Meeting

On February 12, 2008, staff met with retirees at the convention center to discuss the proposal. Prior to that meeting, a retiree proposal was made that the current retirees should not have their health plan contributions changed because current retirees:

- Have little ability to change their income;
- Retired with a tacit understanding that they would keep their health insurance for the remainder of their life; and,
- Are not able to negotiate with the City Council like employees.

At the February 12, 2008 meeting held at the Convention Center. The following points were raised:

a) ***How will you treat double retirees, where both the spouses retired from the City?***

It seems appropriate that a double retiree couple would pay no more than a retiree with a dependent. This issue should be sorted out with City staff.

b) ***If length of service criterion are established, how will you treat industrial disability retirements?***

Staff recommends that industrial disability retirements be given an additional service credit of 10 years in recognition that their career was cut short by a work injury.

c) ***Can retirees participate on the City's Employee Health Benefit Committee?***

The Employee Health Benefit Committee was created and agreed upon by the bargaining groups during the last round of negotiations to address employee issues about health plan costs. The health plan was established as a benefit for current employees. The committee is still developing how it will work together and staff does not recommend introducing another party to the committee, at least until the committee is well established. Even then, the purpose of the health committee is to implement employee MOUs. Retirees are not part of those MOUs.

d) ***How can you legally change what you are charging retirees who have no voice? How can the City change past practice?***

The City's policy states that retirees and their dependents have access to the City's health plan at a cost determined by the City. The items being considered addressed mainly consider contribution cost to be assessed the retiree. The proposals follow policy. Further, for the past five years, the City has increased retiree health care rates.

e) ***Some retirees are working to accumulate Medicare units in order to qualify for free Part A Medicare. If the actively at work provisions are implemented, a retiree will***

be asked to potentially pay more for health care while they try to accumulate the Medicare quarters. Is that fair?

The actively at work proposals are designed to have individuals who are eligible for health care receive that health care benefit. While the retiree is working and earning a substantial income, the City's retiree health cost will be less. When the retiree no longer has that benefit offered by their employer, the City will provide a substantial health benefit. The fairness in the proposal is that those not earning substantial monies in retirement are not asked to make additional contributions.

- f) ***New retirees are retiring under an enhanced retirement plan, substantially greater than past employees. Shouldn't there be a difference in the health plan contribution?***

In 2001, employee retirement benefits were increased. Employees retiring since that time have substantially better benefits. As a result, some may argue that recent retirees should pay a larger share of the health cost than older retirees. In fact, current employees who will retire may bear more of these costs than current retirees. As a result, employee groups need time to discuss these proposals.

Employee groups have been briefed on the outline of this proposal but staff still must meet with these groups, if they so desire. The eventual outcome of these meetings has yet to be seen and needs to be processed through the bargaining process.

- g) ***The City is asking for increased contributions but has not given anything back. Why won't the City offer dental coverage as the City asks for increased premiums?***

The reason the City has asked for increased premiums is because costs for the set health plan have increased. Offering additional benefits will further increase the cost of the plan. If retirees were willing to pay for the full cost increase, staff would recommend that Council offer that additional benefit. However, in the past when that cost increase was discussed with retirees, it was not considered a benefit.

- h) ***How can we be sure that you have properly conveyed to Council this group's sentiment?***

Staff makes every effort to convey the results of meetings. However, the Council work session is designed to allow interested parties the opportunity to directly approach Council and state their views.

- i) ***Does the City have to take action on all these items next Tuesday?***

No. The Council can consider all these items and decide to postpone action. The one item staff believes should be acted upon is the proposed increase for this year of \$23.03 a month.

In addition, the following comments reflect some of the sentiment at the meeting:

- It seems that the proposals should be phased in over time, leaving the current retirees alone.

- The increase we will get in our PERS pension COLA will not cover the proposed \$23.03 health cost increase for many retirees.
- Because I receive a government pension, my social security check is greatly reduced.
- We do not believe that a Medicare Supplement can be even close to what the City's health plan offers current retirees.
- Many people in this group, due to their age, will not understand these proposals. Please keep that in mind as proposals are made and actions are considered.

Next Steps

The purpose of this paper is to outline policy choices the City Council might consider in providing greater detail to the City's Retiree Health Care Policy. City policy 301 states that the City Council will provide access to the City's health plan to retirees at a cost determined by the City each year. These proposals expand upon the policy established in 1992 stating how contributions will be assessed. This document is needed to guide the City's budgetary actions to assure the proper funding of retiree health benefits. The proposed actions DO NOT eliminate retiree health benefits. Rather, the proposed actions will assure that the City continues to provide a retiree health care plan, an increasingly valuable benefit.

Staff recommends that Council:

- act upon the basic rate increase now; and,
- consider the other proposals at their May 5, 2008 meeting in order to allow a full discussion of the impacts of these policy directions.

Prior Council/Board Actions:

Committee/Commission Review and Actions:

Alternatives:

Attachments:

Recommended Motion (and Alternative Motions if expected): Approve (or amend as appropriate) staff's recommendation.

Environmental Assessment Status

CEQA Review:

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

Proposed Retiree Health Coverage
February 19, 2008

Issue	Current	Proposed	Comment
1) Health Care Contributions	For the last five years, Retiree Health Contributions have increased \$20 a month, each year. Today, contributions are \$100 a month more than they were five years ago.	Council would consider Retiree Health contributions annually. This year, premium costs have increased by \$46.06 a month. Staff is recommending that retiree contributions increase by ½ of the premium cost increase, \$23.03 a month. If approved by Council, the increase will be effective May 1 in order to allow notice.	Current employee MOUs call for employees to pay ½ of the cost increase up to \$50 a month increase annually. Council has yet to determine what level retirees will pay.
2) Participation in Medicare	The current plan document requires that at Medicare age, the City's plan becomes secondary to Medicare.	If for some reason a retiree is not eligible for free Part A Medicare and has worked for the City for 20 years, the City may pay part of the Medicare Part A premium.	Individuals hired after April 1, 1986 must participate in Medicare. However, some hired before that date may not have sufficient work quarters for no cost part A Medicare coverage.
3) Supplemental Medicare Coverage	Currently, the City's health plan becomes a supplemental health plan to Medicare.	The City may replace the current Medicare coverage with a supplemental Medicare plan. The proposal is to find similar coverage. Increased contributions to this plan would also be considered annually based upon fiscal constraints. Still requires study.	Most local governments provide access but do not make a contribution on behalf of the retiree.
4) If retired and actively employed, mandatory participation in employer's health plan	To participate in the City's health plan, a retiree must retire from PERS and not have a break in the City's coverage.	If a retiree is eligible for his or her employer's health benefit, the retiree must elect to receive at least the minimum coverage until they are no longer employed. After taking at least the minimum coverage from their employer, the retiree would continue to pay the City's health premium but the City's plan would become secondary to the employer's health plan. When the retiree's employer health coverage ended, the City's health plan would again become the primary health coverage. Proposed to be effective 1/1/2009.	To implement this provision, the City would need to annually send out a questionnaire asking if the retiree had access to health coverage from their employer. Under penalty of perjury, the retiree would declare their status. False statements may disqualify a retiree from continued health coverage.
5) Employed retirees who are not offered health insurance coverage and actively self-employed retirees	To participate in the City's health plan, a retiree must retire from PERS and not have a break in the City's coverage.	If a retiree has earned wages in excess of \$40,000 but is not eligible for health insurance through an employer or themselves as independent contractors, the retiree pays an increasing share of the health plan cost until the retiree would pay for all of the health plan cost in years that the retiree has earned income in excess of \$80,000. Alternatively, the retiree could purchase a Blue Cross HMO plan acceptable to the City. Proposed to be effective 1/1/2009.	To implement this provision, the City would need to annually send out a questionnaire asking if the retiree had earned wages in excess of \$40,000. Under penalty of perjury, the retiree would declare their status. False statements may disqualify a retiree from continued health coverage. The City will ask for copies of a retiree's 1040 to verify earned income.
6) Retiree Health Plan Access	The City currently provides access to the City's health plan after retirement, if the employee retires from PERS.	Continue to provide access to the City's health plan but provide tiered contributions on behalf of the retiree only for those with at least 10 years of service with the maximum contribution being given to those with at least 20 years of service. Assistant and Department Heads may be given service year credit for prior public service.	This provision may or may not apply to current retirees. Will require discussion with current employees.

City of Visalia Agenda Item Transmittal

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 2

Agenda Item Wording: Analysis of Airport Solar Installation

Deadline for Action: N/A

Submitting Department: Natural Resource Conservation

Contact Name and Phone Number: Shawn Ogletree, 713-4530; Leslie Caviglia, 713-4317

Department Recommendation

Staff recommends that Council review an analysis on the performance of the solar system at the airport.

Summary:

The success of the solar system can be assessed on the basis of both power produced and financial Ramification.

1. Power Produced -- Over the most recent 12 month period, the system produced 53,190 kWh which translates to 89% of the power that was expected. With minor modifications the system should be able to come close to expectation of 60,000 kWh annually.
2. Financial Ramifications – The most recent annual billing statement shows a savings of \$3,141 from 2005 totals (before installation). The system was initially expected to save \$8,060 annually. However, airport consumption also increased 14% from the 2003-2005 average translating to an estimated savings of \$4,823 from what would be expected if solar was never installed. The reason for the increase is undefined but a scheduled energy audit may help determine the cause.

It is believed that the biggest savings, up to \$8,027 (with an increase of usage factored in), may be met by switching over from the current General Service account to a Time of Use (TOU) rate plan, and making minor modifications to improve production. Under the current General Service Account, the City is billed a flat rate based on generation and distribution. The idea behind a TOU rate plan is to have the power company bill based on what time of day the energy is used. SCE has three different time periods: "on-peak", "mid-peak" and "off-peak." On Peak - In the summer (June through October), the on-peak hours are 12 a.m. to 6 p.m. on weekdays except holidays; Mid peak - hours are 8 a.m. to 12 p.m. and 6 p.m. to 11 p.m. summer weekdays except holidays, In the winter (October – June) 8a.m. to 9 p.m. weekdays except holidays; Off peak - all other times.

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): _15_

Review:

Dept. Head: LBC 21508

Finance

City Atty

City Mgr

Later in this document is a list of recommendations to improve production. These, along with changes in the rate plan, should ensure that the solar energy system operates at an optimal level of performance and produces as low an SCE bill as possible.

Overall, it is important to understand that the installation and resulting power generated is pollution free, inexhaustible and provides an energy resource that helps curb air pollution, improves public health, and reduces greenhouse gas emissions.

Background:

Deventec Inc., Energy Management Solutions was selected through competitive bid to install a 30 kW (energy produced at a given moment) solar energy installation at the Visalia Airport which was constructed to provide a portion of the electricity to the Pilot's Lounge and three rows of hangers. It was expected that the PV system would produce 60,000 kWh/ year (energy used in a time period) and save \$8,060. The Contract was for \$175,000 after a California Energy Commission rebate of \$83,028.

The system was informally activated in February 2006 after the final inspection and has been generating electricity since that time. Southern California Edison completed the paper work and other work required to sell back its unused portion of generated electricity and provide a yearly credit (referred to as their net metering system) April 10, 2006. The final contract requirement was completed on September 12, 2006 with the system tie in to web based solar monitoring on the Sunny Portal website. The Sunny Portal website monitoring system tracks electrical generation and reads the six invertors. By monitoring the system, staff can track any variation in production.

Prior to installation the City's historic yearly average electricity usage for the Pilots Lounge and three rows of hangers (meter #157382) had been 97,000 kWh for a cost of \$13,000. Expectations were to produce an estimated 60,000 kWh/year with a yearly savings of \$8,060. In addition, it was estimated that the City could anticipate a yearly savings from switching to a "Time of Use" SCE schedule that allows the City to be paid a higher rate for electricity produced and returned to SCE during peak periods.

Analysis:

PRODUCTION

Data and analysis indicates that the system is performing at an 89% efficiency rate. This is slightly under the number of kilowatt-hours of electricity the solar arrays were expected to produce and what has actually been produced based on the average monthly kilowatt-hour generation, starting from when the system was completed. This variation of 11% is slightly over what would be expected of a typical solar energy installation, which usually fluctuates year-to-year by 5% - 8% due to weather/clouds, how dirty the panels are, etc.

According to Deventec there are a number of factors that are likely responsible for the performance shortfall.

- 1) The light pole at the southwest corner of the parking lot array reduces annual production by about 3%. Deventec states this was understood by everyone involved with the project, and it was agreed that it was an acceptable trade-off for being able to locate the parking lot solar array along the security fence and not in the center of the parking lot, especially since the 3% production reduction only amounts to about \$170/year.

- 2) The efficiency of the inverters will drop slightly if they get quite hot, generally by about 2%-3%. This can be improved by providing a simple shade cover over the inverters at a minimal cost.
- 3) Dirty solar panels: according to Sharp Electronics, a system will produce about 10% less electricity if the solar panels are never washed off, or 7% if they are rarely washed. It's quick and simple to do. By using a regular or pressure hose when the panels are cool in the morning or late afternoon, particularly in the summer when they can get quite dirty, they can easily be cleaned.
- 4) Annual environmental variations (cloud cover, outside temperatures, etc) affect solar production year-to-year by plus or minus 3%-5%.

Deventec estimates an increase in production of about 10% by implementing numbers 2 and 3; bringing the overall system performance in line with its expected performance.

FINANCIAL RAMIFICATIONS

An account overview of the meter that translates usage of the solar system indicates that usage has increased by 14% since 2003-2005. Airport staff can't define the reason for the increased usage but the scheduled energy audit may help. The increase in usage accounts for an approximate \$1,700 increase annually. This increase is an estimate of what would show on the annual total billed had solar not been installed.

Over the most recent 12-month period, the solar panels reduced the City's SCE bills by an estimated total of \$4,823. It's possible these savings would have been greater under TOU rate for the account. Deventec's analysis based on load profile indicates that switching to the TOU rate schedule should increase the annual savings to about \$8,027.

The actual data shows that during spring and summer afternoons, when the solar array is most productive (longer daylight), the On Peak and Mid Peak net kWh's are actually minus -- which is good (i.e. pilot's lounge produced more than they used and sent the difference back to SCE for a dollar credit). The data also indicates that about 65% of the total solar production occurs between noon - 6pm (TOU On Peak), and about 35% between 8am - noon (TOU Mid Peak).

SCE also ran an analysis under the TOU rate and determined that the rate change had a best and worst case scenario based on-peak demand use. However, SCE did not factor the load profile in from Sunny Portal System. Under the Best Case Scenario, there would be a savings on the TOU rate. The Best Case Scenario would shift all on-peak and mid-peak kilowatt-hours (kWhs) to the off-peak time period. On the other hand, under the Worst Case Scenario, a rate change would make the bill higher. The Worse Case Scenario would shift all off-peak kWhs to the on-peak and mid-peak time periods. SCE believes that there would be a savings by switching to the Time of Use rate but it would likely be somewhere in the middle of the best and worst case scenario which would put SCE's initial estimate in line with Deventec's rate comparison. If the rate change doesn't work out, SCE can not change the rate back to General Service until one year passes from the date of the rate change. SCE is currently in the process of running a rate analysis based on load profile in order to determine a more accurate projection of savings.

Table 1 – summary of some of the important electricity usage and generation data for the solar energy system:

Usage Before Solar vs. After Solar Installed

Annual electricity usage before solar (2003-2004 average):	96,360 kWh
Annual electricity usage after solar:	109,844 kWh
Difference (increase):	14%

Expected Production vs. Actual Production

Originally expected kWh solar production (yearly average):	60,000 kWh
Actual kWh solar production	53,190 kWh
Difference:	11%
Typical annual fluctuation:	5% - 8%

Annual Bill Before Solar vs. Current Annual Bill

Annual SCE bill without solar (2005 actual)	\$13,679
Annual SCE bill with solar, General Ser. schedule (2007 actual):	<u>\$10,538</u>
Difference (savings):	\$3,141

Projected Cost w/No Solar but Increase in Usage vs. Current Annual Bill

Annual SCE bill without solar (with increase in usage)	\$15,361
(109,723 kWh · est. 0.14 ¢/kW):	
Annual SCE bill with solar, General Ser. schedule (2007 actual):	<u>\$10,538</u>
Difference (savings):	\$4,823

Projected Cost w/No Solar but Increase in Usage vs. Solar w/Proposed Time Of Use Rate Plan

Annual SCE bill without solar (est.)	\$15,361
Annual SCE bill with solar, TOU schedule (est.):	<u>\$7,334</u>
Difference (savings):	\$8,027

Recommendations:

The following is a list of recommendations to improve production:

1. Providing a shade cover (nominal cost) - A simple cover should be in place to shade the inverters, since inverter efficiency improves if hot temperatures can be minimized. The installation of a shade cover for the inverter should show a noticeable difference; Deventec estimates a 3% production increase. This production increase should outweigh any cost given this can be done by facilities staff at a minimal expense and would not require special materials.
2. Keeping the solar panels clean - (pressure-wash periodically) - Deventec recommends increasing the cleaning of the panels to every two weeks during the summer months. Airport staff indicated that the panels were historically cleaned quarterly. To clean the panels effectively required a rented lift with a power washer and pole brush. Given this fact, Deventec recommended a cleaning method that strikes a good balance between effectiveness and cost/time by just using a pressure washer to spray the panels down and they have recommended alternative methods for conducting the cleaning. Deventec confirmed that the most effective system is to use a brush/hose combination to physically brush and wash the panels at the same time. Given cost/ time associated, plus the fact this method adds an incrementally small increase in production, it may only need to be done once or twice a year.
3. Monitoring system production and operation [ongoing] - Staff can now monitor system production to insure maximum solar production and use. Monitoring system production from the Sunny Portal website will insure that the system is operating as expected and will indicate any fluctuations in the system so that staff can respond accordingly. Recently the number 5 inverter was removed because it was shutting on and off intermittently. Deventec noticed the fluctuation on the website and took the inverter off-line for testing. The inverter was found defective and is in the process of being replaced by the manufacturer.
4. Edison efficiency evaluation - As a final point, Edison has engineers who can set up equipment to check on the efficiency of the solar system at no cost to the City. However, under the current cloudy skies, the results would be skewed. It is recommended that Edison check the efficiency this summer and provide an analysis on production after the recommended changes are made.

The Following is a list of recommendations to improve financial savings:

1. Switching to a Time of Use rate schedule – Pending Edison’s analysis staff will change to the TOU rate schedule to decrease future SCE bills.
2. Energy Audit – An energy audit may be able to determine the cause for the 14% increase in production. An energy audit is scheduled for areas interconnected to the meter to determine any inefficient use of energy. SCE will include the airport in its list of locations for audit by the end of the second quarter. .

NEXT STEPS:

Overall, following all the listed recommendations should ensure that the solar energy system operates at an optimal level of performance and produces as low an SCE bill as possible. Therefore, we are looking at next steps to expand solar installations at City-owned properties.

Staff is exploring two different approaches for future solar installations:

1. Direct Purchase – The City would pay for installation and maintenance at a given cost and enables the City to receive any rebates, eventual ROI and ultimately free energy. This is similar to the system at the airport.
2. A Power Purchase Agreement (PPA) – The City would pay for solar power used at a facility, but not the solar equipment, installation or maintenance. A financing company would purchase a solar electric system, then charge the City for the electricity generated, thereby assuming the risks and responsibilities of ownership.

Locations for further evaluation include:

- Convention Center
- WWTP
- Police Sub-Stations
- Transit Center
- Parking Structures
- City Owned Basins
- Future Construction Projects

Prior Council/Board Actions:

- Council authorized to enter into contract with Deventec, Inc. on April 18, 006
- Council authorized to record a Notice of Completion for the 30kW Photovoltaic solar energy installation at the Visalia Airport on October 2, 2006

Committee/Commission Review and Actions:

Alternatives:

- Attachments:**
- Edison Account # 001-1573-82 overview
 - Deventec Inc., Rate Comparison General Service and TOU
 - Visalia Airport Solar Energy Production

Recommended Motion (and Alternative Motions if expected): None
NA

Environmental Assessment Status

CEQA Review:

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Account Overview For 001-1573-82

Account Profile Information

Name / Address Information

Customer Name: VISALIA, CITY OF
 Customer Address: PO BOX 5078
 VISALIA, CA 93278
 Service Account Name: VISALIA, CITY OF
 Service Account Address: 9500 W AIRPORT DR
 VISALIA, CA 93277

Customer / Account Information

Customer Number: 0-000-6996
 Customer Account Number: 28-123-7339
 Service Account Number: 001-1573-82
 Installed Service Number: 0051-127-83
 Site Number: 00674-32-19
 Premise ID: 3547014
 L. R. Number: 5063310
 Old CIS Number: 56-51-078-3657-01

Service Account Properties

Account Status: ACTIVE
 Direct Access: NO
 Facility SIC: 4581
 Meter Number: 349M010569
 Meter Phase: 3
 Service Voltage: 208

Annual Summary

(Most recent 12 Months)

Annual kWh Usage: 77,292
 Annual Max kW: 27
 Annual Max kVa: UNAVAILABLE
 Annual Max kVar: 0
 Power Factor: 100.0
 Annual Billed Total: \$10,568.75
 * Average Cents/kWh: \$0.13674

Billing Summary

Data displayed in this report is current as of the date of the most recent billing period seen in the Billing Summary section below. Account activity subsequent to this date may impact the data presented in this report.

* The average cents/kWh value is determined by dividing the total bill amount by the total quantity of kWh usage. The total bill amount, and therefore the average cents/kWh, contains all charges including, but not limited to, energy charges, demand charges, service charges, late payment charges, and applicable taxes.

Read Date	Days	Tariff	kWh Usage	Max kW	Load Factor	LPC Amount	PE / PX Credit	City Tax	Cents / kWh	Bill Amount
12/07/2007	31	GS-2	7,156	22	0.44	\$0.00	\$0.00	\$0.00	\$0.10594	\$758.09
11/06/2007	33	GS-2	7,372	21	0.45	\$0.00	\$0.00	\$0.00	\$0.10415	\$767.79
10/04/2007	29	GS-2	6,344	26	0.35	\$0.00	\$0.00	\$0.00	\$0.18614	\$1,180.85
09/05/2007	30	GS-2	6,942	27	0.36	\$0.00	\$0.00	\$0.00	\$0.19000	\$1,319.01
08/06/2007	31	GS-2	6,679	26	0.35	\$0.00	\$0.00	\$0.00	\$0.18804	\$1,255.95
07/06/2007	30	GS-2	5,380	25	0.30	\$0.00	\$0.00	\$0.00	\$0.20362	\$1,095.46
06/06/2007	29	GS-2	4,952	21	0.34	\$0.00	\$0.00	\$0.00	\$0.10444	\$517.20
05/08/2007	32	GS-2	5,497	20	0.35	\$0.00	\$0.00	\$0.00	\$0.08485	\$466.44
04/06/2007	29	GS-2	5,562	19	0.42	\$0.00	\$0.00	\$0.00	\$0.12248	\$681.22
03/08/2007	30	GS-2	6,370	19	0.47	\$0.00	\$0.00	\$0.00	\$0.11898	\$757.91
02/06/2007	29	GS-2	7,017	19	0.53	\$0.00	\$0.00	\$0.00	\$0.11749	\$824.46
01/08/2007	32	GS-2	8,021	20	0.52	\$0.00	\$0.00	\$0.00	\$0.11774	\$944.37
12/07/2006	31	GS-2	7,619	20	0.51	\$0.00	\$0.00	\$0.00	\$0.12050	\$918.10
11/06/2006	32	GS-2	7,233	22	0.44	\$0.00	\$0.00	\$0.00	\$0.12353	\$893.50
10/05/2006	28	GS-2	6,560	26	0.38	\$0.00	\$0.00	\$0.00	\$0.20743	\$1,360.71
09/07/2006	30	GS-2	6,844	28	0.34	\$0.00	\$0.00	\$0.00	\$0.22272	\$1,524.28
08/08/2006	29	GS-2	6,993	29	0.34	\$0.00	\$0.00	\$0.00	\$0.22545	\$1,576.59

As of 01-01-2008 tariff date, generation calculation is based on an assumed annual basis of 27.25% for DWR and 72.75% for SCE of total bundled service load.

The information contained in this report may be based on actual historical energy consumption and, or, assumptions regarding future energy consumption patterns and amounts. Assumptions made may include, but are not limited to, changes in rates, operating hours, equipment, weather patterns, service voltage, firm service levels, and added facilities charges.

Date Prepared: 01/11/2008

Confidential/Proprietary

Page: 1

Account Overview For 001-1573-82

Billing Summary (continued)

Data displayed in this report is current as of the date of the most recent billing period seen in the Billing Summary section below. Account activity subsequent to this date may impact the data presented in this report.

* The average cents/kWh value is determined by dividing the total bill amount by the total quantity of kWh usage. The total bill amount, and therefore the average cents/kWh, contains all charges including, but not limited to, energy charges, demand charges, service charges, late payment charges, and applicable taxes.

Read Date	Days	Tariff	kWh Usage	Max KW	Load Factor	LPC Amount	PE / PX Credit	City Tax	Cents / kWh	Bill Amount
07/10/2006	32	GS-2	6,548	26	0.33	\$0.00	\$0.00	\$0.00	\$0.22208	\$1,454.15
06/08/2006	30	GS-2	5,229	24	0.31	\$0.00	\$0.00	\$0.00	\$0.16858	\$881.52
05/09/2006	29	GS-2	5,200	24	0.31	\$0.00	\$0.00	\$0.00	\$0.15869	\$825.19
04/10/2006	31	GS-2	6,960	30	0.31	\$0.00	\$0.00	\$0.00	\$0.15304	\$1,065.16
03/10/2006	30	GS-2	2,910	31	0.13	\$0.00	\$0.00	\$0.00	\$0.22679	\$659.95
02/08/2006	29	GS-2	6,690	31	0.31	\$0.00	\$0.00	\$0.00	\$0.14474	\$968.31
01/10/2006	32	GS-2	8,010	16	0.64	\$0.00	\$0.00	\$0.00	\$0.10894	\$872.61
12/09/2005	31	GS-2	7,560	17	0.62	\$0.00	\$0.00	\$0.00	\$0.11013	\$832.57
11/08/2005	33	GS-2	9,120	32	0.36	\$0.00	\$0.00	\$0.00	\$0.11979	\$1,092.50
10/06/2005	30	GS-2	8,160	31	0.36	\$0.00	\$0.00	\$0.00	\$0.17743	\$1,447.80
09/06/2005	29	GS-2	8,970	33	0.39	\$0.00	\$0.00	\$0.00	\$0.18173	\$1,630.15
08/08/2005	31	GS-2	10,440	31	0.45	\$0.00	\$0.00	\$0.00	\$0.16229	\$1,694.33
07/08/2005	30	GS-2	8,070	35	0.32	\$0.00	\$0.00	\$0.00	\$0.19778	\$1,596.09
06/08/2005	30	GS-2	7,350	31	0.33	\$0.00	\$0.00	\$0.00	\$0.13246	\$973.56
05/09/2005	31	GS-2	6,360	28	0.30	\$0.00	\$0.00	\$0.00	\$0.13011	\$827.49
04/08/2005	29	GS-2	6,240	29	0.31	\$0.00	\$0.00	\$0.00	\$0.13360	\$833.64
03/10/2005	31	GS-2	7,050	17	0.57	\$0.00	\$0.00	\$0.00	\$0.12141	\$855.91
02/07/2005	28	GS-2	6,870	17	0.62	\$0.00	\$0.00	\$0.00	\$0.12218	\$839.39
01/10/2005	33	GS-2	8,400	32	0.34	\$0.00	\$0.00	\$0.00	\$0.12567	\$1,055.64
Total	1,094		248,678			\$0.00	\$0.00	\$0.00		\$37,247.89
Average	30.39		6,908	25	0.39			\$0.00	\$0.14978	\$1,034.66

Account Overview

Prepared by: Deventec, Inc.
January 30, 2008

Service Account Name: Visalia, City of (Pilot's Lounge)
Service Account Number: 001-1573-82
Account Type: NEM
Existing Schedule: General Service, Non-TOU
Recommended Schedule: TOU

Report Summary: For the SCE NEM (net energy metered) customer listed above, this report compares the estimated annual SCE electricity bill for different applicable rate schedules. Deventec recommends changing to a TOU-GS-2-A rate schedule since it should produce the lowest annual electricity expense, based on these results.

Rate Schedule Comparison:	<u>Estimated Annual Cost</u>	<u>% Savings vs. Existing Schedule</u>
GS-2, Non-TOU (existing schedule)	\$10,606	
TOU-GS-2-A, Using SCE TOU Percentages	\$7,290	31%
TOU-GS-2-A, Using Deventec TOU Percentages	\$7,334	31%
TOU-GS-2-B, Using SCE TOU Percentages	\$9,859	7%
TOU-GS-2-B, Using Deventec TOU Percentages	\$9,802	8%

Comments:

- 1) Each monthly separate TOU period (peak: on, mid, off) subtracts "Gen" (kWh's sent to SCE) from "Load" (kWh's received from SCE) to determine "Net" kWh's
- 2) The TOU scenarios use best-estimate values (both SCE's and Deventec's) for the TOU period load profile breakdowns. The extreme scenarios (i.e. "No On-Peak" and "On-Peak") were not used since those results are not realistic
- 3) Calculations include all Energy Charges, Demand Charges, and Customer Charges (\$85.75/month); taxes are not included
- 4) DWR energy percentage for all 12 months is 27.25%
- 5) All 12 months use the tariffs effective January 1, 2008

Visalia Airport Solar Energy Production

30-Jan-08

Month Meter Read Date (from SCE bill)	2006			2007												Total	Average
	Oct 6-Nov	Nov 7-Dec	Dec 8-Jan	Jan 6-Feb	Feb 8-Mar	Mar 6-Apr	Apr 8-May	May 6-Jun	Jun 6-Jul	Jul 6-Aug	Aug 5-Sep	Sep 4-Oct	Oct 6-Nov	Nov 7-Dec	Dec 8-Jan		
PV-Produced kWh's:																	
Total (from Web Portal)	4,139	2,604	2,523	3,120	2,976	4,814	4,945	6,158	5,714	5,800	5,407	4,990	3,714	2,803	2,082	52,964	
Sent to SCE (from SCE bill)	<u>(2,150)</u>	<u>(1,206)</u>	<u>(1,022)</u>	<u>(1,314)</u>	<u>(1,747)</u>	<u>(2,339)</u>	<u>(2,827)</u>	<u>(2,265)</u>	<u>(1,643)</u>	<u>(1,404)</u>	<u>(1,238)</u>	<u>(1,929)</u>	<u>(1,587)</u>	<u>(1,099)</u>		<u>(20,414)</u>	
Used On-Site	1,989	1,398	1,501	1,806	1,229	2,475	2,118	3,893	4,071	4,396	4,169	3,061	2,127	1,704	2,082	32,550	
SCE kWh's (from SCE bill):																	
kWh's Obtained from SCE	7,233	7,619	8,021	7,017	6,370	5,562	5,497	4,952	5,380	6,679	6,942	6,345	7,373	7,156		77,294	
PV-Produced kWh's Sent to SCE	<u>(2,150)</u>	<u>(1,206)</u>	<u>(1,022)</u>	<u>(1,314)</u>	<u>(1,747)</u>	<u>(2,339)</u>	<u>(2,827)</u>	<u>(2,265)</u>	<u>(1,643)</u>	<u>(1,404)</u>	<u>(1,238)</u>	<u>(1,929)</u>	<u>(1,587)</u>	<u>(1,099)</u>	<u>0</u>	<u>(20,414)</u>	
Net kWh Obtained from SCE	5,083	6,413	6,999	5,703	4,623	3,223	2,670	2,687	3,737	5,275	5,704	4,416	5,786	6,057	0	56,880	
kWh's Used at the Pilot's Lounge:																	
PV-Produced kWh's Used On-Site	1,989	1,398	1,501	1,806	1,229	2,475	2,118	3,893	4,071	4,396	4,169	3,061	2,127	1,704	2,082	32,550	
Total kWh's Obtained from SCE	<u>7,233</u>	<u>7,619</u>	<u>8,021</u>	<u>7,017</u>	<u>6,370</u>	<u>5,562</u>	<u>5,497</u>	<u>4,952</u>	<u>5,380</u>	<u>6,679</u>	<u>6,942</u>	<u>6,345</u>	<u>7,373</u>	<u>7,156</u>	<u>0</u>	<u>77,294</u>	
Total kWh's Used at the Pilot's	9,222	9,017	9,522	8,823	7,599	8,037	7,615	8,845	9,451	11,075	11,111	9,406	9,500	8,860	2,082	109,844	
Total kWh's Used at the Pilots Lounge																	
2005 Jan - Dec (before solar was installed)																94,590	
2004 Jan - Dec (before solar was installed)																97,590	
2003 Jan - Dec (before solar was installed)																96,900	
% Change (Increase) Post-PV vs. 2003-2004 Average																14%	
# Days in Period	31	31	32	29	30	29	32	29	30	31	30	29	33	31	32		
# Summer Days in Period	0	0	0	0	0	0	0	3	30	31	30	29	0	0	0		
Max Demand	22.0	20.0	20.0	19.0	19.0	19.0	20.0	21.0	25.0	26.0	27.0	25.0	21.0	22.0	20.0		

ACTION

PLANNING COMMISSION AGENDA

CHAIRPERSON:
Vincent Salinas



VICE CHAIRPERSON:
Lawrence Segrue

COMMISSIONERS PRESENT: Sam Logan, Vincent Salinas, Adam Peck, Larry Segrue, Terese Lane

MONDAY FEBRUARY 11, 2008; 7:00 P.M., CITY HALL WEST, 707 WEST ACEQUIA, VISALIA CA

- | | |
|--|--|
| 7:00 TO 7:00 | 1. THE PLEDGE OF ALLEGIANCE |
| 7:00 TO 7:02 | 2. ELECTION OF OFFICERS- Commissioner Peck nominated Commissioner Salinas to continue as Chairperson and Commissioner Segrue seconded. Vote: 5-0

Commissioner Peck also nominated Commissioner Segrue to continue as Vice Chair and Commissioner Lane Seconded. Vote: 5-0 |
| 7:02 TO 7:02

No one spoke | 3. CITIZEN'S REQUESTS - The Commission requests that a 5-minute time limit be observed for requests. Please note that issues raised under Citizen's Requests are informational only and the Commission will not take action at this time. |
| 7:02 TO 7:02

No comments | 4. CITY PLANNER AGENDA COMMENTS |
| 7:02 TO 7:02

No comments | 5. CHANGES TO THE AGENDA |
| 7:02 TO 7:03

Consent
Calendar was approved as recommended (Logan, Segrue)
5-0 | 6. CONSENT CALENDAR - All items under the consent calendar are to be considered routine and will be enacted by one motion. For any discussion of an item on the consent calendar, it will be removed at the request of the Commission and made a part of the regular agenda. <ul style="list-style-type: none"> • Time Extension for Linwood Tentative Subdivision Map No. 5490 |
| 7:03 TO 7:35

Approved as recommended with changes to wording in condition #1; allowing seven silos as long as degree of encroachment is not increased. (Logan, Peck)
5-0 | 7. PUBLIC HEARING – Presented by Andy Chamberlain

Variance No. 2008-01: A request by International Paper Co. to allow five additional dry resin silos within the required 40-foot landscape setback in Design District H in the IH (Heavy Industrial) zone. The site is located at 1600 N. Kelsey St. APN: 077-111-035. |

Open: 7:12
Close: 7:24

7:35 TO 7:36

8. PUBLIC HEARING –Presented by Brandon Smith,
Continued from 11/27/07 Applicant Request a Continuation to February 25, 2008

Approved to
continued to
February 25,
2008
(Logan,
Segrue) 5-0

Conditional Use Permit No. 2007-39: A request by Westland Development, LLC, for a master- planned development to allow the phased development of a mix of office, educational, and highway service businesses totaling 327,828 on 29.4 acres within the BRP (Business Research Park) zone, located on the east and west sides of Plaza Drive, north of Crowley Ave.(APNs 081-020-067 & 081-020-070).

7:36 To 7:40

9. DIRECTOR'S REPORT/PLANNING COMMISSION DISCUSSION:

The Planning Commission meeting may end no later than 11:00 P.M. Any unfinished business may be continued to a future date and time to be determined by the Commission at this meeting. The Planning Commission routinely visits the project sites listed on the agenda.

For the hearing impaired, if signing is desired, please call (559) 713-4359 twenty-four (24) hours in advance of the scheduled meeting time to request these services. For the visually impaired, if enlarged print or Braille copy is desired, please call (559) 713-4359 for this assistance in advance of the meeting and such services will be provided as soon as possible following the meeting.

**THE NEXT REGULAR MEETING WILL BE HELD ON MONDAY FEBRUARY 25, 2008
CITY HALL COUNCIL CHAMBERS
707 WEST ACEQUIA**

7:40 TO 7:40
Motion to Adjourn (Peck, Segrue) 5-0

**City of Visalia
Agenda Item Transmittal**

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4c

Agenda Item Wording:

Consideration to amend the South Ben-Maddox Auto Center – Architectural Design Standards, to allow changes in the sign layout and related standards for building signage. The south Ben Maddox Auto Center is located on the east side of Ben Maddox Way between Noble Avenue and Tulare Avenue, Don Groppetti property owner.

Deadline for Action: None

Submitting Department: Community Development - Planning

Contact Name and Phone Number:

Andrew Chamberlain, AICP 713-4003
Fred Brusuelas, AICP 713-4364

Department Recommendation: The Community Development Department recommends approval of the requested amendment. This recommendation is based upon the following:

- The amendment is consistent with the intent of the South Ben Maddox Auto Center for the creation of a high quality auto plaza.
- The amendment would provide flexibility for site signage to better meet the variations in letters and logos for the auto manufacturers signs.

Summary/background: On May 17, 2004, the City Council approved General Plan Amendment No. 2004-10 and Change of Zone No. 2004-09, which included Conditional Zoning Agreement No. 2004-01. The agreement contains the South Ben-Maddox Auto Center – Architectural Design Standards which establish a series of development standards for the Auto Center. The agreement includes Condition No. 9. *This Agreement may be amended by mutual consent if in writing and in the case of the City, authorized by its City Council.*

The attached letter form Don Groppetti requests some minor changes to the signage standards based upon a need for flexibility related to numbers of primary signs and letter height. The request includes changes to Secondary signage for the letter height and sign area.

The existing sign standards, provided in Exhibit “A”, allow only one primary sign (Wall Mounted Dealership Identification Sign) which requires that the manufacturers logo and name along with the dealers name and location all be placed together as one sign. The proposed change would allow the separate pieces to be located across the building frontage as separate signs. The

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): 5

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

proposed change would also eliminate the maximum letter height of 36 inches. Staff supports this portion of the request as shown in Exhibit "C".

The second part of the request is to change the maximum letter height for Secondary Wall Signs) from 12 inches to 18 inches, and increasing the square footage from three to 10 square feet. Staff supports this portion of the request as shown in Exhibit "C".

The letter includes a request to change the size of "Directional Signs" from three to nine square feet. Staff does not support this portion of the request as stated. Staff recommends a change to allow nine square feet for "Directional Signs" when they are not readily visible from the public right-of-way, typically not within 50 to 100 feet of Ben Maddox Way depending upon site configuration. As stated, the applicant's proposal could result in a nine square foot "Entrance" sign on Ben Maddox way at the driveways. The staff recommended alternative is included in Exhibit "C".

This action would apply to all of the properties located in the South Ben Maddox Auto Center as shown in the location map in Exhibit "B". The proposed changes are shown in Exhibit "C".

Project Approval

Approval of this item as recommended by staff would amend Exhibit II of Conditional Zoning Agreement No. 2004-01 which is the Conditions, Covenants and Restrictions and Architectural Design Standards for The South Ben Maddox Auto Center, resulting in the changes in Exhibit "C" being adopted.

Prior Council/Board Actions: No previous actions since the adoption on May 17, 2004.

Committee/Commission Review and Actions: No other committee or Commission reviews are required for this minor amendment to the design guidelines Contained in the Conditional Zoning Agreement.

Alternatives:

1. Approve as presented in this Transmittal
2. Deny the proposed amendment; or
3. Refer the matter to the Planning Commission for a recommendation; or
4. Continue the matter to a future City Council hearing.

Attachments:

- Letter from Don Groppetti
- Exhibit "A" - Architectural Design Guidelines – Excerpt Existing Language
- Exhibit "B" – South Ben Maddox Auto Center Site Map
- Exhibit "C" - Architectural Design Guidelines – Proposed Language
- Conditional Zoning Agreement
- Location Sketch

Recommended Motion (and Alternative Motions if expected): I move to approve an amendment to the South Ben-Maddox Auto Center – Architectural Design Guidelines, to change the Sign Standards.

Environmental Assessment Status

CEQA Review: Conditional Zoning Agreement 2004-01 was approved as a part of Negative Declaration No 2004-12; the proposed amendment is consistent with this environmental document, therefore no environmental action is required.

NEPA Review: NA

Copies of this report have been provided to:

EXHIBIT “A”
(Existing Standards)

Excerpt from the Architectural Design Standards for the South Ben Maddox Auto

900 Signage

901 General Requirements

- (a) Each dealership shall be allowed only those signs that are necessary for identification of the franchise, the premises, the department uses on site and directional signing. The design, size, location, color and materials of construction of signs shall be submitted to the Architectural Review Committee for approval prior to construction. All signs shall also comply with the sign ordinance of the City of Visalia. Billboards, streamers, temporary signs, revolving signs, flashing signs and moving signs are specifically prohibited.

902 Permitted Signage

- (a) Each dealership shall be entitled to the following signs:

1. Free Standing Monument Signs. One free standing monument sign is permitted for each site. Such sign shall be ground-mounted, containing the dealership name and the principle makes of the new automobiles sold on site. The maximum height, length and total illuminated sign face shall comply with Design District C Standards. Such sign may be placed in the front landscape strip, but shall not be closer to the right of way than five (5) feet.
2. Wall Mounted Dealership Identification Sign. One wall sign will be allowed for each building wall that faces a public street. The sign should be located on the top showroom fascia facing the main public street or on a flat wall surface. The sign shall be constructed from preformed, individual letters with Plexiglas faces in deep channel cans, and shall be internally illuminated. Maximum height of the letters shall be thirty-six (36) inches.
3. Secondary Wall Signs. One secondary wall sign is allowed for each department (e.g. used cars, service, parts, etc.). The maximum height of such signs shall be eight (8) inches with the maximum total area of three square feet.
4. Directional Signs. Dealership directional signs shall be limited to “enter”, “exit”, “service entrance”, “customer parking”, and “employee parking”. Sign height shall not exceed one foot and sign length shall not exceed three (3) feet. If ground-mounted, the signs shall not exceed sixty (60) inches in height.

- (b) No signs visible from outside the property may be placed, parked, attached to or displayed from the site except as provided herein. No signs projecting from the roof line of any building or painting on the sides of the building or roof without the approval of the Architectural Review Committee.

EXHIBIT “A”

900 Signage

901 General Requirements

- (b) Each dealership shall be allowed only those signs that are necessary for identification of the franchise, the premises, the department uses on site and directional signing. The design, size, location, color and materials of construction of signs shall be submitted to the Architectural Review Committee for approval prior to construction. All signs shall also comply with the sign ordinance of the City of Visalia. Billboards, streamers, temporary signs, revolving signs, flashing signs and moving signs are specifically prohibited.

902 Permitted Signage

- (c) Each dealership shall be entitled to the following signs:
1. Free Standing Monument Signs. One free standing monument sign is permitted for each site. Such sign shall be ground-mounted, containing the dealership name and the principle makes of the new automobiles sold on site. The maximum height, length and total illuminated sign face shall comply with Design District C Standards. Such sign may be placed in the front landscape strip, but shall not be closer to the right of way than five (5) feet.
 2. Wall Mounted Dealership Identification Sign. One wall sign will be allowed for each building wall that faces a public street. The sign should be located on the top showroom fascia facing the main public street or on a flat wall surface. The sign shall be constructed from preformed, individual letters with Plexiglas faces in deep channel cans, and shall be internally illuminated. Maximum height of the letters shall be thirty-six (36) inches.
 3. Secondary Wall Signs. One secondary wall sign is allowed for each department (e.g. used cars, service, parts, etc.). The maximum height of such signs shall be eight (8) inches with the maximum total area of three square feet.
 4. Directional Signs. Dealership directional signs shall be limited to "enter", "exit", "service entrance", "customer parking", and "employee parking". Sign height shall not exceed one foot and sign length shall not exceed three (3) feet. If ground-mounted, the signs shall not exceed sixty (60) inches in height.
- (d) No signs visible from outside the property may be placed, parked, attached to or displayed from the site except as provided herein. No signs projecting from the roof line of any building or painting on the sides of the building or roof without the approval of the Architectural Review Committee.

EXHIBIT "A"

EXHIBIT “C”
(Proposed Standards)

Excerpt from the Architectural Design Standards for the South Ben Maddox Auto

900 Signage

901 General Requirements

- (c) Each dealership shall be allowed only those signs that are necessary for identification of the franchise, the premises, the department uses on site and directional signing. The design, size, location, color and materials of construction of signs shall be submitted to the Architectural Review Committee for approval prior to construction. All signs shall also comply with the sign ordinance of the City of Visalia. Billboards, streamers, temporary signs, revolving signs, flashing signs and moving signs are specifically prohibited.

902 Permitted Signage

- (e) Each dealership shall be entitled to the following signs:

1. Free Standing Monument Signs. One free standing monument sign is permitted for each site. Such sign shall be ground-mounted, containing the dealership name and the principle makes of the new automobiles sold on site. The maximum height, length and total illuminated sign face shall comply with Design District C Standards. Such sign may be placed in the front landscape strip, but shall not be closer to the right of way than five (5) feet.
 2. Wall Mounted Dealership Identification Sign. ~~One~~ **Wall** signs will be allowed for each building wall that faces a public street. The signs should be located on the top showroom fascia facing the main public street or on a flat wall surface. The sign shall be constructed from preformed, individual letters with Plexiglas **or metal** faces in deep channel cans, and shall be internally illuminated. ~~Maximum height of the letters shall be thirty-six (36) inches.~~
 3. Secondary Wall Signs. ~~One~~ **Secondary wall signs is are** allowed for each department (e.g. used cars, service, parts, etc.). The maximum height of such signs shall be eight (~~8~~ **18**) inches with the maximum total area of ~~three~~ **10** square feet.
 4. Directional Signs. Dealership directional signs shall be limited to “enter”, “exit”, “service entrance”, “customer parking”, and “employee parking”. Sign height shall not exceed one foot and sign length shall not exceed three (3) feet. If ground-mounted, the signs shall not exceed sixty (60) inches in height. **Freestanding Directional Signs which are not readily visible from Ben Maddox Way, as determined by City Staff, may be up to nine (9) square feet if two or more separate services are listed, and may not contain any brand or model identification.**
- (f) No signs visible from outside the property may be placed, parked, attached to or displayed from the site except as provided herein. No signs projecting from the roof line of any building or painting on the sides of the building or roof without the approval of the Architectural Review Committee.

EXHIBIT “C”

**City of Visalia
Agenda Item Transmittal**

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4d

Agenda Item Wording: Approval of the appointment of Amy Shuklian to serve as the City's alternate to the Tulare County Consolidated Waste Management Board

Deadline for Action: N/A

Submitting Department: Administration

Contact Name and Phone Number: Donjia Huffmon, 713-4512, Leslie Caviglia, 713-4317

Department Recommendation:

It is recommended that the Council adopt the Mayor's recommendation to appoint Amy Shuklian to serve as the alternate to the Tulare County Consolidated Waste Management Board (TCCWMB).

When the Council made the appointments last month to the various Boards and Committees on which the Council has representatives, staff members were recommended as the alternates to Bob Link, who is the Visalia City Council's primary member on that Board. However, when the City Clerk's office sent the notification of the Council's actions to the TCCWMB, staff was informed that the primary and alternate members must both be Council Members. Therefore, Mayor Gamboa is recommending Amy Shuklian be appointed to the alternate, and she has agreed to serve in this capacity.

Prior Council/Board Actions:

January 7, 2008 – Council appointed representative to serve on various Committees, Task Forces and Boards for the 2007-2009 term.

Committee/Commission Review and Actions:

Alternatives:

Appoint a different Council Member

Attachments:

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): _____

Review:

Dept. Head LB
12208 _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

Recommended Motion (and Alternative Motions if expected):

I move to appoint Amy Shuklian as the City's alternate Board Member on the Consolidated Waste Management Board

Environmental Assessment Status

CEQA Review:

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

**City of Visalia
Agenda Item Transmittal**

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4e

Agenda Item Wording: Authorization to "sole source" the purchase of Primary and Secondary clarifier equipment to D.C. Frost in the amount of \$176,500 and \$120,900 respectively.

Deadline for Action:

Submitting Department: Public Works

Contact Name and Phone Number: Andrew Benelli, Director 713-4340; Jim Ross, Public Works Manager 713-4466

Department Recommendation

It is recommended that Council approve sole sourcing the purchase of Primary and Secondary clarifier equipment to DC Frost, of Walnut Creek, California.

Discussion

As part of the wastewater treatment process, solids are removed from the waste stream in the primary and secondary clarifiers. These large rectangular basins measure 172 feet long and nine feet deep. Primary clarifiers (primaries) are 29 feet wide and secondary clarifiers (secondaries) are 40 feet wide. The Visalia wastewater treatment plant utilizes five primaries and five secondaries.

As the wastewater velocity is reduced within the clarifiers, suspended solids begin to settle out of the wastewater. These solids are collected by an array of gears, sprockets, chains, and related equipment located within each of the clarifiers, collectively referred to as the "sludge collector."

With routine maintenance, the collectors have a useful life of more than 25 years. Over time, however, the sludge collectors deteriorate to the point where replacement is necessary. We are at that point. Parts for the existing collectors are no longer available.

Replacement of the sludge collectors has been placed in the CIP budget over the past few years; this is expected to continue over the next few years until all collectors have been replaced.

In 2003, Polychem collectors were installed into the newly constructed primary and secondary clarifiers. The equipment has performed well and maintenance issues have been greatly reduced. In subsequent years, one additional primary and two additional secondaries were

For action by:

- City Council
- Redev. Agency Bd.
- Cap. Impr. Corp.
- VPFA

For placement on which agenda:

- Work Session
- Closed Session

Regular Session:

- Consent Calendar
- Regular Item
- Public Hearing

Est. Time (Min.): _____

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

fitted with new Polychem collectors. Overall, five of the ten clarifiers have the new Polychem collectors.

There are no competing manufacturers of this type of equipment and retailers are given an exclusive territory for distribution. Therefore, DC Frost is the City's sole source for this product.

DC Frost has quoted \$176,500 per primary for installation of sludge collectors and \$120,900 for each secondary. All prices exclude tax.

Staff recommends Council authorize the purchase of up to three primary clarifier sludge collectors and two secondary sludge collectors. As purchases will be made over the next 2 to 4 years, actual cost may vary somewhat.

Prior Council/Board Actions: none

Committee/Commission Review and Actions: none

Alternatives: none

Attachments: none

City Manager Recommendation:

Recommended Motion (and Alternative Motions if expected):

Move to authorize the purchase of multiple sets of primary and secondary clarifier equipment from DC Frost, as the sole source, in the amount of \$176,500 per primary and \$120,900 per secondary, excluding tax.

Financial Impact

Funding Source:

Account Number: 4311-720000-0-0-9362-2008

4311-720000-0-0-9356-2008

(Call Finance for assistance)

Budget Recap:

Total Estimated cost: \$	829,150	New Revenue:\$
Amount Budgeted: \$	875,000	Lost Revenue:\$
New funding required:\$		New Personnel:\$
Council Policy Change:	Yes_____ No <u>XX</u>	

Environmental Assessment Status

CEQA Review:

Required? Yes No X
Review and Action: Prior:
 Required:

NEPA Review:

Required? Yes No X
Review and Action: Prior:
 Required:

Tracking Information: (*Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date*)

No follow-up required

City of Visalia
Agenda Item Transmittal

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4f

Agenda Item Wording: Request authorization to file a Notice of Completion for River Run Ranch Phase 3, containing 24 lots, located East of McAuliff Street and North of St. Johns Parkway.

Deadline for Action: N/A

Submitting Department: Public Works Department

Contact Name and Phone Number:

Andrew Benelli – 713-4240
Ed Juarez – 713-4446

Department Recommendation:

City staff recommends that City Council give authorization to file a Notice of Completion for the River Run Ranch Phase 3 Subdivision. All the necessary improvements for this subdivision have been completed and are ready for acceptance by the City of Visalia. The subdivision was developed by Mark Hoffman General Engineering. Mark Hoffman General Engineering has submitted a maintenance bond in the amount of \$3,112.45 as required by the Subdivision Map Act to guarantee the improvements against defects for one year.

Summary/background:

Prior Council/Board Actions: Final Map recording was approved at Council meeting of November 17, 2003.

Committee/Commission Review and Actions: The tentative subdivision map for River Run Ranch Phase 3 was approved by Planning Commission on August 27, 2001. On September 8, 2003 the Planning Commission approved a 1 year extension for River Run Ranch Subdivision with the expiration date of August 27, 2004.

Alternatives: N/A

Attachments: Location sketch and vicinity map.

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): 1 Min.

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

Recommended Motion (and Alternative Motions if expected):

I hereby authorize filing a Notice of Completion for River Run Ranch Phase 3.

Environmental Assessment Status

CEQA Review: Environmental finding completed for tentative subdivision map.

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

**City of Visalia
Agenda Item Transmittal**

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4f

Agenda Item Wording: Request authorization to file a Notice of Completion for River Run Ranch Phase 4, containing 26 lots, located East of McAuliff Street and North of St. Johns Parkway.

Deadline for Action: N/A

Submitting Department: Public Works Department

Contact Name and Phone Number:

Andrew Benelli – 713-4240
Ed Juarez – 713-4446

Department Recommendation:

City staff recommends that City Council give authorization to file a Notice of Completion for the River Run Ranch Phase 4 Subdivision. All the necessary improvements for this subdivision have been completed and are ready for acceptance by the City of Visalia. The subdivision was developed by Mark Hoffman General Engineering. Mark Hoffman General Engineering has submitted a maintenance bond in the amount of \$11,294.76 as required by the Subdivision Map Act to guarantee the improvements against defects for one year.

Summary/background:

Prior Council/Board Actions: Final Map recording was approved at Council meeting of November 17, 2003.

Committee/Commission Review and Actions: The tentative subdivision map for River Run Ranch Phase 4 was approved by Planning Commission on August 27, 2001. On September 8, 2003 the Planning Commission approved a 1 year extension for River Run Ranch Subdivision with the expiration date of August 27, 2004.

Alternatives: N/A

Attachments: Location sketch and vicinity map.

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): 1 Min.

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

Recommended Motion (and Alternative Motions if expected):

I hereby authorize filing a Notice of Completion for River Run Ranch Phase 4.

Environmental Assessment Status

CEQA Review: Environmental finding completed for tentative subdivision map.

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

City of Visalia Agenda Item Transmittal

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4g

Agenda Item Wording: Authorization to submit a grant application to the Federal Transit Administration for funding from the Alternative Transportation in Parks and Public Lands program for funding two additional buses for the Sequoia Shuttle service.

Deadline for Action: February 19, 2008

Submitting Department: Administration

Contact Name and Phone Number: Monty Cox, 713-4591;
Leslie Caviglia, 713-4317

Department Recommendation and Summary: It is recommended that the Visalia City Council authorize staff to submit a grant application to the Federal Transit Administration for funding from the Alternative Transportation in Parks and Public Lands program for the purchase of two additional shuttle vehicles to be used in the Sequoia Shuttle service. The grant requests \$250,000 to purchase buses for the City's Gateway shuttle.

In September 2007 the City of Visalia completed the first season of operations for the Sequoia Shuttle. The service included a gateway route from Visalia to the Giant Forest Museum in Sequoia Park and two routes from the Museum to attractions within the park. The two internal routes were operated by the City of Visalia through a Cooperative Agreement for the NPS. Prior to the first season the city obtained a series of grants to fund a three-year pilot project.

Through one grant the City was able to fund the operations of the external route for three years; and, after the first year, this grant appears to be enough to fund the second and third years operating expenses adequately. The City was also successful in obtaining a grant for the capital purchase of buses for the external shuttle. This grant was enough to purchase five buses, which we did. During the first season the City minimized the need for additional buses by combining the use of the buses for the external route with the buses used for one of the internal routes operated under the Cooperative Agreement with the NPS. While this was successful for one year, an analysis of the trip requests identified a need to separate the two services and provide additional flexibility in the schedule of the external route. In order to do this, two additional buses will be required.

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): _____

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required
or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

Background: From early 2004 to the end of 2006, under the direction of the City Council, staff prepared to operate a shuttle from Visalia to Sequoia National Park (Park). While preparing the external or gateway shuttle, the City, at the request of the NPS and through a Cooperative Agreement, prepared to also operate the internal shuttle on behalf of the NPS. This arrangement allowed for us to minimize expenses through the use of our existing contract with MV Transportation to provide both services and to minimize the need for buses by using the same buses for the gateway route as the buses used for one of the internal routes.

The first year of the Sequoia Shuttle service ran from May 23 through September 3, 2007 and transported a grand total of 141,724 passengers combined between both the internal and external routes. The service ran for 104 days straight and we provided five round trips daily from Visalia to the Park with stops in Visalia and Three Rivers. The schedules for the external route were coordinated with the schedule of one of the internal routes to maximize the use of the buses. After the first year of service staff has analyzed the demand for the external shuttle and feels that in order to keep the shuttle viable for the years beyond the initial three-year demonstration we must match the demand as accurately as possible. To that end staff feels that we need to modify the schedule and this modification will be easier if the exterior shuttle schedule is not tied to the internal schedule as it was last year.

The grant is for 2006/2007 funding. Additional funding will be available for at least two more years. The Park and City will be eligible to apply for additional monies in future years. The internal shuttle will be funded by part of the \$10 entrance fee increase that SEKI implemented at the beginning for the year. Any money not used to fund the internal shuttle will be used to address the deferred maintenance needs of the Park. If the money for bus leasing is approved, it would allow more money to be used to address the Park's long list of maintenance issues.

The Gateway Shuttle was initially funded through user fees, advertisement and, primarily, CMAQ grant funding. If the money for the bus purchase is approved, it will allow the City to subsidize the shuttle longer and provide more time to develop on-going Gateway shuttle funding, as well as provide an opportunity for the City to provide off-season sightseeing service to large groups and bus tours to the extent we are allowed to do so under federal regulations.

Prior Council/Board Actions:

Committee/Commission Review and Actions: N/A

Alternatives: To not apply for the grant.

Attachments: Copy of draft grant (Final wording may vary slightly based on recommendations from NPS staff.)

City Manager Recommendation:

Copies of this report have been provided to:

Recommended Motion (and Alternative Motions if expected):

I move to approve the staff request to submit a joint application with the Sequoia Kings Canyon National Park for transportation funds to support the internal and Gateway Shuttles.

Financial Impact

Funding Source:

Account Number: _____ (Call Finance for assistance)

Budget Recap:

Total Estimated cost: \$	New Revenue: \$
Amount Budgeted: \$	Lost Revenue: \$
New funding required: \$	New Personnel: \$
Council Policy Change: Yes_____ No_____	

Environmental Assessment Status

CEQA Review:

Required? Yes No

Review and Action: Prior:
Required:

NEPA Review:

Required? Yes No

Review and Action: Prior:
Required:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

City of Visalia Agenda Item Transmittal

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4h

Agenda Item Wording: Adopt a resolution terminating the City of Visalia's participation in California Public Entity Insurance Authority (CPEIA). Resolution 2008-08 required.

Deadline for Action: None

Submitting Department: Administrative Services

Contact Name and Phone Number: Eric Frost, x4474

Department Recommendation: That the City Council vote to terminate the joint powers authority of California Public Entity Authority (CPEIA), an insurance JPA. In the past, the City participated in a County insurance authority by being part of CPEIA. In the last year, Excess Insurance Authority (EIA) has changed their by laws allowing direct membership in the EIA Health JPA.

Summary/background: The City of Visalia participates within a health insurance joint powers authority originally organized by California State Association of Counties (CSAC). Originally, when Excess Insurance Authority (EIA) was created, only California counties could belong to the insurance pool. Later, cities and special districts were allowed to participate in EIA as members of an associated organization fully controlled by EIA, CPEIA. EIA has changed their by-laws to now allow cities and special districts to be members of EIA directly. Visalia has taken the actions necessary and now is an EIA member directly. As a result, the City's membership in CPEIA is no longer necessary; CPEIA, in fact, no longer is a functioning organization.

For CPEIA to be discontinued, however, 101 of the 134 CPEIA members must pass a resolution calling for the termination of the joint powers authority. The attached resolution would provide Visalia's vote to terminate CPEIA.

Prior Council/Board Actions: Membership in CPEIA as of January 1, 2005.
June 18, 2007, authorization of City Manager to execute new EIA Health MOUs

Committee/Commission Review and Actions:

Alternatives:

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): _____

Review:

Dept. Head EF 2/13/08
(Initials & date required)

Finance EF 2/13/08
City Atty _____
(Initials & date required
or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

Attachments: Resolution 2008-08

Recommended Motion (and Alternative Motions if expected): I move to adopt Resolution 2008-08 terminating the City of Visalia's participation in California Public Entity Insurance Authority.

Environmental Assessment Status

CEQA Review:

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

RESOLUTION 2008-____

A RESOLUTION OF THE CITY OF VISALIA TERMINATING THE CALIFORNIA PUBLIC ENTITY INSURANCE AUTHORITY JOINT POWERS AGREEMENT

WHEREAS, the CSAC Excess Insurance Authority (EIA) and the California Public Entity Insurance Authority (CPEIA) have merged into one organization, the EIA, and there is no need for the CPEIA to continue to exist; and,

WHEREAS, CPEIA members are able to join the EIA as public entity members; and,

WHEREAS, pursuant to Article 22 of the CPEIA Joint Powers Agreement (Agreement) the affirmative vote of the governing bodies of three-fourths of the members are required to terminate the Agreement; and,

WHEREAS, there are no assets or other property to distribute under Article 22 of the Agreement;

NOW THEREFORE, BE IT RESOLVED by the City of Visalia that pursuant to the provisions of Article 22 of the Agreement it elects to terminate the CPEIA, said termination shall become effective upon the affirmative vote of the governing bodies of three-fourths of the members.

PASSED AND ADOPTED

**City of Visalia
Agenda Item Transmittal**

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 4i

Agenda Item Wording: Pension Obligation Bonds Resolution and Issuance

Deadline for Action: February 19, 2008

Submitting Department: Administrative Services - Finance

Contact Name and Phone Number:
Gus Aiello, Finance Manager – 713-4423

Department Recommendation:

1. That Council authorize by Resolution the refinancing of a portion of a debt to PERS by issuing Pension Obligation Bonds (POB). Also, direct staff to proceed with participating in the pooled pension obligation bond program offered through the California Statewide Communities Development Authority (CSCDA. This includes participation in a validation hearing, approval of a Resolution, Trust Agreement and Purchase Agreement.

Summary/background:

The City of Visalia currently makes payments to California Public Employees Retirement System (CALPERS) to fund employee retirement benefits. The current payments are approximately \$2.0 million per year. An opportunity exists to refinance a portion of the debt which would result in annual payments of approximately \$1.5 million per year, for a savings of \$.5 million per year.

Each year an actuarial study is done to determine if the City's funding is sufficient to pay for the benefit when employees retire. There are two components the actuarial study addresses:

- The annual payment required to pay for future benefits if all actuarial assumptions are met (referred to as normal cost).
- The amount of any unfunded actuarial accrued liability (UAAL). This occurs when an employer's retirement account balance is less than the amount projected to be required to fund future retirement obligations. UAAL's are generally created due to

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
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Est. Time (Min.): _____

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

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investment earnings less than actuarial assumptions (PERS assumes earnings at 7.75% a year) or enhancements to retirements benefits.

The City of Visalia's deficit can be attributed to four years of negative returns from 2000 through 2003, creating the unfunded accrued actuarial liability (UAAL) noted above. The current UAAL according to the most recent actuarial report is approximately \$30.9 million for all City employees.

Unless the City takes extraordinary steps, unfunded liabilities are paid through payroll contributions each pay period. The city may consider several options other than payroll contributions to fund the UAAL:

- Cash payment
- Plan benefit decreases
- Pension obligation bonds (POB's)

A pension obligation bond is a refunding of the past service cost debt (UAAL) to PERS. It can be equated to refinancing a home mortgage to a lower rate. Table I – Pension Obligation Bond Amount, displays the total PERS pension liability of \$196.3 million, the amount of assets available of \$166.0 million and \$30.3 million of unfunded liability. The minimum annual payment to PERS keeps the pension liability fully funded. When funding falls behind, the unfunded liability needs to be paid over 30 years through annual payroll payments.

Table I
City of Visalia
Pension Obligation Bond Scenario
(000's)

	<u>Miscellaneous</u>	<u>Public Safety</u>	<u>Total</u>
Normal Liability	\$ 100,794	\$ 95,526	\$ 196,320
Asset Valuation	89,613	76,418	166,031
Unfunded Liability	\$ 11,181	\$ 19,108	\$ 30,289

The proposed bond issue will cost the City 5.59%, less than the 7.75% currently paid to PERS. The bond issuance is currently estimated to save the City approximately \$7.9 million (present value) over a 28 year period beginning 6/30/08, as displayed in Table II – POB Savings Summary. This estimate assumes the current rate of 5.59% and is estimated to have an annual cash flow savings of \$490,000.

For cash flow comparison purposes, the City currently is scheduled to pay \$1,977,566 to fund the past service cost debt in fiscal year 2008/09. Upon issuance of the POB's, that annual payment will be \$1,482,836 made to bond holders instead of PERS, a cash flow savings of \$494,730.

Amount of Bonding

Council has the option to set the level of POB refunding. Staff recommends bonding for the entire UAAL amount of \$30.3 million as noted in Table I Pension Obligation Bond Scenario. This will provide certainty that the UAAL is fully paid and comfort in knowing the payment requirements over the financing term.

Pension Obligation Bonds (POB's)

At its June 25, 2007 Meeting, Council received an informational report from staff detailing an option to participate in pension obligation bond program offered through California Statewide Communities Development Authority (CSCDA). Staff recommends Council authorize the Resolution to participate in the CSCDA program, at which time a 90 day validation hearing will begin. Once the validation hearing is complete, **staff recommends Council authorize the issuance of POB's if the rates are 5.75% or less in order to achieve a savings of approximately \$.5 million per year. In the event that rates exceed 5.75%, staff will return to Council for further direction.** The City will be required to follow a set timeline in order to participate in this pooled funding process. Two benefits to participating in the CSCDA program are:

- All parties involved in the transaction are in place, eliminating the requirement for City staff to solicit bids or proposals from interested companies.
- The costs of the transaction have been negotiated up front.

POB Pooled Funding Process

In order for the City to participate in the POB process, the following timelines will need to be met:

- February 19, 2008 - Council adopts a Resolution allowing the transaction, which begins a 90 day validation period. The validation hearing is where the City presents to a Judge that the City's PERS is a true debt of the City. If the Judge agrees, this allows the City to issue debt as a refinancing of an existing debt. Different laws apply to new debt, which may require a hearing or a public vote. The cost to conduct the validation hearing process is \$7,500.00.
- May 19, 2008 – the 90-day validation period concludes.
- June 30, 2008 - the bond issue will close and the UAAL will be paid off.
- Annually, the City will make a payment towards the bonds instead of PERS starting at \$1.475 million and rising over time.

Table II

POB Savings Summary
 Combined Safety and Miscellaneous

SAVINGS

California Statewide Community Devt Authority
 City of Visalia Combined - Level Savings
 Rates as of 02-01-2008

Date	Prior Debt Service	Refunding Debt Service	Refunding Expenses	Refunding Net Cash Flow	Savings
06/30/2008	399,024.60		3,115.42	3,115.42	395,909.18
06/30/2009	1,977,565.92	1,475,489.58	7,345.92	1,482,835.50	494,730.42
06/30/2010	2,041,836.72	1,542,962.00	7,391.68	1,550,353.68	491,483.04
06/30/2011	2,108,196.48	1,604,147.00	7,409.85	1,611,556.85	496,639.63
06/30/2012	2,176,712.88	1,678,029.50	7,421.68	1,685,451.18	491,261.70
06/30/2013	2,247,456.24	1,747,611.50	7,425.23	1,755,036.73	492,419.51
06/30/2014	2,320,498.32	1,815,116.50	7,420.78	1,822,537.28	497,961.04
06/30/2015	2,395,914.48	1,897,316.50	7,407.91	1,904,724.41	491,190.07
06/30/2016	2,473,782.00	1,968,919.00	7,383.95	1,976,302.95	497,479.05
06/30/2017	2,554,179.60	2,052,101.00	7,350.75	2,059,451.75	494,727.85
06/30/2018	2,637,190.56	2,138,166.00	7,304.93	2,145,470.93	491,719.63
06/30/2019	2,722,899.12	2,221,375.00	7,245.40	2,228,620.40	494,278.72
06/30/2020	2,811,393.60	2,312,638.50	7,171.82	2,319,810.32	491,583.28
06/30/2021	2,902,763.76	2,404,962.00	7,082.39	2,412,044.39	490,719.37
06/30/2022	2,997,103.68	2,497,771.00	6,976.06	2,504,747.06	492,356.62
06/30/2023	3,094,509.60	2,592,771.00	6,847.83	2,599,618.83	494,890.77
06/30/2024	3,195,080.88	2,692,771.00	6,698.27	2,699,469.27	495,611.61
06/30/2025	3,298,921.20	2,797,771.00	6,525.30	2,804,296.30	494,624.90
06/30/2026	3,406,136.16	2,908,561.50	6,331.24	2,914,892.74	491,243.42
06/30/2027	3,516,835.44	3,017,139.00	6,110.95	3,023,249.95	493,585.49
06/30/2028	3,631,132.80	3,132,972.50	5,863.40	3,138,835.90	492,296.90
06/30/2029	3,749,144.64	3,250,000.00	5,586.09	3,255,586.09	493,558.55
06/30/2030	3,870,991.68	3,375,000.00	5,270.37	3,380,270.37	490,721.31
06/30/2031	3,996,798.96	3,495,000.00	4,917.35	3,499,917.35	496,881.61
06/30/2032	4,126,694.88	3,630,000.00	4,525.61	3,634,525.61	492,169.27
06/30/2033	4,260,812.64	3,760,000.00	4,090.66	3,764,090.66	496,721.98
06/30/2034	4,399,288.80	3,900,000.00	3,610.74	3,903,610.74	495,678.06
06/30/2035	4,542,265.68	4,045,000.00	3,081.72	4,048,081.72	494,183.96
	83,855,131.32	69,953,591.08	174,913.30	70,128,504.38	13,726,626.94

Savings Summary

Savings PV date	04/15/2008
Savings PV rate	5.595532%
PV of savings from cash flow	7,871,330.08
Plus: Refunding funds on hand	5,715.57
Net PV Savings	<u>7,877,045.65</u>

Table III – POB Participants, details other agencies that are participating in the next POB offering through CSCDA.

Table III
POB Participants
(millions)

<u>Agency</u>	<u>Bond Amount</u>
Yolo County	\$ 35
City of Glendora	\$ 15
City of Seal Beach	\$ 12
City of Sausalito	\$ 5
City of Rancho Palos Verdes	\$ 2

Council Approval

The following will be approved should Council authorize staff to move forward with the POB offering through CSCDA:

- A Resolution which authorizes the issuance of pension obligation bonds by the City of Visalia
- The Trust Agreement which is the instrument providing for the issuance of the bonds
- The Purchase Agreement which is the instrument providing for the purchase of the bonds by the pool bond issuer.
- Authorization for Orrick, Herrington and Sutcliffe, LLP to act as bond Counsel for the issuance of the pension obligation bonds by the City of Visalia.
- Conduct a validation hearing which is a confirmation by a Judge that the UAAL is current City of Visalia debt.

Prior Council/Board Actions: June 25, 2007 – Council received a report and authorized staff to proceed with participation in the CSCDA pension obligation bond program

Committee/Commission Review and Actions:

Alternatives: Do not direct staff to proceed with the CSCDA pooled pension obligation bond program.

Attachments: Resolution #2008-09
Trust Agreement
Purchase Agreement

Recommended Motion (and Alternative Motions if expected): I move to authorize by Resolution the refinancing of a portion of a debt to PERS by issuing Pension Obligation Bonds (POB), contingent upon the rate being at or below 5.75%. Also, direct staff to proceed with participating in the pooled pension obligation bond program offered through the California Statewide Communities Development Authority (CSCDA. This includes participation in a validation hearing, approval of a Resolution, Trust Agreement and Purchase Agreement.

Environmental Assessment Status

CEQA Review:

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

CITY OF VISALIA

RESOLUTION NO. _____

RESOLUTION AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF PENSION OBLIGATION BONDS, APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT AND A PURCHASE AGREEMENT, AND AUTHORIZING A VALIDATION ACTION AND OTHER MATTERS RELATING THERETO

WHEREAS, the legislative body (the "Legislative Body") of the City of Visalia (the "Local Agency") adopted a retirement plan pursuant to the Public Employees' Retirement Law, commencing with Section 20000 of the Government Code of the State of California, as amended (the "Retirement Law"); and

WHEREAS, the Retirement Law obligates the Local Agency to (1) make annual contributions to the California Public Employees' Retirement System (the "System"), to fund pension benefits for its employees, (2) amortize the unfunded accrued actuarial liability with respect to such pension benefits, and (3) appropriate funds for the purposes described in (1) and (2); and

WHEREAS, the obligation of the Local Agency to pay its unfunded accrued actuarial liability to the System (the "Pension Obligation") is evidenced by a contract dated March 13, 1960 between the Local Agency and the System, as heretofore and hereafter amended from time to time (collectively, the "PERS Contract"); and

WHEREAS, the Local Agency desires to issue bonds (the "Pension Obligation Bonds") in an aggregate principal amount not to exceed the Pension Obligation, plus an additional amount to pay costs of issuance of the Pension Obligation Bonds, for the purpose of refunding the PERS Contract and thereby providing funds to the System in payment of all or part of the Pension Obligation and to authorize the issuance of additional bonds in the future from time to time for the purpose of paying the obligations of the Local Agency to the System required pursuant to the Retirement Law, including (i) all or a portion of the unfunded accrued actuarial liability of the Local Agency remaining unpaid on the date of issuance of such additional bonds and (ii) refunding the Pension Obligation Bonds or additional series of bonds; and

WHEREAS, there is on file with the Legislative Body the proposed form of Trust Agreement (the "Trust Agreement") to be entered into between the Local Agency and Wells Fargo Bank, National Association, as trustee (the "Trustee"), relating to the Pension Obligation Bonds, including the forms of Bonds attached thereto as an exhibit.

WHEREAS, there is on file with the Legislative Body the proposed form of Purchase Agreement (the "Purchase Agreement") to be entered into between the Local

OHS West:260269888.3

Agency and the California Statewide Communities Development Authority, as pool bond issuer (the "Pool Bond Issuer"), relating to the Pension Obligation Bonds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF VISALIA DOES HEREBY RESOLVE:

Section 1. This Legislative Body hereby finds and declares that the issuance of the Pension Obligation Bonds to refund the Pension Obligation, and the other actions contemplated by this Resolution are in the best interests of the Local Agency and are anticipated to result in savings based on current actuarial assumptions.

Section 2. This Legislative Body hereby authorizes and approves the issuance of the Pension Obligation Bonds and hereby authorizes and directs the City Manager to execute the Pension Obligation Bonds, and to cause the Pension Obligation Bonds to be authenticated and delivered in accordance with the Trust Agreement. The Pension Obligation Bonds shall be in substantially the forms attached to the Trust Agreement, with such changes therein, deletions therefrom and additions thereto as the City Manager shall approve, such approval to be conclusively evidenced by the execution and delivery of the Pension Obligation Bonds; the Pension Obligation Bonds may be issued as either current interest fixed rate bonds, capital appreciation bonds, auction rate securities, index bonds or a combination thereof (including bonds which convert from one mode to another), and may be issued in a single series or in two or more series, at one time or from time to time, provided, however, that the aggregate initial principal amount of the Pension Obligation Bonds shall not exceed the amount of the Pension Obligation (as confirmed by the System or the Local Agency's actuary) remaining unpaid on the date of issuance of the Pension Obligation Bonds, plus an additional amount to pay costs of issuance of the Pension Obligation Bonds, original issue discount, and underwriter's discount on the Pension Obligation Bonds (such underwriter's discount, excluding original issue discount, not to exceed one percent (1%) of the aggregate principal amount of the Pension Obligation Bonds); the maximum interest rate on each series of the Pension Obligation Bonds which are issued as fixed rate bonds, including current interest fixed rate bonds or capital appreciation bonds shall not exceed seven and one-half percent (7.5%) per annum and the maximum interest rate on each series of the Pension Obligation Bonds which are issued as variable rate bonds, including index bonds or auction rate securities shall not exceed seventeen percent (17%) per annum; and the Pension Obligation Bonds shall mature not later than thirty (30) years following their date of issuance. The Pension Obligation Bonds are an obligation of the Local Agency not limited as to payment from any special source of funds. The Pension Obligation Bonds shall not, however, constitute an obligation of the Local Agency for which the Local Agency is obligated to levy or pledge any form of taxation or for which the Local Agency has levied or pledged any form of taxation.

Section 3. The proposed form of Trust Agreement, between the Local Agency and the Trustee, on file with the City Clerk, is hereby approved. The City Manager, the Administrative Services Director and the Finance Manager (the "Authorized Representatives") are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the Local Agency, to execute and deliver the

Trust Agreement, substantially in the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto (including, but not limited to designating the type of bond to be issued and changes, deletions and additions as may be required by a municipal bond insurer) as such Authorized Representative shall approve, such approval to be conclusively evidenced by the execution and delivery of the Trust Agreement. Pursuant to the terms of the Trust Agreement, the Legislative Body hereby approves the issuance of additional series of bonds in the future from time to time (which additional series of bonds may be current interest fixed rate bonds, capital appreciation bonds, commercial paper, convertible capital appreciation bonds, index bonds, auction rate securities, variable rate bonds, inflation adjustment bonds, or tender option bonds, including bonds which convert from one mode to another) pursuant to supplemental trust agreements to be approved by this Legislative Body, subject to the limitations contained in the Trust Agreement presented to this meeting, for the purpose of refunding the Pension Obligation Bonds or any additional series of bonds from time to time issued pursuant to a supplemental trust agreement or for the purpose of paying the obligations of the Local Agency to the System required pursuant to the Retirement Law, including all or a portion of the unfunded accrued actuarial liability of the Local Agency remaining unpaid on the date of issuance of such additional series of bonds.

Section 4. The proposed form of Purchase Agreement, between the Local Agency and the Pool Bond Issuer, on file with the City Clerk, is hereby approved. The Authorized Representatives are each hereby authorized and directed, severally, or any such officer's designee, for and on behalf of the Local Agency, to execute and deliver the Purchase Agreement, substantially in the form on file with the City Clerk, with such changes therein, deletions therefrom and additions thereto as such Authorized Representative shall approve, such approval to be conclusively evidenced by the execution and delivery of the Purchase Agreement.

Section 5. If an Authorized Representative determines that it will be advantageous to the Local Agency to purchase municipal bond insurance or secure other credit or liquidity enhancement with respect to some or all of the Pension Obligation Bonds, such Authorized Representative or his designee is hereby authorized to do so at market rates.

Section 6. This Legislative Body hereby designates Orrick, Herrington & Sutcliffe LLP ("Orrick"), as bond counsel for the Pension Obligation Bonds, with bond counsel services to consist of and be limited to rendering an opinion on the validity of the Pension Obligation Bonds, the preparation of documents providing for the issuance of the Pension Obligation Bonds and the validation action relating to the Pension Obligation Bonds. This Legislative Body hereby agrees to compensate Orrick in the amount of \$7,500 to cover a portion of the cost of the validation action (plus court filing fees and publication costs if paid by Orrick), such amount to be paid from proceeds of the Pension Obligation Bonds, or if the Local Agency does not for any reason (including, without limitation, a challenge to the validation action) issue Pension Obligation Bonds during the 2007-2008 Fiscal Year, from any available funds of the Local Agency. In the event the Pension Obligation Bonds are issued for purchase by the Pool Bond Issuer, all other fees and expenses of Orrick shall be the responsibility of the

Pool Bond Issuer to be paid from proceeds of bonds (the "Pool Bonds") issued by the Pool Bond Issuer to purchase the Local Agency's Pension Obligation Bonds. If the Local Agency issues Pension Obligation Bonds in reliance on the validation and other than for purchase by the Pool Bond Issuer and substitutes a firm other than Orrick as bond counsel, the Legislative Body hereby agrees to compensate Orrick an additional \$7,500 to more clearly approximate its true fees and costs associated with the validation action, such amount to be paid from proceeds of the Pension Obligation Bonds or from any available funds. This Legislative Body hereby acknowledges and consents to and waives any conflict arising from the appointment of Orrick also as bond counsel and issuer counsel to the Pool Bond Issuer in connection with the Pool Bonds.

Section 7. The Authorized Representatives of the Local Agency are, and each of them hereby is, authorized and directed to do any and all things, including bringing a validation action under Section 860 of the California Code of Civil Procedure, and to take any and all actions (including any required publications of summons or other notice) and execute and deliver any and all documents which they or any of them deem necessary or advisable in order to consummate the transactions contemplated by this Resolution, the Trust Agreement and the Purchase Agreement and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, the Trust Agreement and the Purchase Agreement, including supplying information for and approving any portion of any official statement or any future continuing disclosure for the Pool Bonds pertaining to the Local Agency, approving any bond purchase agreement between the Pool Bond Issuer and the underwriter of the Pool Bonds, including any representations, warranties or covenants of the Local Agency contained therein and entering into investment agreements and/or forward delivery agreements (including the payment of a breakage fee) in connection with the investment of moneys held under the Trust Agreement.

Section 8. This Resolution shall take effect from and after its date of adoption.

**City of Visalia
Agenda Item Transmittal**

Meeting Date: 2/19/2008

Agenda Item Number (Assigned by City Clerk): 4k

Agenda Item Wording: Review and approve project plan for Proposition 1B – Local Streets and Roads Improvement, Congestion Relief, and Traffic Safety Account Funds for \$1,893,832.07

Deadline for Action: 2/19/2008

Submitting Department: Public Works Department

Contact Name and Phone Number: Andrew Benelli, 713-4340, Chris Tavarez, 713-4540

Department Recommendation

Staff recommends the Council approve the submitted plan of use for funds to be allocated to the City by the State of California from Proposition 1B – Local Streets and Roads Improvement, Congestion Relief, and Traffic Safety Account Funds. The total allocation to be made to the City is \$1,893,832.07 for the 2007/2008 fiscal year. Council approval of a plan is required before these funds are to be distributed to the City by the California Department of Finance and State Controller's Office.

Department Discussion

The following plan is a list of proposed Capital Improvement Projects (CIP) to be funded with Prop 1B funds. The total of these proposed appropriations is \$1,893,832.07 and it is asked that Council give the City's Finance Department the authorization to appropriate the below funding into the 2007/2008 budget in accordance with Proposition 1B's directives. All projects listed have a useful life of at least 15 years (in accordance with bond funding rules) and have a schedule that allows the funds to be expended within three years (the time frame set forth by the Prop 1B, otherwise funding is lost).

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.): ____.

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

Prop 1B Project Plan

	<u>Capital Project Description</u>	<u>CIP #</u>	<u>2007-08 Allocation</u>	<u>Design</u>	<u>Right of Way</u>	<u>Construction</u>	<u>Useful Life</u>
1	Houston Avenue (Santa Fe to Ben Maddox), Project total \$2.5m; Measure R contributing \$625k	9026	\$723,700	in progress	by Spring 2008	by Fall 2008	20 years
2	Akers, Modify signals for 2 left lanes to Cypress, Project total \$680k; Transportation Impact fund contributing \$405k	9944	\$275,000	in progress	by Spring 2008	by Fall 2008	20 years
3	Acequia two way traffic conversion, Project total \$650k	8056	\$650,000	by Summer 2008	by Summer 2008	by Spring 2009	20 years
4	Plaza Drive/198 SR interchange (Design Phase, ROW), Project total \$19.9m; Measure R/STIP \$14m	9438	\$100,000	by January 2009	by April 2010	by Spring 2011	20 years
5	Walnut/Pinkham Traffic Signal, Project total \$361k; Gas Tax contributing \$216k	9804	\$145,132	in progress	NA	by Fall 2008	30 years
	Total Prop 1B Allocation		\$1,893,832				

Most of these projects have other funding appropriated in the 2007/2008 budget and these Prop 1B allocations may allow for additional money to be released in the future for other CIP projects. The Acequia two way project is the only project that will be fully funded by Prop 1B funds and is expected to be completed no later than Spring of 2009. The proposed allocations are based on current project priorities and projected budget shortfalls.

Proposition 1B project list approval by Council will trigger Staff to request the funding from the California Department of Finance and payment will be sent to the City from the State Controller's Office in the month following the month of receipt of a plan.

Updates will be sent to the Department of Finance annually by Staff after the original submittal of the final approved plan, until funds are exhausted. After the expenditure of the 1st allocation of \$1,893,832.07, the provisions of Prop 1B do allow for a 2nd allocation of \$1,786,837.00 to the City in the future as supported by the Executive and Legislative branches of the State. "It will be imperative that cities and counties utilized the bond funds prudently and expeditiously in order to warrant future appropriations", (League of California Cities, Implementation Guide 11-15-07).

Prior Council/Board Actions:

None

Committee/Commission Review and Actions:

N/A

Alternatives:

Other recommended Prop 1B CIP budget appropriations

Attachments:

Department of Finance Letter – 1-15-08

League of California Cities Implementation Guideline – 11-15-07

Recommended Motion (and Alternative Motions if expected):

I recommend the approval of the Prop 1B Local Streets and Road Improvement project list and give Staff authorization to appropriate the funds into the 2007/2008 CIP budget.

Environmental Assessment Status

CEQA Review: N/A

NEPA Review: N/A

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*

Copies of this report have been provided to:

City of Visalia Agenda Item Transmittal

Meeting Date: February 19, 2008

Agenda Item Number (Assigned by City Clerk): 5

Agenda Item Wording: Receipt of the Comprehensive Annual Financial Report (CAFR) for the City of Visalia, the Single Audit Report, and the Component Unit Financial Statements for the Redevelopment Agency of the City of Visalia for the 2006-07 fiscal year.

Deadline for Action: None

Submitting Department: Administration - Finance

Contact Name and Phone Number:

Eric Frost,	Administrative Services Director	713-4474
Tim Fosberg,	Financial Analyst	713-4565
Cass Cook,	Financial Analyst	713-4425

Department Recommendation: That City Council review the CAFR, Single Audit Report and the Redevelopment Agency Component Unit Report.

Summary:

Attached are the annual audited financial reports for the City of Visalia for the 2006-07 fiscal year. This year included in the Comprehensive Annual Financial Report (CAFR), is one of two other compliance reports the City produces annually. The Single Audit report is a compliance audit of the City's expenditures of federal grant funds. The Component Unit Financial Statements for the Redevelopment Agency (RDA) of the City of Visalia for the same period are also being presented to Council. The Component Unit Financial statements solely report on the RDA funds, separate from the City. Note, that the Redevelopment Agency's financial activity is also reported in the City's CAFR, but the State of California requires a separate audit report which presents additional detail.

The City remains in sound financial condition. Specific events this past fiscal year that have influenced the City's condition are:

- The City built significant capital assets this year, including 2 Police Precincts, Multi-Story Parking Garage, substantially completed a Regional Sports Park and many streets, increasing total city assets.
- Property Taxes grew substantially while Sales Tax, after several years of significant growth, remained unchanged from 05/06.

For action by:

City Council
 Redev. Agency Bd.
 Cap. Impr. Corp.
 VPFA

For placement on which agenda:

Work Session
 Closed Session

Regular Session:

Consent Calendar
 Regular Item
 Public Hearing

Est. Time (Min.):_15__

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty _____
(Initials & date required or N/A)

City Mgr _____
(Initials Required)

If report is being re-routed after revisions leave date of initials if no significant change has affected Finance or City Attorney Review.

- Although capital projects expenditures are beginning to expend these funds, impact fees have grown substantially and the City has developed its assessment fees for infrastructure maintenance;
- As of 6/30/07, the General Fund's reserves have been fully loaned out. The City uses the City's reserves to make loans to other funds instead of obtaining a bank loan. This policy is beneficial because the City charged the borrowing fund 1 percent more than it earned on other invested cash. It is also beneficial to the borrowing fund because the funds were borrowed at a rate typically less than other alternatives.

This last year, the various City funds drew upon the City's cash reserves. Advances to funds increased from \$12.5 million in 2006 to \$25.8 million in 2007, a \$13.3 million increase. Of this increase, \$9.5 million has already been repaid to the General Fund from a HUD section 108 loan, a transit grant reimbursement and a Home grant draw.

As a result, all undesignated balances, the Emergency Reserve and \$3.3 million of other reserves were unavailable as of the end of the fiscal year. This was a temporary condition. When \$9.5 million was repaid earlier this year, the emergency reserve was increased to \$6.2 million. The City also can decide to convert the current \$16.3 million in loans to other funds as shown on Table II to cash if the City were to seek external loans. Staff is not recommending this approach. Rather, staff recommends that additional cash draws this year be funded from loans prospectively. The City needs to understand that larger advances from the General Fund can not occur unless some other advances are repaid or converted into outside loans.

Discussion:

The City separated out from the Wastewater & Storm Sewer fund two new Special Revenue funds entitled "Groundwater Recharge" and "Kaweah Lake". These funds account for the costs of recharging the City's underground water system and for adding to the water holding capacity of Lake Kaweah (a source of the City's water) respectively. The funding is provided by monthly rates and development fees.

Table 1, Financial Results for 2006-07 - Fund Basis Recap, shows several key indicators: current year net income, the accumulated fund or equity balance and cash. A more in-depth analysis is found in the CAFR's Management Discussion & Analysis section (page3).

Please consider the following:

- The **General Fund** (page 28), as planned, had expenditures in excess of revenues by \$1.7 million. Sales tax has remained flat while property taxes were up \$4.6 million (24%) more than last year. However, expenditures were more than revenues, mainly driven by community capital project expenditures of \$10.0 million (e.g. Sports Park \$3.7 million, Civic Center \$2.1 million). The City used planned accumulated resources to pay for these important community projects. Fund balance was \$55.7 million at fiscal year end.

This fund balance can be divided into two parts: reserved (monies that have been mostly lent out to other funds and are not available) and designations (monies Council has set aside for specific purposes.) Some \$24.9 million (45%) is designated for specific Council purposes. Another \$25.7 million was advanced to other funds as of June 30, 2007. Of this amount, more than \$9 million has been repaid as of September, 2007.

Table 1
Financial Results for 2006-07 - Fund Basis Recap
(In Millions)

Fund	Current Yr. Income		Accumulated Equity & Cash			Comment
	Net Income / (Loss)	Satisfactory?	Fund / Equity	Cash	Growing? Planned	
Governmental:						
General Fund	\$ (1.7)	Yes	\$ 55.7	\$ 23.3	Decrease	Planned decrease due to the construction of a large number of capital projects totaling \$10.0 million including the Sports Park
Community Developn <i>HUD Grants</i>	(3.1)	Yes	0.3	0.1	Planned Decrease	The fund had accumulated cash over the past several years and was required by HUD to expend the grant money
Parking Structure	(5.8)	Yes	(4.3)	1.3	Planned	Planned decrease due to \$10.2 million spent on the West Acequia Ave downtown parking structure. \$4.2 replenished with the issuance of a Sec. 108 HUD loan in Sept. This loan will be repaid over time from CDBG payments.
<i>In-Lieu Fees</i>					Decrease	
Redevelopment <i>Tax Increment</i>	7.7	Yes	9.2	14.1	Yes	Improved property tax increment growth added to fund equity. Low and Moderate Income Housing funds represent \$6.2 of the \$9.2 million of committed resources.
Transportation <i>Local Impact Fees</i>	(10.7)	Watch	(0.2)	5.2	No	Planned decrease due to \$20.6 million spent on street projects, Over \$14 million from reimbursement agreements. Staff is reviewing fee and assuring that the impact fee will meet its objectives.
Other Funds <i>Various Impact Fees</i>	2.5	Yes	33.1	34.8	Yes	Most of the dollars in these funds are for various impact fee funds. Funds that constructed projects tended to spend down fund balance. Other funds without projects increased fund balance.
	<u>\$(11.1)</u>		<u>\$ 93.8</u>	<u>\$ 78.8</u>	*	
Business-Activity:						
Convention Center	0.9	Yes	(0.3)	0.7	Yes	Convention Center decreased their loss before transfers from \$2.6 million to \$2.1 million. Good improvement. The Convention Center continues to have a negative equity because the debt is more than the book value of the depreciated asset.
Airport	0.3	Yes	10.2	0.0	Yes	Net gain result of federal grant income which maintains airport's fixed assets. Almost \$1 million in short-term receivables will replenish cash.
Golf Course	0.2	Yes	1.5	0.4	Yes	Revenues increased \$0.3 million and expenses increased \$0.2 million over last year.
Wastewater & Storm Sewer Maintenanr	11.1	Yes	148.5	12.9	Yes	Net income high partly due to infrastructure contributions of \$2.8 million as subdivision improvements are donated to the City.
Solid Waste & Street Sweeping	1.1	Yes	9.5	0.4	Yes	Enterprise performance improved. Revenues up 10% and expenses remained unchanged after rate increases last year. Needs to build up cash.
Transit	8.2	Yes	22.6	0.6	Yes	Operating revenues increased 11% with additional riders and routes. However, operating and capital grant income pays for operations. Most of this year's net income due to grants for Transit Maintenance Facility.
	<u>\$ 21.8</u>		<u>\$ 192.0</u>	<u>\$ 15.0</u>	*	

* Note: Business-activity fund equity includes fixed assets which are not expendable resources. As a result, available cash is also shown to assure operation has cash flow. Governmental fund equity does not include debt nor fixed assets.

Table 2, General Fund Balance Comparative, illustrates the changes in the General Fund Balance this last year and is discussed in greater detail following the analysis of Table 1.

- **Community Development** (page 28) expenditures exceeded revenues by \$3.1 million for the year, due to \$4.3 million spent during the year on homebuyer's assistance, low and moderate income housing and senior housing, thereby decreasing fund balance to \$0.3 million. This planned expenditure of Fund Balance was necessary to comply with

grant covenants. The fund should have relatively low fund balances because it is an annual grant with draw down requirements.

- **Parking District** (page 28) spent \$10.2 million this fiscal year on a multi-story parking garage on West Acequia Ave. in downtown Visalia bringing the fund balance to a negative \$4.3 million. This will be balanced out with a \$4.2 million Sec. 108 loan. Further, the fund plans to collect some parking permit fees to repay the remaining \$3.3 million advanced from the General Fund to the Parking District Fund.
- **Redevelopment Districts** (page 28) revenues increased by \$1.3 million primarily from increased property tax increment payments, expenditures increased by only \$0.5 million, but due to the borrowing of \$6.2 million by the Mooney Boulevard Redevelopment District the fund balance increased by \$7.7 million. Because the Redevelopment project areas are nearing the debt issue time limit, the projects are nearing the end of their active life.
- **Transportation** (page 29) capital projects during the year totaling \$20.6 million, an increase of \$13.6 million (192%) over last year causing fund balance to decrease \$10.7 million down to a negative \$0.2 million. City staff is actively reviewing the City's transportation impact fee program to assure the plan is viable and funded. Staff is organizing the citizen's task force to review the staff's work with a goal to bring the matter to Council prior to the end of the fiscal year.
- **Other Governmental Funds** (page 29) net income increased mainly due to active development increasing impact fees and sales tax. Additionally, some impact fees were repriced to reflect higher land and development costs. See pages 92 to 94 for individual fund detail.
- **Wastewater** (page 36) net income increased by \$11.1 million over last year in part due to a \$2.8 million in infrastructure contributions from special revenue funds. When subdivisions are completed, the underground sewers are contributed or dedicated to the City. Note: Groundwater Recharge and Kaweah Lake are now being reported as Special Revenue funds which were previously combined with Wastewater
- **Transit** (page 37) Operating revenues (fare box) increased by 11% with additional rider ship and expanded routes. Federal and state grants, which fund operations and capital purchases, totaled \$12.8 million of which \$10.6 million were for capital items (i.e. buses and building construction. Transit ended with a net increase in assets of \$8.2 million due to the grant revenues for capital project expenditures that are capitalized and not included in the operating expenses.

General Fund's Fund Balance

Although the City's General Fund had no undesignated balances at the end of the fiscal year, several very short-term advances were repaid and a number of Council actions substantially changed the General Fund's Fund Balance. As a result, Table 2, General Fund Balance Comparative illustrates the City's fiscal position after:

1. Very short-term advances were repaid;
2. Council action on setting aside monies for the Oaks Stadium occurred; and,
3. Purchase of land on West 198 for the scenic corridor

Although the emergency reserve is less than targeted, the City could convert current advances to loans and replenish the City's emergency reserve and undesignated balances by \$16.3 million. This action, however, is not recommended until that cash is needed by the City Council.

Table 2
General Fund
Fund Balance Comparative
June 30, 2007 to Short-term, post audit changes
(ooo's)

	<u>6 / 30 / 07</u>	<u>Post Audit Changes</u>	<u>Change</u>	
<u>RESERVED</u>				
ADVANCES TO OTHER FUNDS:				
Special Revenue Funds				
Special Service Districts	\$ 114	\$ 114	\$ -	
Measure R	94	94	-	
Kaweah Lake Project	802	802	-	
Federal COPPS Grant	90	-	(90)	Advance repaid
Capital Project Funds				
East Visalia Development Dist.	7,410	7,410	-	
Parking District	7,345	3,145	(4,200)	Advance partially repaid
Police Impact Fee	1,283	1,283	-	
Community Development	1,325	-	(1,325)	Advance repaid
Proprietary Funds				
Airport	237	-	(237)	Advance repaid
Valley Oak Golf Course	3,432	3,432	-	
Kaweah Lake Project			-	
Transit	3,548	-	(3,548)	Advance repaid
Health Benefits	50	-	(50)	Advance repaid
Advances	<u>25,730</u>	<u>16,280</u>	<u>(9,450)</u>	
OTHER RESERVED				
Encumbrances	1,579	1,579	-	
PERS Prepayment	3,200	3,200	-	
Supplies & Prepays	266	266	-	
Other	<u>5,045</u>	<u>5,045</u>	<u>-</u>	
Total RESERVED	\$ 30,775	\$ 21,325	\$ (9,450)	
<u>UNRESERVED</u>				
DESIGNATED:				
Capital Projects				
Civic Center Facilities	10,708	10,708	-	\$ 5,976 PERS
Capital Projects	4,619	4,619	-	860 Industrial Park
Sports Park	2,956	2,956	-	1,500 Vehicle Replacement
Recreation Park Stadium	1,567	9,903	8,336	<u>8,336</u>
Transportation Projects	1,146	1,146	-	
Industrial Park	860	0	(860)	07-08 Budget Amendment (July 16th 2007)
SPCA Building	-	-	-	
West 198 Open Space *	262	-728	(990)	Purchase of West 198 land
Historic Preservation	5	5	-	
Capital	<u>22,123</u>	<u>28,609</u>	<u>6,486</u>	
Operational Expenses				
P.E.R.S.	5,976	0	(5,976)	07-08 Budget Amendment (July 16th 2007)
Emergency (Goal @ 25% = \$12.8M)	-3,334	6,116	9,450	Short term advances repaid
Building Safety	116	116	-	
Operational	<u>2,758</u>	<u>6,232</u>	<u>3,474</u>	
Total Designated	<u>24,881</u>	<u>34,841</u>	<u>9,960</u>	
UNDESIGNATED:				
	<u>0</u>	<u>0</u>	<u>-</u>	
Total UNRESERVED	24,881	34,841	9,960	1,500 Vehicle Replacement Contribution
TOTAL FUND BALANCE	\$ 55,656	\$ 56,166	\$ 510	(990) Less West 198 Land Purchase 510

Other Funds

Table 1 illustrates only the City's "major funds" as presented in the CAFR. Some of the City's non-major funds are worthy of comment. These funds are found in the CAFR on the referenced pages.

- **Measure T Funds** (page 91): These past two years, the Measure T Sales Tax grew faster than anticipated in the original Measure T plan, exceeding forecast by \$0.5 million, capital expenditures were \$2.7 million, and the fund has currently a combined (Fire & Police) fund balance of \$7.3 million. The higher than anticipated sales tax growth will help assure that the plan can be fully implemented and will offset greater than expected capital costs outlined in the Measure T plan.
- **Measure R Funds** (page 91): This new fund was added this year as voters approved a ½ cent sales tax measure for roads, transit and pedestrian/bicycle trails. This 30 year sales tax override is projected to generate over \$652 million county-wide during its lifetime.

Visalia will receive two types of Measure R monies: local and regional monies. The local monies are received and used according to the discretion of the Council on local road projects. Regional monies are received as reimbursements for Measure R approved capital projects.

- **Public Safety Impact Fee** (page 92): Fund balance decreased by \$1.5 million as \$3.0 million was spent on 2 new Police precinct stations.
- **Government Facilities Impact Fees** (page 92): Fund balance grew this past year by \$1.1 million. This fund is accumulating resources to help fund the Civic Center.

Significant financial trends

The City over the last several years has made great strides in developing secure diversified revenues sources to pay for infrastructure and the maintenance of that infrastructure. As a result, the monies collected from impact fees and maintenance assessment districts have grown substantially. However, the City must now manage these resources to deliver the capital projects. Table III, Governmental Impact and Maintenance Fees shows the relative changes in the cash balances of the major impact fees.

The key point is that the City collects significant money for creating and maintaining infrastructure. As a result, staff has a greater responsibility to periodically report the progress on implementing impact fee plans and maintaining infrastructure. Currently, staff prepares a year end report on the status of all impact fees.

Table III
 Governmental Impact and Maintenance Fees
 Year End Cash Balance
 Fiscal Year Ending June 30
 (Amounts in Millions)

	<u>06/30/2006</u>	<u>06/30/2007</u>	<u>Change</u>
Transportation Impact Fees	\$10.1	\$5.3	(\$4.8)
Waterways	0.8	1.1	0.3
Recreation Facilities	7.8	9.3	1.5
Storm Sewers	2.7	3.1	0.4
Public Safety Impact Fees	1.7	1.3	(0.4)
Gov. Facilities Impact Fees	<u>0.9</u>	<u>1.1</u>	<u>0.2</u>
Other Impact Fees	13.9	15.9	2.0
Maintenance Assessments	<u>\$0.3</u>	<u>\$0.7</u>	<u>\$0.4</u>
Total	<u><u>\$24.3</u></u>	<u><u>\$21.9</u></u>	<u><u>(\$2.4)</u></u>

Compliance Reports

The **Single Audit** (pages 114 to 125) is required by the Federal Government for local governments that receive Federal assistance. The Single Audit provides reasonable assurance of compliance with applicable laws and regulations associated with those assistance programs. The audit is done in conformity with federal regulations. The auditors report that the City is compliance with Federal regulations. The audit also points out that the City need to improve in its use of the P-Card, recording of fixed assets, and deferred revenue.

Finance staff plans to do the following:

- Review P-Card procedures and look for ways to reduce the use and/or access to P-Cards;
- Revise internal procedures for evaluating not only deferred revenue but all balance sheet accounts; and,
- Develop improved procedures to monitor fixed assets.

On balance, the City is in the enviable position to pursue a number of important community projects because it has set money aside for those projects. As the City now builds those projects, fund balances will decline. This is expected. However, it will also mean that additional projects will require the same fiscal discipline achieved in the past; saving for future projects by controlling spending today.

Prior Council / Board Actions: None
Committee / Commission Review and Actions: None
Alternatives: None

Attachments: FY06-07 Comprehensive Annual Financial Report (CAFR)

Recommended Motion (and Alternative Motions if expected): Accept the 2006-07 Comprehensive Annual Financial Report (CAFR) including the Single Audit report.

Environmental Assessment Status

CEQA Review:

NEPA Review:

Tracking Information: *(Staff must list/include appropriate review, assessment, appointment and contract dates and other information that needs to be followed up on at a future date)*