

Visalia City Council Agenda

For the regular meeting of: MONDAY, March 16, 2009

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.

WORK SESSION AND ACTION ITEMS (as described)

4:00 p.m.

Public Comment on Work Session and Closed Session Items -

1. Progress Report on Groundwater Elevation Model, and the Visalia specific scenarios that are being evaluated through the model.
2. Report on current Statewide and local drought conditions, local water conservation measures currently underway and being developed and researched, and groundwater recharge activities.
3. Authorization to retain Provost and Prichard to prepare an effluent reuse study.
4. Update on Water Conservation Plant upgrade project and authorization to begin negotiations with Parsons Water and Infrastructure Inc. to confirm the scope of work and to negotiate an appropriate fee to design the project.
5. Review and comment on a Concept Master Plan for the "Packwood Apartment Complex", and authorize initiation of its formal processing.

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

6:00 p.m. (Or, immediately following Work Session)

6. Conference With Real Property Negotiators (G.C.\$54956.8)
Property: APN 119-010-21, 119-010-118, 119-020-36, 118-020-037
Negotiating Parties: Steve Salomon, Michael Olmos, State of California
Under Negotiation: Price, terms and conditions of potential sale

7. Conference with Labor Negotiators (GC 54957.6)
Agency Designated Representatives: Eric Frost, Steve Salomon, Janice Avila
Employee Organization: All Employee Groups
8. Conference with Real Property Negotiators (GC 54956.8)
Property: (APN 085-010-096)
Negotiators: Steve Salomon, Mike Olmos, Sam Sciacca
Under Negotiation: Terms and conditions of potential lease agreement
9. Conference with Real Property Negotiators (GC 54956.8)
Property: Oval Park Service Center (APN 094-036-001)
Negotiators: Steve Salomon, Ricardo Noguera, Tulare/Kings Hispanic Chamber of Commerce
Under Negotiation: Terms and conditions of potential lease agreement
10. Conference with Legal Counsel – Anticipated Litigation
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: two potential cases

REGULAR SESSION

7:00 p.m.

PLEDGE OF ALLEGIANCE

INVOCATION – Rev. Msgr. Raymond Dreiling, St. Mary’s Catholic Church

SPECIAL PRESENTATIONS/RECOGNITION

“Award of Excellence” presented to the City of Visalia by the California Parks & Recreation Society (CPRS) for the City’s LOOP Bus Program. Presentation by Jeannie Greenwood, Recreation Manager, Robert Mijeras, Commissioner, and Amy Shuklian, Councilmember.

Local historian Terry L. Ommen presents Council with his new book “Then and Now.”

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.

11. INFORMATION ITEMS – (No action required)

- a) Receive Planning Commission Action Agenda for the meeting of March 9, 2009.

CHANGES TO THE AGENDA/ITEMS TO BE PULLED FOR DISCUSSION

12. 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) Accept the Cash and Investment Report for the second quarter ending December 31, 2008 and approve resolution adopting the City of Visalia's annually updated Investment Policy and Delegating authority to invest funds for the City to the Administrative Services Director/Treasurer. **Resolution 2009-08 required.**
 - c) Authorization for the City Manager to accept and appropriate a grant award for \$4,247 from the Office of Homeland Security, Homeland Security Grant Program
 - d) Authorize the City Manager to approve the reimbursement for the arterial and collector street improvements installed with the South Cameron Creek Unit No. 1 Subdivision. In addition, request the approval for the reimbursement of the City's share of West Street improvements fronting the South Cameron Creek storm drain basin as constructed with the South Cameron Creek Union No. 1 Subdivision.
 - e) Authorize the City Manager to execute the amended reimbursement agreement for South Cameron Creek Unit No. 2 and approve the reimbursement for the enhanced landscaping improvements of the South Cameron Creek Unit No. 2 storm drain basin as constructed by McMillin Homes and City Council authorization for additional funding for this reimbursement from the Storm Sewer Construction Fund.
 - f) Authorize Engineering Staff to apply for Safe Routes to School Program grant and authorize the Assistant Community Development Director (City Engineer) to sign the necessary applications for the Safe Routes to School Program.
 - g) Authorization to award contract for the renovation of Village Park and the Wittman Center in northern Visalia (on Pearl Street) for the bid amount of \$190,800 to Dale Atkins Construction of Visalia in accordance with bid specifications RFB 08-09-18.
 - h) Approval of Citizen Advisory Committee's (CAC) recommended Public Opinion Survey.
 - i) Approval to appoint Brian Newton and Kimball Loeb to the Visalia Environmental Committee.
 - j) Authorization to purchase of one (1) automated yard waste truck from Ruckstell Inc. for \$293,713 without competitive bids.
 - k) Approval to award a construction contract for the Ferguson Avenue Extension Project to the low bidder R.J. Berry Jr. Inc, in the amount of \$464,002.75 (Project # 1131/8060).
 - l) Authorize the Mayor to sign an amended contract with the City Manager for the 08/09 and 09/10 fiscal years deleting the salary increase scheduled for July 2009.

Authorize the recordation of the following final parcel maps:

- m) Tentative Parcel Map 2007-12, located in the SE corner of Walnut Avenue and Garden Street (3 lots). APN 123-063-016.
- n) Tentative Parcel Map No. 2006-26, located on the northwest corner of Tommy Street and Hurley Avenue (2 lots), and authorize the City Manager to execute the Subdivision Improvement Agreement. (APN: 085-530-009)
- o) Tentative Parcel Map No. 2008-17, located at 1212 N. Plaza Drive (2 Lots), and authorize the City Manager to execute the Subdivision Improvement Agreement. (APN: 081-110-028).

Convene jointly as the Redevelopment Agency and the Visalia City Council

RDA CONSENT CALENDAR

- 13. Approve Resolution authorizing investment of monies in the Local Agency Investment Fund (LAIF) by delegated authorities for the Redevelopment Agency of the City of Visalia. **RDA Resolution 2009-02 required.**

Adjourn as the Redevelopment Agency and the Visalia City Council and remain seated as the Visalia City Council.

- 14. Authorize the Mayor to sign a letter on behalf of the City Council requesting that the Tulare County Board of Supervisors deny Tulare County Change of Zone No. PZ 08-010 at Tagus Ranch in the Visalia Urban Development Boundary.
- 15. Review Mid-Year Financial Report.

REPORT ON ACTIONS TAKEN IN CLOSED SESSION

REPORT OF CLOSED SESSION MATTERS FINALIZED BETWEEN COUNCIL MEETINGS

Upcoming Council Meetings

- ~~Thursday, March 19, 2009, 5:00 p.m. Joint Meeting with the Board of Supervisors, Convention Center, 303 E. Acequia, Visalia (To be rescheduled)~~
- Monday, March 30, 2009, 5:00 p.m. Joint Meeting with the Parks & Recreation Commission, Convention Center, 303 E. Acequia.
- Monday, April 6, 2009, Work Session 4:00 p.m.; Regular Meeting 7:00 p.m., Council Chambers 707 W. Acequia
- Monday, April 20, 2009, Work Session 4:00 p.m.; Regular Meeting 7:00 p.m., Council Chambers 707 W. Acequia

Note: Meeting dates/times are subject to change, check posted agenda for correct details.

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 relating to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the Office of the City Clerk, 425 E. Oak Street, Visalia, CA 93291, during normal business hours.

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 1

Agenda Item Wording:

Progress Report on Groundwater Elevation Model, and the Visalia specific scenarios that are being evaluated through the model.

Deadline for Action: None

Submitting Department: Public Works

Contact Name and Phone Number:

Andrew Benelli, Public Works Director, 713-4340
Jim Ross, Public Works Manager
Leslie Caviglia, Deputy City Manager

Department Recommendation and Summary:

Review progress on groundwater model and groundwater recharge efforts.

Groundwater Overdraft

The City of Visalia relies one-hundred percent on groundwater for its municipal water supply. In 1989, the annual water demands of Visalia were approximately 21,300 acre-feet. This figure increased to approximately 36,500 acre-feet in 2006. During this same time period, the average depth to groundwater increased from 62 feet to 92 feet.

Over this time period, the aquifer beneath Visalia has experienced a steady reduction in storage of approximately 37,800 acre-feet, or an average of 2,225 acre-feet per year. Assuming the historic relationship between overdraft and demand within Visalia continues, the potential overdraft will be as much as 4,800 acre-feet per year by the year 2030.

The groundwater overdraft is not being caused solely by urban users and urban development. As demand for surface water increases and supplies decrease, agricultural users are pumping more ground water. Furthermore, the past several years have seen less water from outside of the Kaweah Basin being imported into the region. The San Joaquin River Settlement and court ordered pumping reductions in the Sacramento-San Joaquin Delta will further exacerbate this situation.

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 _____
Date _____

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.

Groundwater Elevation Model:

Several years ago, Kaweah Delta Water Conservation District (KDWCD) hired Fugro West, Inc. to develop a groundwater flow model for all of the Kaweah Delta watershed area. In February 2006, the City Council authorized an agreement KDWCD which allowed Fugro to refine the model to a higher level of detail within the area near the City of Visalia. This study area is approximately 62,000 acres and includes the 2020 Urban Development Boundary and agricultural areas surrounding the 2020 UDB. A map of the study area is attached.

Fugro used historical data collected between 1981 and 2005 from 96 production wells operated by CalWater and several private agricultural wells to develop the groundwater flow model. This model, representing existing conditions, is now complete.

Four scenarios for future growth and water demand management will be studied in the second phase of Fugro's contract. The scenarios that have been developed, based on the Urban Water Management Plan and recommendations from the City's water consultant, Dick Moss of Provost and Pritchard, are the following:

1. The first scenario assumes that the City will continue to grow according to the General Plan with a population increase of 2.5 percent per year. Water use will continue at the same rate as was seen in the study of the past seventeen years. This scenario will be used to set the base line to determine what will likely happen if no controls are placed on water demand.
2. The second scenario will study the effects of reducing water demand consistent with Best Management Practices (BMP's) as recommended by California Water Service (Cal Water). Cal Water recommends three BMP's as the most effective and economical methods of reducing water demand. The BMP's are:
 - a. metering,
 - b. conservation programs for commercial, industrial and institutional accounts, and
 - c. ultra low flow toilet replacement programs for residential accounts.These BMP's are described in Cal Water's Urban Water Management Plan. Cal Water has determined that implementing these three BMP's will result in a total water savings of 32,316 acre-feet over the next 30 years (1,077 acre-feet per year).
3. The third scenario will be to assume even further reduction of water demand by including more BMP's from Cal Water's Urban Water Management Plan. The additional BMP's are:
 - a. water survey programs for residential connections,
 - b. residential plumbing retrofits,
 - c. large landscape conservation programs and incentives, and
 - d. high-efficiency washing machine rebate programs.Cal Water has determined that including all of these BMP's will result in saving an additional 7,992 acre-feet (40,308 total) over the next 30 years (1,344 acre-feet per year total).
4. The fourth scenario will model the importation of additional surface water which would be strategically recharged directly into the groundwater in certain reaches of existing waterways. Groundwater elevation contours through the City indicate a general gradient of the groundwater surface from the northeast to southwest. Thus, the most effective recharge areas to benefit the City are in the northeast part of the City. A map showing the subsurface flow directions is attached. The waterways offering the greatest recharge potential are:
 - a. Mill Creek from McAuliff to Linwood,
 - b. Packwood Creek from Road 152 to Demaree,

- c. St. Johns River from Cutler Park to near Dinuba Boulevard, and
 - d. Cameron Creek from Road 152 to Mooney.
- Mill Creek and Packwood Creek would be used first and when enough water is available the St. Johns River and Cameron Creek would be used.

Based on the information derived from these model runs, staff will develop additional conservation and other measures for Council consideration. The City has the opportunity to run additional scenarios in the future. As conditions change, and as the new Urban Water Management Plan is developed, staff anticipates using this tool to quantify future conservation options.

Prior Council/Board Actions:

Committee/Commission Review and Actions: None

Alternatives: Not Applicable

Attachments: Study Area and Model Domain Map
Typical Map of Subsurface Flow Directions

Recommended Motion (and Alternative Motions if expected):
Information only, no motion expected.

Environmental Assessment Status

CEQA Review: None

NEPA Review: None 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)*

None.

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 2

Agenda Item Wording:

Report on current Statewide and local drought conditions, local water conservation measures currently underway and being developed and researched, and groundwater recharge activities.

Deadline for Action: None

Submitting Department: Public Works

Contact Name and Phone Number:

Andrew Benelli, Public Works Director, 713-4340
Jim Ross, Public Works Manager
Leslie Caviglia, Deputy City Manager

Department Recommendation and Summary:

Review report on state and local drought conditions, local water conservation measures currently underway and being developed, and groundwater recharge activities.

California Drought

California has experienced below average rainfall for the last three years and on February 27th, Governor Schwarzenegger proclaimed a statewide drought emergency. The Governor's drought declaration stops short of mandatory water rationing but it asks urban water users to step up conservation efforts and it directs state agencies to cut back on landscape irrigation, including along highways. Governor Schwarzenegger is asking Californians to cut water use by 20 percent.

The situation has been compounded by court-ordered pumping cutbacks in the Sacramento-San Joaquin Delta to protect the Delta Smelt, and the restoration of the fisheries with previous Central Valley Project water. Local growers have been notified that surface water supplies will be severely curtailed. Growers will be forced to pump from the underground to irrigate crops. In addition, projections are that cuts in Delta water could mean a potential ninety percent reduction of water to 25 million people for drinking, household, and business purposes, and for irrigation to California's \$32 billion agricultural industry annually. Growers upstream of Visalia will be impacted and will be forced to use groundwater to maintain their crops which will impact Visalia's underground supply.

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 _____
Date _____

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.

Last summer, the City Council implemented the following actions to improve water conservation:

1. Increased enforcement of water conservation ordinance.
2. Authorized the development of an application for Drought Assistance Grants for new irrigation controllers.
3. Directed staff to establish parameters for Stage 4 of the water conservation ordinance.
4. Directed staff to develop a landscape ordinance that would require drought tolerant landscaping in new developments, and in major re-plantings.

Increased Enforcement

City staff is enforcing the Stage 3 water conservation requirements identified in the existing Water Conservation Ordinance. Stage 3 includes all of the provisions of Stage 1 and Stage 2 and also restricts irrigation to the hours between eight p.m. and ten a.m. on designated days. A permit is required for draining and refilling swimming pools and restaurants are required to serve water by request only. Staff is now giving only two warning for wasting water before proceeding to citations, and a second part-time water conservation educator is being added for the summer months.

The Environmental Committee is also finalizing recommendations for Stage 4, and will be bringing those recommendations to Council within the next 60 days.

Drought Assistance Grants

City staff has prepared an application for a Drought Assistance Grant to install new irrigation controllers in City parks and in City landscape and lighting districts. The new irrigation controllers would allow the systems to be controlled from a central location and manage water usage through evaluation of the humidity, current temperature, etc., in order to determine the optimum water usage given the evapotranspiration rate. The grant application will be submitted for the next Drought Assistance Grant solicitation for projects. The Department of Water Resources has not announced the next funding cycle.

Landscape Ordinance

Development of a landscaping ordinance is an effective long-term water conservation measure. While it is beneficial for the current water conservation ordinance to include regulating the time of day irrigation can occur and requiring best management practices, the true demand problem is that traditional landscapes require a great deal of water. A draft is being revised, and will be brought before a task of development community, landscape professionals, Cal Water staff, and the Environmental Committee for review. The draft landscape ordinance is scheduled to be presented to the Council within the next 60 days.

In addition to these measures, staff is also working on the following issues to improve Visalia's water situation:

Internal Review

Internally, staff will be reviewing current irrigation and other water uses to determine if other cuts can be made in our internal operations.

Work with California Water Service:

Staff will also Work with Cal Water to develop a more effective Urban Water Management Plan.

Current State law requires that all water purveyors prepare an Urban Water Management Plan every five years. The plans are submitted to the Department of Water Resources for review and approval. Cal Water updated their Visalia Plan in 2007. The report outlines several Best Management Practices (BMP's) to reduce water consumption. Most of these BMP's would be effective in any region in the State. The report did not include BMP's that were specifically tailored to conserve water in Visalia. The report also did not address groundwater recharge efforts that are needed in Visalia to reduce the current overdraft.

City staff requested that the Urban Water Management Plan (UWMP) be revised to better address the issues that are specific to Visalia, and specific wording was added at the City's request, although still does not comprehensively address the water issues in this area. The City finally agreed to support the document, providing that the City could have meaningful input on a new version that was slated to begin last year. While staff has heard that the new draft is suppose to be released next month, Cal Water has not included the City in any of the preparation, other than the initial comments that were submitted by the City at the conclusion of the previous URMP submittal. A letter was sent to the President of Cal Water earlier this year again asking that the City be included in the process, but to date, Cal Water has not contacted the City about any meetings to discuss the Plan. Staff will continue to follow up, and will be contacting the Department of Water Resources, the governing agency for UWMP's, so they are aware of the City's lack of involvement.

City staff and the Council have also requested that the installation of water meters be accelerated. Cal Water has stated that they plan to finish the installation of meters citywide by 2015. Water meters would make the current tiered rate structure more applicable, and create a direct nexus between those overusing water and those bearing the costs of overuse. As the water metering becomes more complete, staff will recommend that an assessment be placed on actual water overusage to promote water conservation and support ground water recharge.

Secure Water Rights as a Condition of Development

The City's Municipal Code imposes a ground water mitigation fee in Chapter 16.54. The ordinance requires "Any person seeking to annex, subdivide or otherwise procure entitlement to develop property" to pay a fee of \$950 per acre. The ordinance also allows developers to dedicate water rights as an alternative to paying the fee. The Groundwater Overdraft Mitigation Ordinance was adopted in 2005. To date, there has not been a single developer that has chosen to dedicate water rights as an alternative to paying the fee.

Staff recommends exploring legal options for requiring water rights to be transferred with the land as part of the annexation process.

Development Standards Update

Most of the City's storm water is collected and transported to large basins. In some of the older areas the storm water is transported to creeks or irrigation channels. The City needs to encourage storm water systems that dispose of the water on-site when possible. On-site disposal reduces evaporation and other losses from transporting the water and increases recharge. Parking lots can be built with landscaped areas to collect the runoff and/or pervious concrete can be used.

When basins are constructed to dispose of runoff, they need to be designed to also serve as ground water recharge basins. Whenever possible, they need to be adjacent to existing waterways and turnouts need to be placed to fill the basins. Pumps are also beneficial to be able to empty the basins into the channels. During years with bountiful rainfall there is opportunity to fill the basins but sometimes there is the need to make room for storm water or release water that is entitled to a downstream user.

On February 17, 2009, the City Council authorized staff to proceed with updating the Zoning Ordinance, the Subdivision Ordinance and several other policy documents that establish standards for development. This update will include design guidelines for sustainable storm water systems. The update will also include changes to the Storm Water Master Plan. The Master Plan will establish new guidelines for storm water basin development and placement. The Master Plan is scheduled to be completed in December, 2009.

Complete Cross Valley Canal Entitlement Contract

On February 17, 2009 the City Council authorized the City Manager to negotiate with Tulare County to assign part of their Federal Cross Valley Canal contracts to the City. Tulare County has contractual agreements for 5,308 acre feet. For many years, the County has passed through their access to this water to several entities, including 300 acre-feet to the City. The benefits to the City include being a Federal water contractor, which will provide greater rights to surplus Bureau of Reclamation water (often referred to as Section 215 water) when available, an ownership in the Cross Valley Canal, and more control over how the City uses the water.

Partnership on Grants with Irrigation Districts and with Cal Water

On February 9, 2009, the City Council approved supporting Tulare Irrigation District's (TID) application for a grant to perform a district-wide analysis of recharge opportunities. The grant will try to identify and develop projects that positively impact the regional ground water levels. The City's support will include up to \$5,000 in staff time to participate in the study.

There are more grants available for water conservation and recharge than there have been in the past. Many of the grants are tailored to irrigation districts or water purveyors. On many of the competitive grants, the City will not be successful unless partnered with other water interests. City staff is actively seeking out these grants and looking for opportunities to secure funds that can improve ground water recharge.

Groundwater Recharge Efforts

Groundwater recharge is a viable method of restoring a portion on the underground water supply. However, with the drought there have been limited opportunities to purchase water. Staff continues to seek these opportunities when they arise, and to construct facilities that can be used for recharge in the future.

There have been two recent water releases from Lake Kaweah that allowed the City to recharge the aquifer. In December 2008, recharge water was directed into Packwood Creek, and the Dooley Basin near McAuliff and Tulare was filled. The Blain Basin near Mineral King and McAuliff was also filled for recharge. Water was also released during the last week in February. The City was able to fill the Shannon Ranch Basin near Demaree and Shannon Parkway. The Blain Basin was also filled. It's difficult to determine the exact amount of recharge water that was captured. However, staff estimates that the two runs contributed at least 300 acre feet. These same basins and also Packwood Creek will be used again this spring, if recharge waters are available.

In past years, the City has been able to recharge significant water volumes. The following is a summary of the water recharged for the last three years:

Table 1 – Recharge History

Start Date	End Date	Source	Recharge Locations	Approximate Volume acre feet	Cost to City Per acre-foot
2/25/05	3/06/05	Class 2 CVP	Mill Creek, Dooley Basin	1,501	\$26.50
3/14/05	3/26/05	Class 2 CVP	Mill Creek, Dooley Basin	1,401	\$26.50
9/11/06	9/24/06	Kaweah	Packwood Creek	450	\$10.00
9/22/06	9/23/06	Kaweah	Mill Creek	16	\$10.00
9/19/06	9/22/06	Kaweah	Oakes Basin	42	\$10.00
9/14/06	9/19/06	Kaweah	Cameron Creek	255	\$10.00
6/04/08	6/10/08	Kaweah	Mill Creek, Packwood Creek	1,000	\$40.00
12/12/08	12/17/08	Excess lake storage	Packwood Creek, Dooley Basin, Blain Basin	100	\$30.00
2/16/09	2/26/09	Excess lake storage	Blain Basin, Shannon Ranch Basin	200	Entitlement from ditch shares

In addition, a number of irrigation districts, California Water Company and the City of Visalia have agreed to a water transfer agreement that will ultimately result in 10,000 ac/ft of water being imported into the area watershed over the next five to seven years at a reasonable cost.

Recharge Projects:

The City has several projects scheduled to construct additional groundwater recharge basins. Some of the projects listed have been completed and the basins are being used for recharge. Some of the larger projects are listed on the following page in Table 2.

Table 2 – Ground Water Recharge Projects

Site	Location	Recharge Capacity Volume	Design construction
Park Place Basin	NE corner of Caldwell Ave and Pinkham Road	33 Ac-ft (April – October)	Completed and ready to operate
Blain Basin Site #2	North of Packwood Creek and Mineral King	45 Ac-ft year round	Completed and being used for recharge
Blain Basin Site #3	South of Packwood, Creek and Mineral King	61 Ac-ft year round	Completed and being used for recharge
Target Basin	County Center and Cameron	52 Ac-ft year round	Basin excavated, pipeline and turnout being designed
River Run Ranch 1	St. Johns Parkway east of McAuliff St.	13 Ac-ft (April-October)	Basin excavated, pipeline and turnout need to be installed
Creekside Basin	Mill Creek and McAuliff	16.5 Ac-ft (October – April) 45 Ac-ft (April – October)	Design completed, basin excavated, pipeline construction scheduled for fall 09
Oakes Basin	NW of SR 198 and Rd. 158	210 Ac-ft	Basin excavated, some work still ongoing
Peoples Basin	SW Ave 322 and Rd 204	80 Ac-ft year round	Basin excavated, some work still ongoing
S-K Vander Stelt Basin	On St. Johns River east of Demaree	NA	Pending, not currently needed

Prior Council/Board Actions:

Committee/Commission Review and Actions: None

Alternatives: Not Applicable

Attachments:

Recommended Motion (and Alternative Motions if expected):

No motion required.

Environmental Assessment Status

CEQA Review: None

NEPA Review: None 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)*

None.

Copies of this report have been provided to

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 3

Agenda Item Wording:

Discuss need for comprehensive options for reusing the effluent from the treatment plant, and authorization to retain Provost and Prichard to prepare an Effluent Reuse Study.

Deadline for Action: None

Submitting Department: Public Works

Contact Name and Phone Number:

Andrew Benelli, Public Works Director, 713-4340
Jim Ross, Public Works Manager
Leslie Caviglia, Deputy City Manager

Department Recommendation and Summary:

Authorize the City Manger to execute an agreement with Provost and Pritchard to prepare an Effluent Reuse Study.

Effluent Reuse Study

Historically, the vast majority of treated effluent from the Water Conservation Plant has been discharged into Mill Creek where it flows southwesterly. Landowners along the creek would utilize this water to irrigate their crops. The benefit to the City from this practice has been negligible at best.

According to a recent study by Fugro West Inc., the annual groundwater overdraft in the Visalia area is 2,225 acre-feet. The Water Conservation Plant currently discharges nearly 40 acre-feet of effluent daily, or the annual discharge of over 14,000 acre-feet. While much of the effluent is being used to recharge the aquifer or to offset groundwater pumping, this is occurring down gradient of the City, and the benefit to the City is negligible at best.

Treated effluent is a valuable City asset. With groundwater levels in and around Visalia dropping and available surface waters becoming scarcer, careful consideration should be given as to how best to utilize this asset. It is therefore prudent to develop a more definitive plan for reuse of the treated effluent in conjunction with the plant upgrade project.

The development of this water reuse plan would consider the need for the City to have a secure and cost effective way to manage the wastewater flows both at times when the water could

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 _____
Date _____

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.

immediately be put to use and at times when storage may be needed to accommodate a future beneficial use. Further, this plan of reuse would consider additional alternatives to those already contemplated as part of the expansion/update to the WCP.

This plan would consider and study the potential to deliver some or all of this water to the lands of existing Kaweah/St. Johns River water right holders or other water right holders who would take and use the treated effluent in exchange for other waters that could be made available to the City within or up-gradient of the town proper. The purpose of such exchanged waters would be to assist in stabilizing the groundwater levels beneath the City by creating a new water source for the City through the use of an existing City owned asset in the form of its treated effluent.

Over the past several years, Provost & Pritchard (P&P) has assisted the City in groundwater related issues, including groundwater modeling, water exchanges, and purchases. City staff has met with P&P to discuss this plan and, together, have identified the work necessary to develop a "roadmap" that will

- Provide an assured ability to effectively use, store, or dispose of treated effluent, and
- Provide for reuse of the treated effluent so as to provide a usable water supply to more directly benefit the areas of groundwater extraction within the City via exchange or some other mechanism.

In addition to their current and past groundwater efforts on behalf of the City, P&P is identified as a sub consultant on the WCP upgrade project. Therefore, to avoid duplication of effort and to streamline the communication between those involved in the reuse effort and those working on the upgrade project, staff recommends that Council authorize the City Manager to enter into a Professional Services Agreement with Provost & Pritchard to develop the effluent reuse plan.

Tasks will include:

- Development of a database of lands within an approximate 5 mile radius of the WCP to include land use, cropping, ownership, soil type/limitations, and surface water availability.
- Identification of existing water distribution systems and storage sites and their existing and potential ties to each other and to Waters of the United States.
- Development of alternatives for treatment levels, volumes, storage conveyance and exchange potential.
- Preliminary cost analysis for various alternatives, to include capital cost, operation and maintenance cost, environmental costs, right of way acquisition, and regulatory compliance costs.
- Preparation of a summary report which details the findings of the alternatives analysis and the suggested alternative(s) or combination of actions to be taken, laying out a clear plan as to the best water reuse actions to pursue;

P&P is prepared to immediately begin work and estimates that it will take four to six months to complete. The project will be done on a time and materials basis at a cost not to exceed \$120,000. The 08/09 fiscal year budget has \$1.5 million allocated in the Wastewater Enterprise Fund to improve the plant to meet the requirements of the State Wastewater Discharge permit. Staff recommends that a portion of these funds be utilized for this project.

Prior Council/Board Actions:

Committee/Commission Review and Actions: None

Alternatives: Not Applicable

Attachments:

Recommended Motion (and Alternative Motions if expected):
Authorize the City Manager to execute a Professional Services Agreement with Provost and Pritchard to prepare an Effluent Reuse Study.

Environmental Assessment Status

CEQA Review: None

NEPA Review: None 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)*

None.

Copies of this report have been provided to

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 4

Agenda Item Wording: Update on Water Conservation Plant upgrade project and authorization to begin negotiations with Parsons to confirm the scope of work and to negotiate an appropriate fee to design the project.

Deadline for Action:

Submitting Department: Public Works

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

Department Recommendation:

It is recommended that Council authorize Staff to begin negotiations with the engineering firm of Parsons to confirm the scope of work and to negotiate an appropriate fee for the design of the water conservation plant improvements.

Summary/background:

In September 2006, the Visalia Water Conservation Plant (WCP) was issued a new wastewater discharge permit by the Regional Water Quality Control Board (RWQCB). The permit is designed to protect ground water and surface waters around and downstream of the treatment plant by placing limits on what can and cannot be discharged from the plant, and in what concentrations.

In addition to a carry-over of most of the old permit requirements, the new permit also required the city to complete numerous tasks and studies. All of these tasks are either completed or are awaiting action from the Regional Board prior to completion.

Of particular interest was the requirement to prepare a Treatment Plant Master Plan (MP). The MP was required to identify the method by which the City would comply with the permit requirements, which includes the City's decision to continue or cease discharge to Mill Creek.

An RFP was issued for completion of the MP. On March 19, 2007, Council approved award of the MP contract to Carollo Engineers.

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.

Council approved the MP on July 14, 2008. Among the recommendations was that the City should discontinue discharging effluent into Mill Creek and should, instead, rely on percolation basins and irrigation use for disposal.

In August 2008, the City of Visalia issued a Request for Proposal (RFP) for engineering and environmental services associated with the design of the needed upgrades to the Water Conservation Plant (WCP). The bid closed on October 3, 2008 and six proposals were received.

Due to the technical nature of the project and the diversity of approaches presented in the proposals, the City hired Atkins, a large engineering and consulting firm, to assist in their review. As a related task, Atkins was to provide an independent assessment of the recommendations in the MP.

Atkins review of the MP confirmed many of the report's recommendations, including the need to cease discharge to Mill Creek and the need for nitrification / denitrification to protect ground water. The review also recommended further review and consideration of the data prior to moving forward with other MP recommendations. Most notably, it questioned the benefit of conversion to a two-phased digestion scheme, continued use of the trickling filters, and whether the influent BOD loading assumptions were overly conservative and might result in over design of the facilities.

Overall, Atkins concludes that, as a guidance document, the MP adequately outlines the regulatory issues facing the WCP and will provide the framework for expansion of the WCP through 2030. However, it should be clearly stated that the MP is not a design document. Other technologies and methodologies exist that are capable of achieving the objectives presented in the MP.

The six design proposals were reviewed and evaluated by a review committee consisting of staff from Atkins and various city departments. Four firms were "short-listed" and interviewed on January 29, 2009. These firms were:

- Carollo Engineers
- Kennedy / Jenks
- MWH
- Parsons

Cost proposals of the top three firms ranged from \$5.5 to \$6.5 million.

While each of the firms proved themselves capable of designing the plant upgrades, Parsons was the unanimous favorite among the interview panel.

Parsons' presentation was well organized and demonstrated a thorough understanding of the project and of the processes involved. Their project team's depth of knowledge was demonstrated during the interview in that they were able to explain the pros and cons of the various project approaches presented to them by the interview panel. Their responses were well reasoned and tended to resolve questions, not raise more.

Their recent project in Bakersfield and their current project in Tulare incorporate many of the key elements of Visalia's proposed project. These local projects have also exposed them to the workings of the Fresno office of the Regional Board, which will be of benefit to the City of Visalia.

Founded in 1944, Parsons provides engineering design and management services for a wide variety of projects, including those in the aviation, healthcare, nuclear, military, public works and wastewater industries. Headquartered in Pasadena, CA, they have over 11,000 employees located in 34 states and 19 countries.

Parsons has recent wastewater experience relevant to Visalia’s upgrade project, including:

- **Bakersfield Wastewater Treatment Plant Expansion;**
2004 – 2010; Fee: \$13 million
 Engineering services for planning, design, and construction support for expansion of Plant No.3 from 16 mgd to 32 mgd, including 2.0 mgd of tertiary treatment capabilities. Master Plan site layout, BOD and Nitrogen removal, odor control, biosolids handling, grease receiving station,
- **Tulare Industrial Wastewater Treatment Plant Expansion:**
2007 – 2009; Fee: \$3.17 million
 Facility planning and design for expansion from 6.7 mgd to 12.0 mgd. Conversion of plant to sequential Batch Reactors, nitrogen removal, optimizing existing treatment units, engineering support for regulatory issues, construction management.
- **Snafinger and Pole Bridge Creek Wastewater Treatment Plants Expansion**
2008 – 2013; Fee: \$29.9 million
 Design upgrade and expansion of two treatment plants with an existing combined flow of 56 mgd. This will be increased in phases to 75 mgd (2020), 93 mgd (2035) and 120 mgd (2060). Upgrades include nitrogen and phosphorus removal, biosolids processing, regulatory support, and optimization of existing structures.
- **Inland Empire Utilities Agency RP-5 Renewable Energy Efficiency Project**
2003 – 2007; Fee: \$2.1 million
 Project intended to maximize energy efficiency of the facility, increase production of renewable methane gas, utilize waste heat as an energy source, provide for fuel cell technologies, LEED™ building design, 3.0 MW capacity.

In addition, Parsons has recent experience with UV disinfection, recycled water production, pump stations, odor control, pipeline boring and the various other intricacies that will be needed as part of the Visalia WCP project.

Parsons has identified the following local subcontractors that will be utilized for this project.

Company	Location	Scope of Work
Provost and Pritchard	Visalia	Pipeline survey and design
Kleinfelder	Fresno	Geotechnical services
Cornerstone	Bakersfield	Site surveying
Jones and Stokes	Bakersfield	Environmental

Of particular note is Provost & Pritchard’s (P&P) longstanding involvement with Visalia’s groundwater recharge efforts. P&P’s involvement with the local irrigation districts and their knowledge of the City’s stance on water issues will be a strong voice on the Parsons design team for expanding the potential for effluent reuse or exchange. Furtherance of this effort is being addressed through a separate Staff Report to Council.

Staff would like Council's approval to begin discussions with Parsons to confirm the scope of work and to negotiate an appropriate fee. Once this process is complete, Staff will return with a final report to Council at which time Council would have the opportunity to approve or reject the award to Parsons.

Prior Council/Board Actions:

March 19, 2007 Master Plan award to Carollo Engineers
May 19, 2008 Master Plan approved by Council

Committee/Commission Review and Actions:

Alternatives:

Attachments:

Recommended Motion (and Alternative Motions if expected):
Move to authorize Staff to begin negotiations with the engineering firm of Parsons for the design of the water conservation plant improvements.

Environmental Assessment Status

CEQA Review: Will be required as part of the design process. Scope will be determined once effluent reuse plan is established.

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: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 5

Agenda Item Wording: Review and comment on a Conceptual Master Plan for the "Packwood Apartment Complex", authorization to initiate its formal processing as a General Plan Amendment, Change of Zone and development project.

Deadline for Action: None

Submitting Department: Community Development - Planning

Contact Name and Phone Number:

Paul Bernal, Associate Planner, 713-4025

Fred Brusuelas, AICP, Community Devt Asst. Director, 713-4364

Department Recommendation: It is recommended that the City Council: (1) Review and provide comments to staff and the developer (West Coast Construction) regarding the Conceptual Master Plan for the "Packwood Creek" multi-family development; (2) Authorize the filing and processing of a General Plan Text Amendment, General Plan Amendment, Change of Zone, and Conditional Use Permit (CUP) applications; and (3) Authorize staff to return to Council with a draft policy/ordinance change to provide development impact fee reductions when three (3) story, high density residential projects can demonstrate reduced impacts on City infrastructure

Background: The City has received a new development proposal for a 239 multi-family unit development on a 10.41 net acre site. The property is located at the southeast corner of Cameron Avenue and Stonebrook Street, east of the new Costco site. The applicant is also requesting a General Plan Text and map amendment, and Change of Zone to facilitate this higher density development.

By City Ordinance, General Plan text amendments must be initiated by the City Council. Therefore, this worksession item is intended to give Council an opportunity to review and comment on the proposed project, and determine whether to authorize this General Plan amendment process.

City staff has encouraged the developer to consider three (3) story apartment structures as an appropriate design component to achieve higher site density. The developer has asked the City to consider fee credit for development impact fees for three (3) story construction on high density residential projects, where it can be determined that City infrastructure impacts will be reduced. Staff request Council input on this concept and authorization for staff to return with a proposed policy.

Summary: The applicant is requesting to develop the site with more units than allowed under the current land use designation in order to achieve a density of 23 units per acre. To achieve

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.): 30

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.

this density, the applicant will also have to successfully pursue a General Plan Text and Map amendments, a Change of Zone and CUP. If initiated, this project would result in modifying site criteria and text within the current High Density Residential Land Use Policy. To achieve the 239-unit development at a density of 23 units per acre, Policy 4.1.20 would need to be modified.

The current Residential High Density (RHD) Land Use Policy (see below) appears to have been established as a management tool to limit high density developments in residential neighborhoods.

Policy 4.1.20 of the Land Use Element of the General Plan reads as follows:

Locate High Density Residential development (up to 58 persons per acre - 15 to 29 dwelling units per net acre) throughout the City at arterial, collector and CBD locations according to the following criteria:

1. arterial intersections - 200-unit maximum on sites ranging from 6.5 to 13.5 acres;
2. arterial/collector intersections - 150-unit maximum on sites ranging from 5 to 10 acres;
3. mid-block arterials - 100-unit maximum on sites ranging from 3.5 to 6.5 acres;
4. CBD - at in-fill locations which do not jeopardize the viability of existing single family areas.
5. High density residential developments may also be used in in-fill areas where they can be made to be consistent with adjacent properties through the conditional use permit process and conditional zoning. Consistency and compatibility with adjacent properties shall be evaluated based on issues including but not limited to: adjacent zoning, adjacent land use, proposed building mass, and the adequacy of public facilities available to the site.

Densities in excess of 20 units/acre will be reviewed on a case-by-case basis and may be approved through a conditional use permit where measurable community benefit is demonstrated and where infrastructure including mass transit facilities is available (or can be made available) to accommodate impacts of increased density. Projects in excess of 40 units shall also require a conditional use permit.

Currently, Policy 4.1.20.1 limits the number of units to 150 at arterial/collector intersections on sites ranging from 5 to 10 acres. The site is located at an arterial/collector intersection (Visalia Parkway/Stonebrook) and is approximately 10.41 net acres (11.97 gross acres). Based on this policy requirement, this site would yield a development at 14.40 units per acres.

In order to achieve a higher density development, the applicant is seeking a General Plan Text Amendment that would establish policies where it can be demonstrated that more than 200 units can be developed at an arterial/collector intersection. The applicant's reasoning is that the site is also bounded by a collector/collector intersection (Caldwell/Stonebrook) which makes it an ideal area for higher density development due to the site being bounded by three major streets, and located next to regional retail development.

The General Plan Map Amendment would change the current land use designation from Residential Medium Density to Residential High Density. Under the Residential High Density lands use designation, the density permitted is 15 to 29 dwelling units per acre. The applicant's density request falls within the parameters of this land use designation.

The Change of Zone from R-M-2 (Multi-Family Residential, 3,000 sq. ft. minimum site area per unit) to R-M-3 (-Family Residential, 1,500 sq. ft. minimum site area per unit) would establish the

minimum site area needed per unit while the CUP would establish the development plan for the site.

Land Use Change Justification: City Council issues and topics related to “Big Picture Goals” of residential density, development capacity, visual attractiveness, development interface standards between multi-family and low density residential/commercial designations, etc., may be discussed so that staff and the applicant have a better understanding as to how this project could positively address the Council’s goals for higher density development.

The 10 acre site provides the City with an opportunity to implement Councils direction to be proactive in its efforts to increase development density within the current 129,000 Urban Development Boundary (UDB). The proposed project could potentially justify re-designating the site to Residential High Density due to the following:

- The sites proximity to employment/retail/transit nodes;
- Proximity to Mooney Blvd. corridor that has been discussed as a potential future rapid bus/light rail corridor;
- Higher density developments can support the City’s efforts on establishing transit corridors and increase public transportation ridership;
- The sites accessibility to three major roadways. The site is bounded by two collector streets and one arterial roadway;
- Sites availability to existing utilities and public services;
- Buffer between the low density residential developments located to the east of the site and the regional retail commercial located to the north and west.

The applicant is seeking input from the Council that a land use designation change to higher density development (i.e., 23 units per acre) and amendment of Policy 4.1.20 is possible before they commit to the proposed project. Staff and the applicant request the City Council’s input prior to moving forward with any policy change or development applications.

Development Incentives: The applicant is proposing a unique development that will achieve the City’s goals of encouraging higher density developments within the current Urban Development Boundary. To achieve higher density, the applicant is proposing to construct three (3) story residential buildings into the project. If developed, this will be the first project that provides three (3) story market rate units to the City. Currently, the only projects to be constructed in the City that provide higher density/multi-story (i.e., greater than two-stories) have been for senior assisted living facilities.

Due to the construction cost associated with 3rd story residential developments, the applicant has expressed interest in pursuing development impact fee credits for their project. To attract market rate high density multi-family residential developments (consisting of densities greater than 20 units per acre and buildings greater than two stories), a development incentive policy through development fee credits may encourage this type of project. Development fees that may potentially be credited are Transportation Impact, Storm Drainage, and Waterways Acquisition and Development fees. The intent of the policy would be limited to projects that demonstrate higher density by incorporating multi-story buildings (i.e., greater than two-stories), market rate units and sites that are within close proximity to commercial/employment/transit nodes. With these issues in mind, Council may consider establishing a length of time that the policy would be in effect to initially attract these types of developments. The applicant has met with staff to discuss options regarding fee credits although no formal proposal has been presented to staff at this time.

The City is committed to encouraging higher density developments and the Council may direct staff to draft a “fee credit” policy for three-story multi-family developments.

Project Evaluation: Through the Site Plan Review process, City staff has worked with the applicant on design issues affecting the proposed development. Attention to site planning details, landscaping, aesthetics, architectural design, vehicular access, and pedestrian access were emphasized and will continue to be emphasized during the review process. The applicant has proposed a high density multi-family residential development that has not been commonly seen in other multi-family developments. The applicant originally submitted a proposal to the Site Plan Review Committee that included vertical mixed-use development, three story residential buildings, private balconies/patios, useable open space, and a high level of streetscape visibility.

The applicant has made changes based on staffs input; however, the commercial mixed-use component was removed by the applicant. The applicant has done so based on their determination that this portion of the development was economically unfeasible.

The site plan features a 239-unit gated multi-family residential development comprising of 14 two-story buildings, 4 three-story buildings and 1 single-story club house. The development will include 421 parking stalls with 76 of those stalls to be in the form of garages. The Zoning Ordinance requires parking at one stall per 1.5 dwelling units. The applicant is providing parking at one parking stall per 1.7 dwelling units.

Primary access to the site will be from Stonebrook Street and Cameron Avenue which are both designated as Collector roadways and an "Exit-Only" onto Visalia Parkway which is designated as an Arterial roadway.

This project provides the City with an opportunity to establish parameters for a high density multi-family development with an emphasis on compatibility and connectivity to the surrounding commercial and residential properties. With these concepts in mind, in reviewing the project, staff further recommends that Council direct the following design criteria be incorporated into this project, in addition to any other concerns that Council may deem appropriate to discuss:

- Require 20% of the buildings proposed within a high density residential development (i.e., density in excess of 20 units per acre) be constructed to a minimum of three-story.
- Require transit facilities (bus shelters) at site;
- Apply interface standards to this development and the adjacent single-family residential neighborhood to the east and the "big box" commercial development to the west;
- Require building treatment/orientation, traffic mitigation, and other measures to assure neighborhood compatibility. Further, it is critical that the project be designed to effectively connect to and encourage pedestrians and bicycle travel to the future Packwood Creek pedestrian trail and Mooney Blvd. corridor;
- The applicant has worked to address staff concerns regarding external treatments, including corner enhancements (Cameron & Stonebrook; and Visalia Parkway & Stonebrook), landscaped setbacks, and other areas that influence pedestrian movements. This includes locating three-story buildings at the two major street intersections that give this development high visibility and distinction;
- Carports and additional structures shall be architecturally compatible with the architecture of the main structures;
- Prohibit roof-mounted air conditioning units;
- Building setbacks shall be varied to break monotony;
- Flashing details (vents, down spouts, and gutters) shall be designed to compliment the building's overall design, including colors and materials;
- Require mixed-use components on-site for high density projects;

Current Land Use Designation: The property currently has a Residential Medium Density (RMD) land use designation and is zoned R-M-2 (Multi-family Residential, 3,000 square foot minimum site area per unit). The Residential Medium Density land use designation permits a density of 10 to 15 dwelling units per net acre (up to 33 persons per acre). Per Land Use Element Policy 4.1.19, RMD developments are to be located at local/collector and/or

collector/collector intersections to a maximum of 50 units in one contiguous development on sites ranging from 3.5 to 5 acres. Under the existing land use designation and zoning, the applicant could propose a conventional multi-family development that meets these density and zoning parameters.

Applicants Request: The applicant is requesting that the City Council review their Concept Master Plan for the “Packwood Creek” apartments as the basis to file entitlement applications and conduct public hearings.

Prior Council/Board Actions: None.

Committee/Commission Review and Actions: None

Alternatives: Council may direct further changes prior to authorizing the project to move to the entitlement stage. Council can direct such changes be reviewed at another work session.

Attachments:

- Reduced size Site Plan Exhibit for “Packwood Creek” multi-family development
- General Plan Policies for Residential Land Development
- General Plan Map
- Zoning Map
- Aerial Photo Map

Recommended Motion: I move that City Council comments be incorporated into the project and authorize the Packwood Creek Apartment – Master Plan process to move forward.

Additional Recommendation: I move that staff prepare a draft fee incentive policy for three story high density residential projects.

Environmental Assessment Status

CEQA Review: None for this Worksession. Environmental Review will be done in conjunction with a formal project application.

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:

ACTION

PLANNING COMMISSION AGENDA

CHAIRPERSON:
Lawrence Segrue



VICE CHAIRPERSON:
Adam Peck

COMMISSIONERS PRESENT: Lawrence Segrue, Adam Peck, Terese Lane, Roland Soltesz, Vincent Salinas

MONDAY MARCH 9, 2009; 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 7:06

2. 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.

Spoke:

1. Bill Balsley

7:06 TO 7:06

3. CITY PLANNER AGENDA COMMENTS – No comments

7:06 TO 7:06

4. CHANGES TO THE AGENDA – No changes

7:06 TO 7:06

5. 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.
- No items on consent calendar

7:06 TO 7:44

6. PUBLIC HEARING—Teresa Nickell/Paul Scheibel, continued from 02/09/09

Approved to continue to March 23 (Salinas, Soltesz) 3-0 Peck and Lane absent

Conditional Use Permit No. 2009-17: A request by Dan Littleton (Owner), to allow live entertainment, dancing and other special events within the Cellar Door building which is located at 101 West Main Street. The Cellar Door site is zoned C-DT (Central Business District). (APN: 094-325-003)

Open: 7:10

Close: 7:231

Spoke:

1. Ryan Sullivan
2. William Martin
3. Bill Balsley
4. JR Guerra
5. Dan Littleton

7:44 TO 7:50

7. DIRECTOR'S REPORT/PLANNING COMMISSION DISCUSSION:

1. Informed Commissioners of the outcome of City Council GP update.
2. May 7th Workshop in Fresno for implementing SB 375 and AB 32
3. April 27th joint meeting with Planning Commission and City Council.

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, MARCH 23, 2009
AT THE VISALIA CONVENTION CENTER, 303 E. ACEQUIA, VISALIA**

7:50 TO 7:50
Motion to Adjourn (Peck, Segrue) 5-0

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12b

Agenda Item Wording: Accept the City of Visalia Cash and Investment Report for the second quarter ending December 31, 2008 and approve Resolution Number 2009-08 adopting the City of Visalia's annually updated Investment Policy and Delegating authority to invest funds for the City to the Administrative Services Director/Treasurer.

Deadline for Action: None

Submitting Department: Administration - Finance

Contact Name and Phone Number: Eric Frost 713-4474,
Jason Montgomery 713-4425

Department Recommendation: Staff recommends that Council take the following actions:

1. Accept the City of Visalia Cash and Investment Report for the quarter ending December 31, 2008.
2. Approve the annually adopted Investment Policy.
3. Delegate authority of the investment program to the Administrative Services Director/Treasurer Eric Frost.

Economic Outlook

The economic outlook continues to look bleak as the recession continues. Unemployment continues to rise and consumer spending, business investment and industrial production have declined. The housing market continues to fall as the bottom seems to have not been reached.

United States Treasury rates remain low as investors continue their flight to safety and as the Treasury Department continues to flood the market with sales of notes. The yield on the two year treasury was at 3.05% on December 31, 2007 and has fallen 75% to .76% on December 31, 2008.

The Federal Open Market Committee (FOMC) has all but exhausted its options to jumpstart the economy by lowering the Federal Funds Rate to .25% at the December 16, 2008 meeting. This reduction marks the tenth time the FOMC has lowered rates since before September 18, 2007 when the Federal Funds Rate was at 5.25%.

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.

Portfolio Performance

The December 31, 2008 investment report had a managed balance of \$123.11 million with a monthly portfolio earnings rate of 3.35%. The year-to-date rate for 2008-09 (July- December) has averaged 3.49%. Key benchmarks and performance statistics for the City's portfolio are shown in Table 1, Managed Portfolio Performance Statistics.

Table I: Managed Portfolio Performance Statistics (dollars in millions)

Quarter Ending	Portfolio Balance	City Monthly Portfolio Rate	LAIF Balance	LAIF Rate	2 YR Treasury	Weighted Average Maturity (WAM)
September, 2008	\$123.05	3.54%	\$60.59	2.78%	1.96%	0.65 years
December, 2008	\$123.11	3.35%	\$56.57	2.58%	0.76%	0.56 years
Fiscal Year 2008-2009		3.49%		2.72%	1.68%	

As rates have fallen, the city's managed investment portfolio rate has also fallen. Since December of 2007 the fiscal year to date portfolio rate has fallen from 4.63% to 3.49% or 25%. For comparison purposes, since December of 2007, the fiscal year to date LAIF rate has fallen from 5.15% to 2.72% or 47% and the fiscal year to date 2 year Treasury rate has fallen from 3.76% to 1.68% or 55%.

LAIF

The Local Agency Investment Fund (LAIF), is a an investment option for California's local governments and special districts. LAIF is a part of a pooled investment account that has oversight from the State Treasurer, Director of Finance, and State Controller. The City invests a portion of its portfolio in LAIF because it is a liquid investment with a competitive yield.

At the end of December 2008 LAIF had 37% of its investments maturing within three months. Because of its short average maturity, its yield will continue to fall over the next few months. Already its yield has slipped from 2.58% at the end of December 2008 to 2.09% at the beginning of February 2009. LAIF will continue to fall as its investments mature and the pool buys investments at lower rates.

Future Management

The City manages the portfolio partly by considering the weighted average maturity (WAM) based upon management's expectations for rising, neutral or declining interest rates. Usually, the longer an investment's maturity, the higher the interest rate will be. However, the longer the maturity, the more at risk the portfolio is to market gains or losses due interest rate changes. As a result, the City has a target WAM based upon expected interest rate environments as shown on Table II, Target Weighted Average Maturity (WAM) Based on Interest Rate Expectations.

Table II
Target Weighted Average Maturity (WAM)
Based Upon Interest Rate Expectations

Forecasted Interest Rate Environment	Target WAM (Years)
Rising	0.50
Neutral	1.50
Declining	2.50

As previously discussed, rates have fallen. However, staff believes that rates will begin to increase in the coming months and have positioned the portfolio to take advantage of future rising rates. When rates are rising, the stated goal for the portfolio WAM is 0.50 years. At the end of December 2008 the portfolio WAM was 0.56 years. Staff will continue to keep the WAM short until it feels that rates will remain steady at which point the WAM will be increased to 1.50.

Cash Summary

The City's cash and investments consist of the following as shown on Table III: Cash Summary at Market Value (in millions) as of 12/31/08.

Table III: Cash Summary at Market Value, 12/31/08

Investment Type	Amount (in millions)
Managed Portfolio	
LAIF	\$56.57
CD's	\$10.24
Agencies	\$41.17
Commercial Paper	\$ 9.98
Citizens Sweep Account	\$ 5.15
Total Managed Portfolio	\$123.11
Trustee Cash and Investments	\$11.66
Banks & Depositories	\$1.60
Total Cash & Investments	\$136.37

This information is taken from the two report attachments: 1) City of Visalia Investment Position Report as of 12/30/08, attachment #1; and 2) City of Visalia Cash and Investments Summary as of December 31, 2008, attachment #2.

City Investment Policy

The City's investments are diversified by the various maturities, call structures, and credit types in the above categories which are allowed by the City's Investment Policy and California

Government Code Section 53600 et seq. LAIF funds are highly liquid to meet the City's daily cash flow requirements while maintaining a high degree of safety and a higher rate of return over other suitable liquid investments. The City continues to maintain its conservative and prudent investment objectives, which in order of priority are safety, liquidity, and yield, while maintaining compliance with federal, state, and local laws and regulations. These investments enable the City to meet its expenditure requirements for the next six months, as required by state law.

Staff proposes no changes in the City's investment policy and recommends that Council re-adopt the current policy

Attachments:

- Attachment #1, City of Visalia Investment Position Report
- Attachment #2, City of Visalia Cash and Investment Summary
- Attachment #3, City of Visalia Investment Policy

Recommended Motion (and Alternative Motions if expected): Move to accept the City of Visalia Cash and Investment Report for the second quarter ending December 31, 2008 and approve resolution No. 2009-08 adopting the City of Visalia's annually updated Investment Policy and delegating authority to invest funds for the City to the Administrative Services Director/Treasurer Eric Frost.

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 NO. 2009-____

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF VISALIA
ADOPTING THE CITY INVESTMENT POLICY

WHEREAS, the Council of the City of Visalia has adopted the Statement of Investment Policy; and

WHEREAS, California Government Code section 53646 requires annual review and adoption of the Investment Policy; and

WHEREAS, the authority to manage the City's investment program is derived from the City's Charter; and

WHEREAS, California Government Code section 53607 requires the authority to invest the funds of the City to be delegated annually to the Director of Administrative Services/Treasurer,

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Visalia adopt the City of Visalia Statement of Investment Policy and delegate responsibility for the investment program to the Director of Administrative Services/Treasurer.

PASSED AND ADOPTED:

STATE OF CALIFORNIA)
COUNTY OF TULARE) ss.
CITY OF VISALIA)

Attachment #1

City of Visalia Investment Position Report 31-Dec-08										
		Coup. Rate	Yield (YTM)	Maturity Date	Face Value	Purchase Price	General Ledger Balance	Current Market Value	Purchase Date	
Checking Accounts		4.2%								
Citizens Business Bank		0.00%	1.60% *	31-Dec-08	5,147,582	5,147,582	5,147,582	5,147,582	Various	
Totals			1.60%		5,147,582	5,147,582	5,147,582	5,147,582		
Average Maturity (Days/Years)			1							
* Note: Interest is based on an average daily balance.										
Agency Notes(**)		32.9%								
FHLMC	3134A3EM4	06-237	5.75%	4.77%	15-Mar-09	2,000,000	2,056,040	2,040,620	2,021,880	31-Jan-06
FHLB	3133M8FJ8	06-325	5.99%	5.15%	09-Apr-09	1,000,000	1,022,590	1,023,750	1,015,310	25-Apr-06
FNMA	31359MVE0	06-341A	4.25%	5.22%	15-May-09	2,000,000	1,946,740	2,023,760	2,028,120	11-May-06
FFCB	31331TZ79	06-236	4.38%	4.81%	24-Jun-09	2,000,000	1,972,880	2,028,120	2,038,120	31-Jan-06
FHLMC	3128X3SL8	06-234	4.38%	4.83%	30-Jul-09	2,000,000	1,971,200	2,030,620	2,041,880	31-Jan-06
FHLB	3133M9FC1	07-295	6.50%	5.06%	14-Aug-09	3,000,000	3,088,650	3,117,180	3,110,640	29-May-07
FNMA	3136F6LL1	06-156	4.00%	4.79%	09-Nov-09	1,000,000	971,680	1,013,750	1,026,250	17-Nov-05
FHLB	3133MABK4	06-211	6.50%	4.76%	13-Nov-09	2,000,000	2,121,200	2,093,760	2,100,620	04-Jan-06
FHLB	3133X9VB3	06-347	3.88%	5.19%	15-Jan-10	2,000,000	1,913,596	2,026,260	2,065,000	18-May-06
FHLMC	3128X34W0	06-370	4.25%	5.23%	24-Feb-10	2,000,000	1,934,160	2,038,640	2,069,240	05-Jun-06
FHLMC	3128X1GG6	07-278	3.34%	4.88%	09-Jun-10	3,000,000	2,869,365	3,008,880	3,091,020	14-May-07
FHLMC	3134A4VB7	06-453	4.13%	5.11%	12-Jul-10	2,000,000	1,931,306	2,035,000	2,079,380	24-Aug-06
FHLMC	3134A4VE1	06-455	4.13%	5.11%	18-Oct-10	2,000,000	1,927,040	2,035,000	2,105,000	24-Aug-06
FHLMC	3137EAAF6	07-277	5.25%	4.85%	18-Jul-11	2,000,000	2,029,480	2,093,760	2,193,120	14-May-07
FHLB	3133MGYH3	08-144	5.75%	4.32%	15-Aug-11	3,000,000	3,146,820	3,182,820	3,336,570	13-Nov-07
FHLB	3133XGDD3	08-142	5.38%	4.23%	19-Aug-11	3,000,000	3,118,230	3,155,640	3,296,250	13-Nov-07
FFCB	31331XG30	08-143	5.45%	4.42%	21-Jun-12	3,000,000	3,127,320	3,165,000	3,349,680	13-Nov-07
FHLB	3133XLX73	08-096	5.00%	4.71%	14-Sep-12	2,000,000	2,025,140	2,077,500	2,199,380	28-Sep-07
Totals			4.73%		39,000,000	39,173,437	40,190,060	41,167,460		
Average Maturity (Days/Years)			576	1.58						
Average Duration										
CD'S		8.4%								
Bank of The Sierra CDARS		2.55%	2.58%		29-Jan-09	5,000,000	5,000,000	5,000,000	5,000,000	31-Jul-08
Citizens Business Bank		09-138	3.20%	3.30%	24-Jul-09	5,000,000	5,000,000	5,000,000	5,000,000	24-Oct-08
County Bank		09-150	3.59%	3.70%	03-Dec-09	240,000	240,000	240,000	240,000	03-Nov-08
Totals			2.98%			10,240,000	10,240,000	10,240,000	10,240,000	
Average Maturity (Days/Years)			123	0.34						
Commercial Paper		8.1%								
General Electric Capital Corp.		09-054	2.70%	2.74%	21-Jan-09	2,500,000	2,471,125	2,471,125	2,499,175	20-Aug-08
General Electric Capital Services		09-053	2.85%	2.89%	18-Feb-09	2,500,000	2,463,979	2,463,979	2,495,850	20-Aug-08
HSBC Americas Inc.			3.80%	3.87%	10-Mar-09	5,000,000	4,912,389	4,912,389	4,986,400	25-Sep-08
Totals			3.37%			10,000,000	9,847,493	9,847,493	9,981,425	
Average Maturity (Days/Years)			52	0.14						
LAIF		46.4%								
LAIF - CITY			2.58%	Demand	18,002,288	18,002,288	18,002,288	18,002,288	Various	
LAIF - VPFA			2.58%		38,572,277	38,572,277	38,572,277	38,572,277		
					56,574,565	56,574,565	56,574,565	56,574,565		
Totals					120,962,147	120,983,077	121,999,700	123,111,032		
Average Maturity (Days/Years)			3.35%	205	0.56					
Change from										
30-Nov-08		Rate	-0.15%							
		Days	-40							

Activity Report			

Attachment #2

CITY OF VISALIA CASH & INVESTMENTS SUMMARY
As of December 31, 2008

<u>INSTITUTION</u>	<u>PURPOSE</u>	<u>BALANCE</u>	<u>TOTAL</u>
<u>CASH IN BANKS</u>			
BANK OF AMERICA	CONVENTION CENTER	\$ 49,025	
BANK OF AMERICA*	GOLF	54,453	
CITIZENS BUSINESS BANK	A/P & PAYROLL	1,474,969	
PETTY CASH	VARIOUS DEPTS	19,069	
	Total Cash Deposits	<u>19,069</u>	\$ 1,597,517
<u>CASH AND INVESTMENTS WITH FISCAL AGENTS (TRUSTEE)</u>			
US BANK	2002 WASTE WATER BONDS	864,015	
	2003 EAST VISALIA REDEVELOPMENT	467,469	
	2005 CERTIFICATE OF PARTICIPATION	2,115,728	
ACCEL (Workers Compenation)	EXCESS LIABILITY DEPOSITS	1,032,744	
CITIZENS BUSINESS BANK	RDA LOAN - MOONEY DISTRICT	6,142,672	
DELTA DENTAL	DENTAL PREFUNDING	60,700	
EIA HEALTH	HEALTH PREFUNDING	955,947	
KEENAN & ASSOC	WORKERS COMP PREFUNDING	10,759	
VSP	VISION PREFUNDING	11,210	
	Total Trustee Deposits	<u>11,210</u>	11,661,244
<u>PORTFOLIO INVESTMENTS (MARKET VALUE)</u>			
UNION BANK OF CALIFORNIA INVESTMENTS		51,148,885	
LOCAL AGENCY INVESTMENT FUND		56,574,565	
SWEEP ACCOUNT (CITIZENS)		5,147,582	
CD'S		10,240,000	
	Total Portfolio Investments	<u>10,240,000</u>	123,111,032
	TOTAL CASH AND INVESTMENTS		<u>\$ 136,369,793</u>

CITY OF VISALIA

Statement of Investment Policy

INTRODUCTION

The City of Visalia (The City) strives to maintain the level of investment of all funds as near 100% as possible through daily and projected cash flow determinations. Investments are made so maturities match or precede the cash needs of the City. The City will insure that principal invested is protected from loss while maintaining adequate cash availability and maximizing yield on invested funds.

The basic premise underlying the City's investment philosophy is to insure that money is always available when needed. A minimum amount of 6% of the adopted operating budget is maintained in immediately available investments, such as the State Treasurer's Local Agency Investment Fund or other cash equivalents. This may include commercial paper, banker's acceptances, or new repurchase agreements.

The City's portfolio will be limited to an average life of three years or less. When the market warrants purchase of longer maturities to capture a higher rate of return, purchases will be limited to United States Treasury Notes and Bonds, Federal Agencies, Medium Term Notes, and Mortgage Backed Securities.

The City will attempt to ladder the portfolio with staggered maturities so that a portion of the portfolio will mature each year. In addition, the economy and various markets are monitored carefully to assess the probable course of interest rates. In a market with low or increasing interest rates, the City will attempt to invest in securities with shorter maturities. This makes funds available for other investments when the interest rates are higher. When interest rates appear to be near a relative high rate, the City will attempt to purchase investments with medium to long-term maturities to lock in the higher rate of return. When interest rates are falling, the City will invest in securities with longer maturities to hold the higher rate for a longer period of time.

City will also take advantage of any new investment instrument that becomes eligible for municipal investment only after a detailed review of the investment, and its safety, liquidity and yield are completed.

1.0 Policy

It is the policy of the City to invest public funds in a manner which will provide the greatest security with the maximum investment return while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

It is intended that this Investment Policy cover all funds and investment activities under the direct authority of the City organization.

3.0 Prudence

As a charter city, the City operates its pooled cash investments under the prudent investor rule. Investments shall be made with the judgment and care, under the circumstances then prevailing which investors of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California, the charter of the City, and this investment policy. Investments will be made in a range of instruments to insure diversification of the City's portfolio and liquidity of assets in an emergency situation.

3.1 The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments. Future State of California legislative actions affecting this investment policy (adding further restrictions to the type and length of investments) shall not apply to those investments held prior to the enactment of said legislation unless specifically identified in the legislative action.

4.0 Objective

The primary objectives, in priority order, of the City of Visalia’s investment activities shall be:

4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

- a. Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, will be minimized by:
 - Limiting investments to the types of securities listed in Section 8.0 of this Investment Policy
 - Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with Section 7.0
 - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- b. Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
 - Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
 - Investing funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy as outlined in Section 13.0.

4.2 **Liquidity:** The City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The City's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Securities shall generally be held until maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal.
- A security swap would improve the quality, yield, or target duration in the portfolio.
- Liquidity needs of the portfolio require that the security be sold.

5.0 Delegation of Authority:

Authority to manage the City's investment program is derived from the City's Charter. On November 21, 1983 Council delegated responsibility (Resolution 83-96) for the investment program is to the Finance Director (Treasurer), who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. Annually, Council will review and adopt by resolution the updated Investment Policy, in which Council will delegate responsibility for the investment program to the Treasurer.

6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Treasurer any material interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City, particularly with regard to the time of purchases and sales.

7.0 Authorized Financial Dealers and Institutions:

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by State laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following:

- Audited Financial Statements
- Proof of National Association of Security Dealers certification
- Completed broker/dealer questionnaire
- Certification of having read this investment policy
- Compliance with City of Visalia insurance requirements for professional services agreements for general, professional and automotive liability.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer. In addition, a current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City conducts investment transactions.

The City shall also be open to contracting investment management services for a portion of the portfolio. That portion shall be limited to longer term investments of two years or longer. Any investment management firm contracted shall meet criteria established by the Treasurer. All investments made under contract will be purchased in the City's name and in accordance with the guidelines established by the City's investment policy.

8.0 Authorized and Suitable Investments

The City is empowered by statute to invest in the following types of securities:

A. Securities of the U.S. Government

Securities of the U.S. Government include U.S. Treasury bills, notes and bonds.

U.S. Treasury Bills - are issued by the U.S. Treasury and are available in maturities out to one year. They are non-interest bearing and sold on a discount basis. The face amount is paid at maturity.

Treasury Notes - are issued by the U.S. Treasury with maturities from two to ten years. They are issued in coupon form and many issues are also available in registered form. Interest is payable at six month intervals until maturity.

Treasury Bonds - are issued by the U.S. Treasury with maturities of ten years to thirty years. The City may purchase the interest and/or principal of a U.S. Treasury Bond. A principal only instrument is commonly called a "stripped" or "zero" coupon. Stripped coupons are sold at a discount basis. The face amount is paid at maturity.

B. Securities of U.S. Government Agencies

The capital of U.S. government agencies was initially financed by the United States Treasury. As the agencies have grown and operated profitably over the years, the Treasury's investment has been replaced in a large measure by private capital. At the present time, obligations of only a few agencies are backed by the full faith and credit of the U.S. Government. The obligations of all the federal agencies described in the following sections are not guaranteed by the U.S. Government with the exception of Government National Mortgage Association, but are considered to be investments of the highest quality.

Federal National Mortgage Association - (Fannie Mae) Is a quasi- public corporation created by an act of Congress to assist the home mortgage market by purchasing mortgages insured by the Federal Housing Administration and the Farmers Home Administration, as well as those guaranteed by the Veterans Administration. FNMA issues Notes and Bonds. Notes are issued with maturities of less than one year with interest paid at maturity. Bonds are issued for 15 and 30 year maturities with interest paid semi-annually. Interest is computed on a 30/360 day basis. There is a strong secondary market in these securities. A secondary market means these instruments are actively traded; they are bought and sold daily.

Government National Mortgage Association - (Ginnie Mae) is a wholly owned corporate instrumentality of the United States within the Department of Housing and Urban Development. A certificate collateralized by FHA/VA residential mortgages represents a share in a pool of FHA or VA mortgages. Ginnie Mae's are registered securities. Principal and interest are paid

monthly and sent directly from the issuer of the pool, usually a mortgage banker, to the City. Original maturities range from 12 to 30 years with a 7 to 12 year assumed average life. (Assumed average life is due to prepayments of mortgages).

Federal Home Loan Banks - provide credit to member lending institutions such as savings and loan associations, cooperative banks, insurance companies and savings banks. The agency offers bonds in the public market with maturities of one year to ten years. These bonds are usually offered on a quarterly basis depending on the current demands of the housing industry. Interest is paid semi-annually on a 30/360 day basis.

Federal Farm Credit Banks - are debt instruments issued to meet the financial needs of farmers and the national agricultural industry. Discount notes are issued monthly with 6 and 9 month maturities. Discount notes pay interest at maturity. Longer term debentures (2-5 years) are also issued. Debentures pay interest semi-annually on a 30/360 day basis. These issues enjoy an established secondary market.

Small Business Administration Loans - (SBA) The Small Business Administration is an independent agency of the United States government which furnishes financial and management assistance to small businesses. The SBA guarantees the principal portion of the loans it approves. The City purchases the guaranteed portion of these loans. Maturity can be for 1 year to 30 years. These loans can be either set at a fixed rate or variable rate which is usually tied to the prime rate. Principal and interest are paid monthly on a 30/360 day basis.

Federal Home Loan Mortgage Corporation - (Freddie Macs) A publicly held government-sponsored enterprise created on July 24, 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended. Freddie Mac's statutory mission is to provide stability in the secondary market for home mortgages, to respond appropriately to the private capital market and to provide ongoing assistance to the secondary market for home mortgages by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for home mortgage financing. Maturity can be for 1 year to 30 years. These loans can be either set at a fixed rate or variable rate.

Other U.S. government securities available to the City for investment purposes include: Student Loan Marketing Association (SLMA or Sallie Mae), Aid for International Development (AID), and debentures of Tennessee Valley Authority (TVA). However, these instruments are not offered on a regular basis and do not offer the same liquidity as the before mentioned instruments.

C. Time Deposits and Certificates of Deposit

Time Deposits are placed with commercial banks, savings association, or state or federal credit unions. A time deposit is a receipt for funds deposited in a financial institution for a specified period of time at a specified rate of interest. Generally, the time is 3 months to 2 years. Denominations can be any agreed upon amount and interest is normally calculated using actual number of days on a 360-day year and paid monthly. Deposits of \$100,000 (commonly referred to as Jumbo C.D.'s) per institution are insured by the Federal Deposit Insurance Corporation (FDIC) and Certificates of Deposit can be supported by either 110% U.S. Government agency notes or 150% mortgages currently held by the bank or savings and loan. An institution must meet the following criteria to be considered by the City:

- The institution must maintain a net worth to asset ratio of at least 3% and a positive earnings record.
- The institution must make available a current FDIC call report or FHLB report. A call report presents the solvency of the institution to the agency with oversight responsibility of that institution.

D. Negotiable Certificates of Deposit

Negotiable Certificates of Deposit are a form of Certificate of Deposit which have been an important money market instrument since 1961 when commercial banks began issuing them and a secondary market developed to provide liquidity. Since these certificates of deposit can be traded in the secondary market, they are negotiable instruments, hence their name negotiable certificate of deposit. They are supported only by the strength of the institution from which they are purchased. Interest is paid semi-annually computed on a 30/360 day basis. Maturities range from 3 months to 2 years. Negotiable Certificates of Deposit are generally issued in blocks of \$1 million, \$5 million, \$10 million, etc.

The City will restrict its investments in Negotiable Certificates of Deposit to the 100 largest United States banks according to asset size. The profitability of the financial institution as well as its financial stability is also taken into account prior to placing the investment.

E. Banker's Acceptance Notes

A banker's acceptance (B.A.) is a unique credit instrument used to finance both domestic and international transactions. As a money market instrument, it is an attractive short-term investment. When a bank "accepts" such a time draft, it becomes, in effect, a predated certified check payable to the bearer at some future, specified date. Little risk is involved because the commercial bank assumes primary liability once the draft is accepted. Banker's acceptances are frequently in odd amounts. Maturities normally range from 30 up to 180 days. Banker's acceptances are sold at a discount. This means the face amount is received at maturity. The City will purchase Banker's acceptances from only the 100 largest United States banks according to asset size. The profitability of the financial institution as well as its financial stability is also taken into account prior to placing the investment.

F. Commercial Paper

Commercial paper is the trade name applied to unsecured promissory notes issued by finance and industrial companies to raise funds on a short term basis. Commercial paper can be purchased on an interest bearing or discount basis. Interest bearing instruments pay interest semi-annually. Discounted instruments pay interest at maturity. The City will invest in commercial paper only if the paper attains the highest ranking or attains the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). Maturities range from 30 to 180 days with interest computed on a 30/360 day basis.

G. Medium Term Notes

In recent years, this financing mechanism has grown, providing capital to the private sector, and diminishing the Negotiable Certificate of Deposit market. The trend towards medium term notes is related to buyer and seller flexibility and convenience. The notes are issued on any given date and maturing on a negotiated date. They generally range from 2 to 5 years in maturity. This market provides an excellent alternative to Negotiable C.D.'s. The City will only purchase Medium Term Notes with credit ratings of A or better by a nationally recognized rating agency; and with maturities of 5 years or less. Their interest is calculated on a 30/360 day basis like Agency bonds. Interest is paid semi-annually.

H. Local Agency Investment Fund demand deposit

The Local Agency Investment Fund (LAIF) was established by the State to enable treasurers to place funds in a pool for investment. The LAIF has been particularly beneficial to those jurisdictions with small portfolios. Each agency is limited to an investment of \$40.0 million per account. The City uses this fund for short term liquidity, investment, and yield when rates are declining. Funds are available on demand and interest is paid quarterly. Presently, the City maintains two LAIF accounts.

I. Repurchase Agreement

Closely associated with the functioning of the Federal funds market is the negotiation of repurchase agreements or repo's. Banks may buy temporarily idle funds from a customer by selling U.S. Government or other securities with the contractual agreement to repurchase the same security on a future date determined by negotiation. For the use of funds, the customer receives an interest payment from the bank; the interest rate reflects both the prevailing demand for Federal funds and the maturity of the repo. Repurchase Agreements are usually executed for \$100,000 or more. The City will require physical delivery of the securities backing the repo to its safekeeping agent. The institution from which the City purchases a repo must transfer on an ongoing basis sufficient securities to compensate for changing market conditions and to insure that the market value of securities is valued at 102 percent or greater of the funds borrowed against those securities. Generally, maturities range from 1 to 90 days with interest paid at maturity, and may not exceed one year. A Master Repurchase Agreement is required.

J. Reverse Repurchase Agreements

Reverse Repurchase Agreements, on the other hand simply reverses the above process of purchasing repurchase agreements. The City, in effect, sells a particular security to a firm for a stated period of time, not to exceed 92 days. Interest is paid at maturity. The City pays the firm interest on the cash it receives while receiving the interest on original security. The City will in turn purchase a short term security at a higher rate of interest. Reverse repurchase agreements may also be used to alleviate a temporary cash shortage. The City of Visalia will never utilize the reverse repurchase agreement in order to meet its cash needs. Reinvestment of reverse repurchases will be in securities of shorter or equal maturities to a reverse repurchase agreement. Reverse repurchase agreements cannot exceed 20% of the investment portfolio.

K. Money Market Mutual Funds

Money Market Mutual Funds are shares issued by diversified management companies who invest in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) of Government Code Section 53630 and comply with the investment restrictions of Article 2 (commencing with Section 53630 of the California Government Code). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized rating services, or (2) have an investment adviser registered with the Securities and Exchange Commission with not less than five year's experience investing in the securities and obligations as authorized by subdivisions (a) to (j), inclusive, or subdivisions (m) or (n) of Government Code section 53630, and with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of shares purchased pursuant to this subdivision shall not include any commission that these companies may charge and shall not exceed 20 percent of the investment portfolio.

9.0 Other Investment Pools:

A thorough investigation of investment pools, as authorized by statute, shall be conducted prior to the City's investment. The City uses the Local Agency Investment Fund (LAIF) that was established by the State to enable treasurers to place funds in a pool for investments. Any pool shall provide the following:

- A description of eligible investment securities, and a written statement of investment policy and objectives (i.e. are reserves, retained earnings, etc. utilized by the pool and is the pool eligible for bond proceeds and/or will it accept such proceeds)
- A description of interest calculations and distribution methods, and how gains and losses are treated
- A description of how the securities are safeguarded (including the settlement processes), and how often securities are priced and the program audited
- A description of who may invest in the program
- A description of how deposits and withdrawals will be made, how often they are allowed and any minimum or maximum limitations
- A reporting schedule for receiving statements and portfolio activity
- A fee schedule and method of assessment

10.0 Collateralization:

Collateralization will be required on two types of investments: certificates of deposit and repurchase (and reverse) agreements. Deposits of \$100,000 (commonly referred to as Jumbo C.D.'s) per institution are insured by the FDIC and Certificates of Deposit can be supported by either 110% U.S. Government agency notes or 150% mortgages currently held by the bank or savings and loan.

11.0 Safekeeping and Custody:

Securities purchased with invested funds that are in a negotiable, bearer, registered, or nonregistered format, shall require delivery of all the securities to the City, including those purchased for the City by financial advisors, consultants, or managers using the City's funds, by book entry, physical delivery, or by third party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book-entry delivery.

To insure the safety and internal accounting controls necessary to establish a stable and accurate investment system, the City uses an investment confirmation document. This document is prepared by Treasury and approved by accounting personnel. Copies are also distributed to the City accounting department, Treasury investment file, and the institutions with which the order to transfer funds was placed (safekeeping). This transaction control document, or "Confirmation" form, contains information regarding the type of investment; amount invested; interest rate; purchase and maturity dates; and any delivery instructions. This confirmation is matched to the Broker's Confirmation and held in the Treasury's file until the security is sold or matures.

12.0 Diversification:

The City operates its investment pool with many State and self-imposed constraints. It does not buy stocks and it does not speculate. Currently Government Code Section 53600 (et seq) restricts the City portfolio to:

- o 30% in Negotiable Certificates of Deposit
- o 25% in Commercial Paper
- o 20% in Money Market Mutual Funds
- o 40% in Bankers Acceptance Notes
- o 30% in Medium Term Notes
- o 20% in Repurchase Agreements

These restrictions primarily apply to short-term investments and are interpreted to apply at the time of investment. If, as the portfolio mix changes over time, a particular segment exceeds these restrictions the prudent investor rule shall apply.

The City will be selective in purchasing long-term negotiable certificates of deposit and medium term notes, placing such an investment only with a large stable institution.

13.0 Maximum Maturities

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. The City will operate a portfolio with an average life of three years or less. This is to insure liquidity and the ability to move with changing markets and interest rates.

No investments shall be made in investments with maturities greater than five (5) years without specific Council approval not less than ninety days prior to the investment. Exception: Mortgage Backed Securities, such as Federal National Mortgage Association (Fannie Mae) and Government National Mortgage Association (Ginnie Mae) which have maturities greater than five (5) years, and not to exceed 30 years may be purchased. While the final maturity on these investments is greater than five (5) years, the return of principal and interest is received on a monthly basis (as mortgages are being paid, refinanced, and pre-paid), therefore minimizing the investment risk. At no point, will investments with maturities greater than five (5) years exceed 20% of the portfolio value.

14.0 Internal Control

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

15.1 Market Yield (Benchmark): The City's investment strategy is passive. Passive investment portfolio management generally indicates that the Treasurer will purchase an instrument and hold it through maturity, and then reinvest the monies. Although the City's investment strategy is passive, this will not restrict the Treasurer from evaluating when swaps are appropriate or if the sale of an instrument is prudent prior to final maturity. Given this strategy, a series of appropriate benchmarks shall be established against which portfolio performance shall be

compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken and the benchmarks shall have a similar weighted average maturity as the portfolio.

16.0 Reporting

Quarterly, the Treasurer will issue a report for Council's review of the City's current investment portfolio, detailing securities purchase and maturity date, face and market value, credit quality, and any reverse activities.

Periodically, the long-term investments will be reviewed in order to determine if it is advantageous to sell those securities and purchase others. The review will consider current market conditions and various spread relationships among security types. Additionally, a statement will be issued indicating the findings of the analysis. The monitoring of the conditions set forth in this policy statement is the responsibility of the Treasurer.

17.0 Investment Policy Adoption

The City's investment policy shall be adopted by resolution. The policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by them.

Exhibit A

City of Visalia - Summary of Eligible Investments

Type of Issue	Original Maturities	Interest Payments	U.S. Govt. Guaranteed?
U.S. Treasury Bills	91 day and 182 day Bills auctioned each Monday for settlement on Thursday.	Issued at a discount from par. Paid at maturity.	Yes
	52 week bills auctioned every fourth Thursday for settlement on the following Thursday.	Discount is based on the actual number of days on a 360 day basis. Paid at maturity.	
U.S. Treasury Notes	2 to 10 years.	Paid semi-annual based on the actual days in the month and half-year.	Yes
U.S. Treasury Bonds	10 to 30 years.	Paid semi-annual based on the actual days in the month and half-year.	Yes
Strips or Zeros	10 to 30 years.	Issued at a discount from par. Paid at maturity on a 30/360 day basis.	Yes
FNMA(Federal National Mortgage Association)	Discount notes are issued with maturities less than one year.	Issued at a discount from par. Paid at maturity on a 30/360 day basis.	No
	15 year and 30 year mortgage-backed securities with a 7 and 15 year assumed average life.	Principal and interest paid semi-annually on a 30/360 day basis.	No
GNMA(Gov't National Mortgage Association)	Various maturities from 12 to 30 years with an assumed average life of 7 to 12 years.	Principal and interest paid monthly on a 30/360 day basis.	Yes
FHLB(Fed Home Loan Bank)	Bonds of maturities from 1 to 10 years.	Paid semi-annually on 30/360 day basis.	No

Exhibit A

City of Visalia - Summary of Eligible Investments

Type of Issue	Original Maturities	Interest Payments	U.S. Govt. Guaranteed?
FFCB(Fed Farm Credit Bank)	6 and 9 month offered monthly.	Paid at maturity on a 30/360 day basis.	No
	Debentures are issued with 2 to 5 years maturities.	Paid semi-annually on a 30/360 day basis.	No
SBA(Small Bus. Administration)	Loans to Small Businesses. The principal portion of the loan is guaranteed by the SBA. 1 to 30 years.	Principal and interest paid monthly. On a 30/360 day basis. Can be a fixed or variable rate which is usually tied to prime rate.	No
FHLMC(Fed. Home Loan Mortgage Corporation)	30 year final with 12 year assumed average life.	Principal and interest paid monthly on a 30/360 day basis.	No
CD(Certificate of Deposit)	3 months to 5 years.	Paid monthly on a actual/360 day basis.	No
NCD(Negotiable Certificates of Deposit)	3 months to 2 years. Some issues have quarterly floating rates.	Paid semi-annually. Floaters pay quarterly.	No
BA Notes(Banker's Acceptance Notes)	30 to 180 days.	Issued at a discount from par. Paid at maturity.	No
Commercial Paper	Unsecured promissory note issued by finance and industrial companies to raise short term capital. Generally 30 to 180 days.	Can be interest bearing or a discounted note. If interest bearing, paid semi-annually. If discounted, paid at maturity.	No
MTN(Medium Term Notes)	2 to 5 years. Extended maturity commercial paper.	Paid semi-annually on a 30/360 day basis.	No
LAIF(Local Agency Investment Fund) State Pool	Funds are available on demand. Investments are restricted by Gov't. Code, same as the City's.	Paid quarterly.	No

Exhibit A

City of Visalia - Summary of Eligible Investments

Type of Issue	Original Maturities	Interest Payments	U.S. Govt. Guaranteed?
Repurchase Agreements	Negotiated. A short term investment transaction with a contractual agreement to repurchase the same securities at a future date. In essence, the City loans the Bank money for a specified time collateralized by marketable securities. Terms are from 1 to 90 days.	Paid at maturity.	No
Reverse Repurchase Agreements	Negotiated. This transaction is the mirror image of the repurchase agreement. Instead of the City loaning the Bank money, the Bank loans the City funds. The City then "repurchases" securities with matched maturities to the end of the contract. Terms are from 1 to 90 days.	Paid at maturity.	No
Money Market Mutual Funds	Funds are available on demand. Shares issued by a diversified management company.	Paid Monthly	No
Other Investment Pools	Funds are available on demand.	Paid quarterly	No

GLOSSARY

AGENCIES: Federal agency securities

ASKED: The price at which securities are offered.

ARBITRAGE: Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets.

BANKERS ACCEPTANCE (BA): A draft of bill or exchange by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR): The official annual report for the City of Visalia. It includes five combined statements for each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT (DVP): There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES: (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include a leveraging factor, or (2) financial contracts based upon notional amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rates, equities or commodities).

DISCOUNT: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is

considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLB's is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market and a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: the central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington, DC, 12 regional banks and about 5,700 commercial banks that are members of the system.

GENERALLY ACCEPTED ACCOUNTING PRINCIPALS (GAAP): The standard established by the National Council on Governmental Accounting which establishes the *minimum* requirements for a fair presentation of financial data in external financial reports. GAAP also assures a degree of comparability in financial reporting among different governments.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities

influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term “passthroughs” is often used to describe Ginnie Mae's.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND: The Local Agency Investment Fund (LAIF) was established by the State to enable treasurers to place funds in a pool for investments. The LAIF has been particularly beneficial to those jurisdictions with small portfolios. Each account is limited to an investment of \$40.0 million.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER: The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one

which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use Repos extensively to finance their positions. Exception: When the Fed is said to be doing Repos, it is lending money, increasing bank reserves.

SAFEKEEPING: A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank’s vaults for protection.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1: See Uniform Net Capital Rule.

STRUCTURED NOTES: Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and corporations which have imbedded options (e.g. call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS: A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, and one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to

purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12c

Agenda Item Wording: Authorization for the City Manager to accept and appropriate a grant award for \$4,247.00 from the Office of Homeland Security, Homeland Security Grant Program.

Deadline for Action: March 16, 2009

Submitting Department: Police

Contact Name and Phone Number: Rick Haskill, ext. 4205,
Chuck Hindenburg, ext. 4250

Department Recommendation: It is recommended that the City Council authorize the City Manager to accept and appropriate a grant award for \$4,247.00 from the Office of Homeland Security, Homeland Security Grant Program; and to approve the expenditure of the Homeland Security Grant Program funds for the purchase of two (2) Central Processing Units (computers) and two (2) 37" LCD monitors for the Emergency Operations Center (EOC).

Summary/background: The County of Tulare applied for and received a grant from the Office of Homeland Security, Homeland Security Grant Program. The following equipment purchase for the Visalia Police Department was approved.

The Emergency Operations Center for the city is currently located in the basement of the Police Department Headquarters building. In the event of an emergency, the EOC is activated to coordinate the efforts of all city departments in dealing with the emergency. Depending upon the type of emergency, information may come from a variety of sources including television news, the internet, and local public safety resources. The ability to disseminate the information to all the parties working in the EOC is very limited. Since all members of the EOC team provide important input to the City's response, access to up-to-date information is essential. This setup will also allow EOC planning members to access the internet and other resources of information during times of planning and preparation. Information Services has provided input to ensure that the equipment meets technical and compatibility requirements.

The Homeland Security Grant award will fund 100% of the purchases price with no matching funds 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.): 1

Review:

Dept. Head _____

Finance _____

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

City Mgr _____

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

Prior Council/Board Actions: Approved acceptance and appropriation of \$27,250 of the total grant award of \$31,497 on January 5, 2009 for dispatch equipment.

Committee/Commission Review and Actions: N/A

Alternatives: Refuse the designated grant money.

Attachments: Letter from County of Tulare Health & Human Services Agency announcing the approval of the grant for the Visalia Police Department.

Recommended Motion (and Alternative Motions if expected): I move that the City Council authorize the City Manager to accept and appropriate a grant award for \$4,247.00 from the Office of Homeland Security, Homeland Security Grant Program for Emergency Operation Center monitors and Central Processing Units.

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: N/A+

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 d

Agenda Item Wording: Request that the City Council authorize the City Manager to approve the reimbursement for the arterial and collector street improvements installed with the South Cameron Creek Unit No. 1 Subdivision. In addition, request the approval for the reimbursement of the City's share of West Street improvements fronting the South Cameron Creek storm drain basin as constructed with the South Cameron Creek Unit No. 1 Subdivision.

Deadline for Action: None

Submitting Department: Community Development Department/
Engineering Division

Contact Name and Phone Number:

Chris Young, Assistant Community Dev. Director - 713-4392
Ken McSheehy, Associate Engineer -713-4447
Jason Huckleberry, Associate Engineer – 713-4259

Department Recommendation:

That the City Council authorizes the City Manager to approve this reimbursement to McMillin Homes.

Summary/background:

City Council approved the Final Subdivision Map for South Cameron Creek Unit No. 1 on March 21, 2005. As part of the map approval, the subdivision improvement agreement (Exhibit A) was executed by the City Manager. The subdivision improvement agreement included a section on the City's participation in reimbursement to the developer for arterial and collector street improvements, along with reimbursements for local streets constructed along the storm drain basin frontage located at the southwest corner of Cameron Avenue and West Street. This method of establishing reimbursement was done prior to the implementation of separate reimbursement agreements approved by Council.

South Cameron Creek Unit No. 1 was developed by McMillin Homes of Visalia. The project consists of 76 single family lots and is located between Court and West Streets, south of Cameron Avenue to Visalia Parkway. The project improvements included street improvements to Cameron Avenue, Court Street, Visalia Parkway, and the basin frontage along West Street. Upon completion of the improvements, the developer submitted a reimbursement request package consisting of contracts, invoices and change orders. The reimbursement amount is \$186,365.32. Engineering staff and the City's Development Reimbursement Review Committee have reviewed the developer's submittals and concur with this amount. The development has paid approximately \$207,233 in Traffic Impact Fees to date.

Last Revision on 03/13/2009

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

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.

As part of the City's budget process, the City Council originally authorized \$100,000 as a capital improvement project for the construction of the South Cameron Creek storm drain basin. Reimbursements for the West Street frontage totaling \$15,829.51 will be funded by this capital improvement project account. The remaining \$170,535.81 will be supported by a capital improvement project established for reimbursement to developers for collector and arterial street improvements and is funded by the Transportation Impact Fund.

Prior Council/Board Actions:

Council approved the Final Map on March 21, 2005 and a Notice of Completion on September 25, 2006.

Committee/Commission Review and Actions:

Planning Commission approved the Tentative Map on May 10, 2004.

Developer Reimbursement Review Committee approved the reimbursement on January 7, 2009

Alternatives: None recommended

Attachments: Location Map

Exhibit A – Subdivision Improvement Agreement

Recommended Motion (and Alternative Motions if expected): I motion to give the City Manager authorization to approve the reimbursement to McMillin Homes in the amount of \$186,365.32

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: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 e

Agenda Item Wording: Request that the City Council authorize the City Manager to execute the amended reimbursement agreement for South Cameron Creek Unit No. 2 and approve the reimbursement for the enhanced landscaping improvements of the South Cameron Creek Unit No. 2 storm drain basin as constructed by McMillin Homes. Request that Council authorize additional funding for this reimbursement from the Storm Sewer Construction Fund.

Deadline for Action: None

Submitting Department: Community Development Department/
Engineering Division

Contact Name and Phone Number:

Chris Young, Assistant Community Dev. Director - 713-4392
Jason Huckleberry, Associate Engineer -713-4259

Department Recommendation:

That the City Council authorizes the City Manager to execute the amended reimbursement agreement, approve the reimbursement to McMillin Homes, and authorize additional funding from the Storm Sewer Construction Fund.

Summary/background:

City Council approved the Final Subdivision Map of South Cameron Creek Unit No. 2 on March 6, 2006. As part of the map approval, the Reimbursement Agreement for Supplemental Improvements (attached as Exhibit A) was executed by the City Manager, including reimbursements to the developer for storm drain basin improvements located at the southwest corner of Cameron Avenue and West Street. Said basin improvements were indicated within Section C of the original agreement and were estimated at \$35,393.40 total.

As directed by City staff, the developer has designed and fully constructed the storm drain basin with enhanced landscaping features not indicated within the original reimbursement scope. The additional project improvements include enhanced landscaping and irrigation of the interior and exterior of the basin, relocation of the existing fence, minor grading, sidewalk, and concrete drive approaches. The developer has now submitted all costs for the storm basin improvements for reimbursement by the City. Engineering staff and the City's Development Reimbursement Review Committee have reviewed McMillin's submittals and determined that the reimbursement should be in the amount of \$181,169.92. An amendment to the original reimbursement agreement has been drafted and is attached as Exhibit B.

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

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.

As part of the City's budget process, the City Council originally authorized \$100,000 as a capital improvement project for the construction of the South Cameron Creek storm drain basin. After reimbursements are made to the developer for street frontage improvements associated with the South Cameron Creek Unit No. 1 development (\$15,829.51), the project budget is deficient in the amount of \$96,999.43. Staff now requests that Council allocate additional funding from the Storm Sewer Construction Fund in the amount of \$96,999.43 to fund the South Cameron Creek storm drain basin improvements.

Prior Council/Board Actions:

Council approved the Final Map on March 6, 2006 and the Notice of Completion for the basin improvements on August 19, 2008

Committee/Commission Review and Actions:

Planning Commission approved the Tentative Map on May 10, 2004.
Developer Reimbursement Review Committee approved the reimbursement on December 10, 2008

Alternatives: None recommended

Attachments: Location Map

- Exhibit A – South Cameron Creek, Unit No. 2 Reimbursement Agreement for Supplemental Improvements dated March 7, 2006
- Exhibit B – Amendment No. 1 to Reimbursement Agreement

Recommended Motion (and Alternative Motions if expected): I motion to give the City Manager authorization to sign the amended reimbursement agreement, approve the reimbursement to McMillin Homes in the amount of \$181,169.92, and authorize the additional funding necessary from the Storm Sewer Construction Fund.

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: March 16, 2009

Agenda Item Number (Assigned by City Clerk):

Agenda Item Wording: Authorize Engineering Staff to apply for Safe Routes to School Program grant and authorize the Assistant Community Development Director (City Engineer) to sign the necessary applications for the Safe Routes to School Program.

Deadline for Action: April 15, 2009

Submitting Department: Community Development Department

Contact Name and Phone Number:

Chris Tavarez, Management Analyst 713-4540;
Chris Young, Assistant Community Development Director 713-4392

Department Recommendation: Authorize Engineering Staff to apply for 2008/2009 and 2009/2010 Safe Routes to School Program grants and authorize the City Engineer to sign the necessary forms for the Safe Routes to School Program application.

Department Discussion: The Engineering Department is working on two grant applications for the Safe Routes to School grant program. The projects are:

1. Houston Avenue from approximately Cain Street to Goddard Street. Construct curb, gutter and a class I pedestrian and bike path to enhance safety for children going to and from Golden Oak Elementary, Valley Oak Middle and Golden West High Schools. There is currently no sidewalk or paved path for children to use in most of this section of Houston Avenue. Staff is currently working on an Engineer's estimate to determine the estimated cost of the project for the grant application.
2. Construct LED lighted crosswalks with ADA compliant pedestrian ramps to enhance safety for children/families coming to and from elementary schools. The estimated cost of an individual lighted crosswalk is \$40,000 for a total of \$200,000 to be applied for. Schools impacted with proposed intersections are:
 - a. Cottonwood Creek – Packwood/County Center
 - b. Crowley – Court/Ferguson

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.

- c. Manuel F. Hernandez – Ferguson/Leila
- d. Mountain View – Beech/Court
- e. Royal Oaks – Tulare/Clover

City Staff met with Visalia Unified School District (VUSD) Staff to determine projects that are needed throughout the City. VUSD also polled the schools to find out what projects they thought were good projects to submit for Safe Routes to School grant. City staff looked at the requested projects and the issues involved and determined the two listed above are the best candidates at this time for the grant. Throughout the application process both staffs will continue to work together to enhance the grant applications.

The grant applications are due to Caltrans by April 15, 2009. The Safe Routes to School grants are 90% funded with 10% match required. Currently there are Measure R funds allocated by Council for improving school routes (project 8031), this funding would be used for the 10% match requirement. The grant is reimbursable so a Capital Improvement Program project will need to be allocated if the grant application is successful.

Prior Council/Board Actions: none

Committee/Commission Review and Actions: none

Alternatives: Not apply for Safe Routes to Schools grant(s)

Attachments: Location Maps for each grant application (6)

Recommended Motion (and Alternative Motions if expected): I move to authorize the Engineering Staff to apply for Safe Routes to School Program grants for 2008/09 and 2009/10 and authorize the City Engineer to sign the necessary applications for the Safe Routes to School Program.

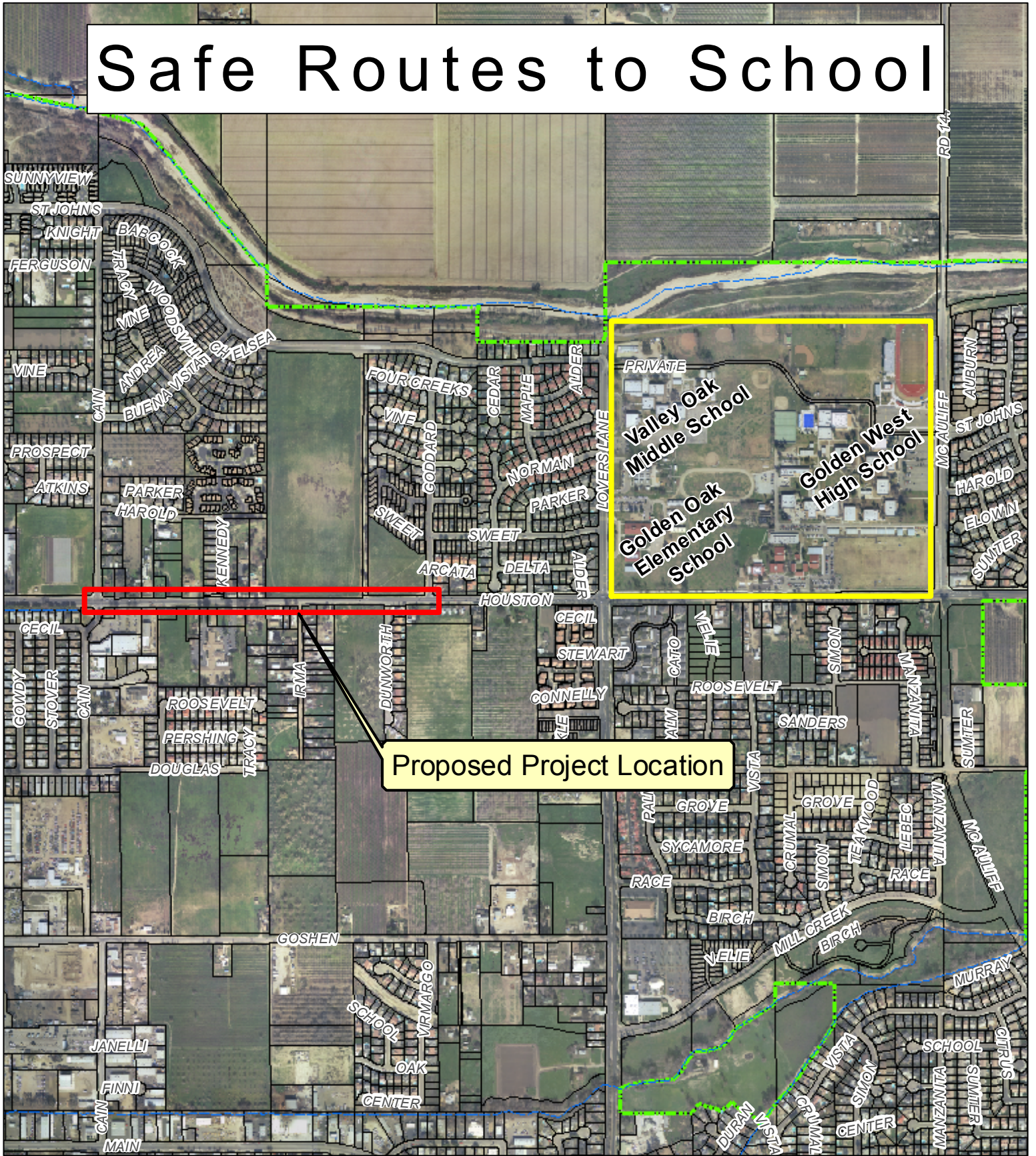
Environmental Assessment Status

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)*

Safe Routes to School

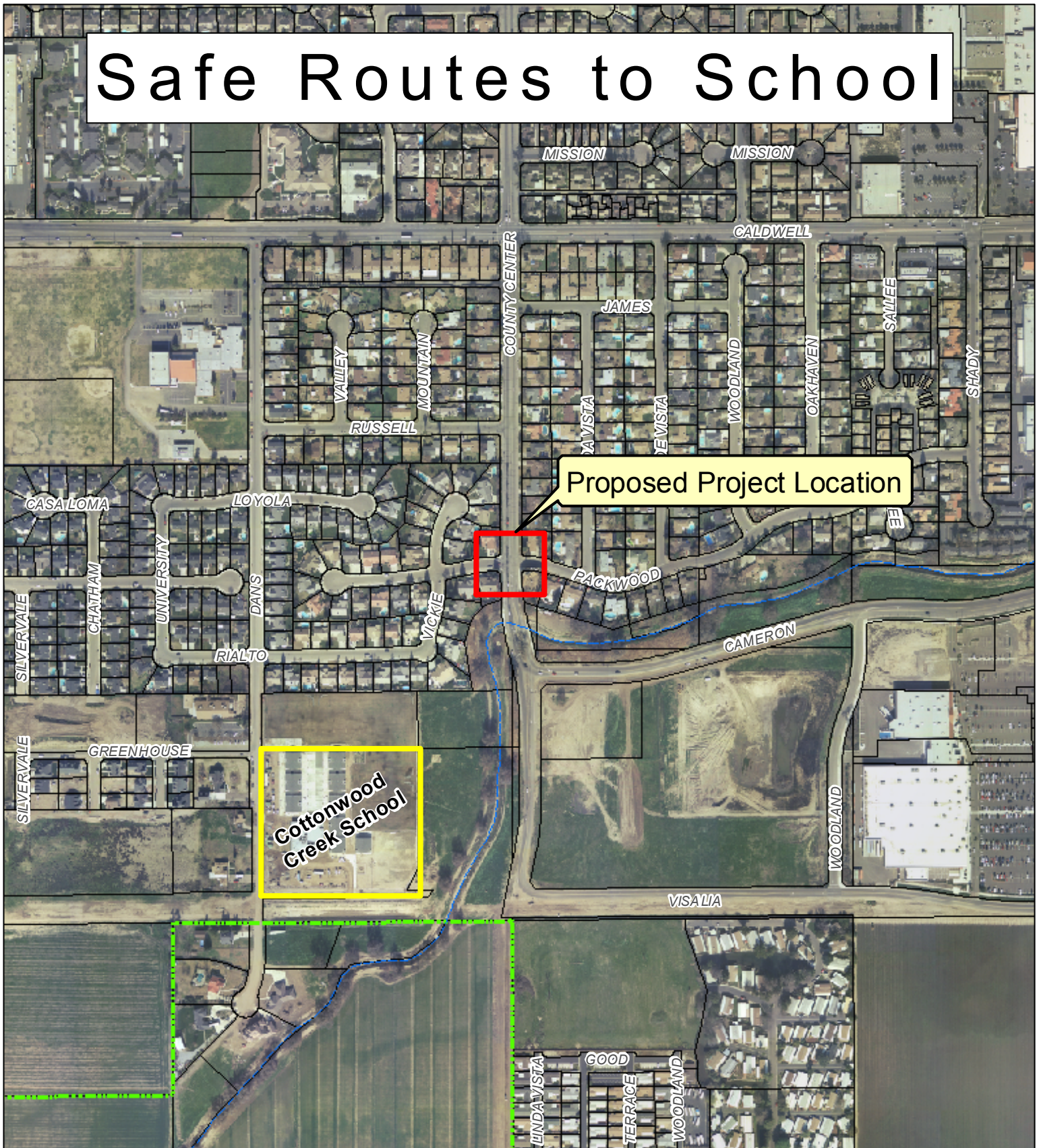


Houston Avenue
Cain Street to Goddard Street
Location Map



Attachment 1
Scale: 1"=1,000'

Safe Routes to School



Packwood and County Center
LED Crosswalk and Pedestrian Ramp
Location Map



Scale: 1"=500'

Safe Routes to School



Court and Ferguson
LED Crosswalk and Pedestrian Ramp
Location Map



Scale: 1"=500'

Safe Routes to School

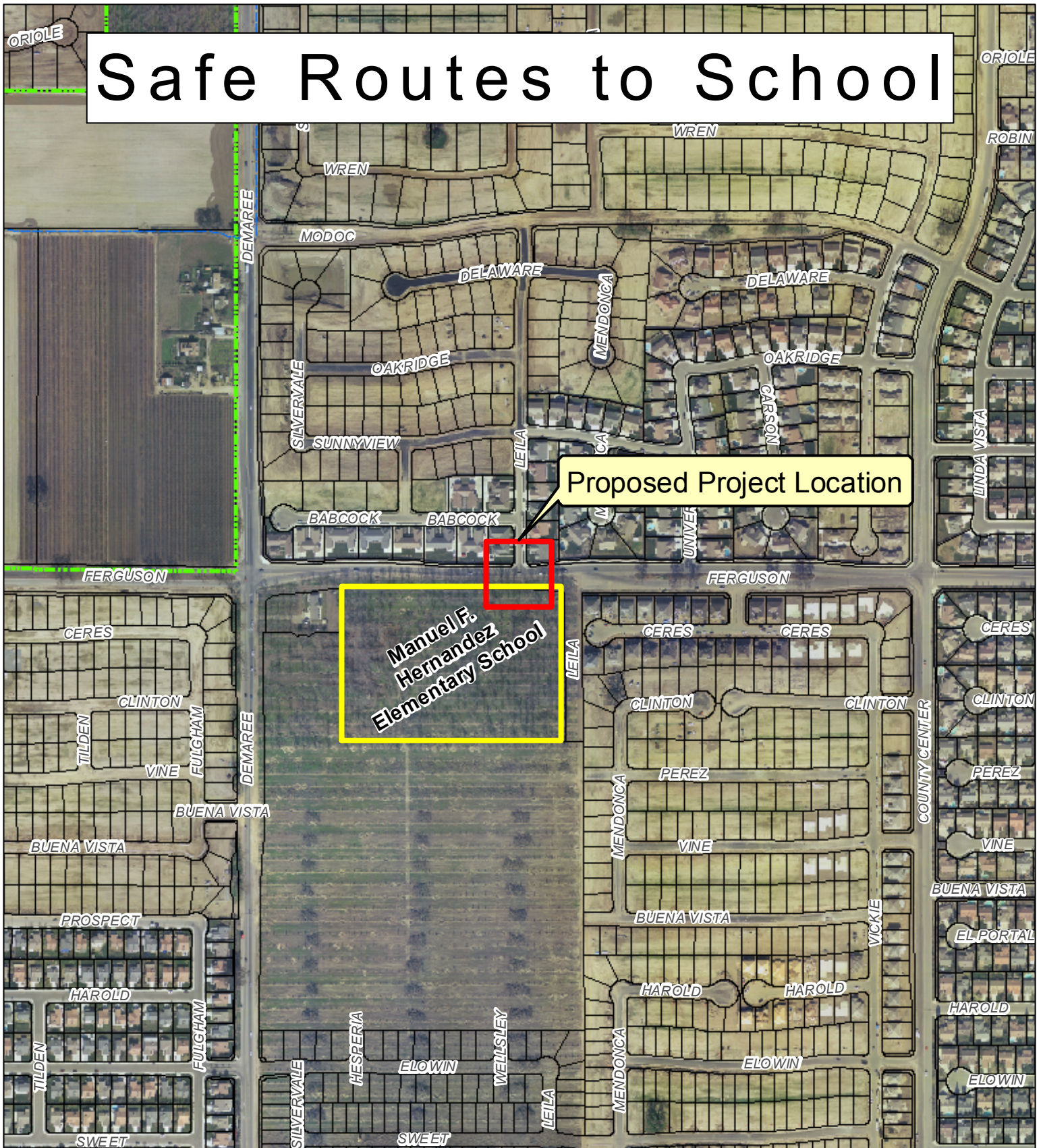


Beech and Court
LED Crosswalk and Pedestrian Ramp
Location Map



Scale: 1"=500'

Safe Routes to School



Ferguson and Leila
LED Crosswalk and Pedestrian Ramp
Location Map



Scale: 1"=500'

Safe Routes to School



Tulare and Clover
LED Crosswalk and Pedestrian Ramp
Location Map



Scale: 1"=500'

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 g

Agenda Item Wording: Award contract for the renovation of Village Park and the Wittman Center in northern Visalia (on Pearl Street) for the bid amount of \$190,800.00 to Dale Atkins Construction of Visalia in accordance with bid specifications RFB 08-09-18.

Deadline for Action: March 16, 2009

Submitting Department: Parks and Recreation Department

Contact Name and Phone Number:
Vincent Elizondo, Director of Parks & Recreation, 713-4367

Department Recommendation:

City staff recommends that Dale Atkins Construction of Visalia, CA. be awarded a contract for the renovation of Village Park and the Wittman Community Center located in northern Visalia (on Pearl Street) for the bid amount of \$190,800.00 in accordance with bid specifications of RFB 08-09-18.

Project Funding & Timelines:

On November 1, 2004, the City Council authorized staff to submit an application for a Proposition 40 competitive soccer grant to improve Village Park and the basketball gym at the Wittman Center. In November of 2005, the City received great news that it had been awarded a grant in the amount of \$224,518 for the renovation project. The City budgeted more than the required 30% match with \$99,857 of CDBG funds designated for the project. The total budgeted funding for the construction project was \$324,375. In addition, the City has a \$38,357 State conservation grant to purchase a play structure for the west side of the park (replacing the old playground equipment).

On February 20, 2007, the City Council formally rejected all bids for the project. The bids were opened on December 8, 2006 with just two bidders. The low bid amount was \$557,200 --- well over the budget of \$324,375.00.

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

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.

On May 21, 2007, the Council allocated an additional \$70,000 to the project from CDBG monies. The Council also directed City staff to re-scope and re-bid the project based on the new project budget of \$394,375.00.

Once the construction documents were revised by Canby Architecture Studio, the City requested formal approval (to re-bid) for the revised scope of work from the State of California in early spring 2008. The City received formal notification on July 28, 2008, that the planned revisions had been approved.

On November 19, 2008 and November 24, 2008, bids were solicited by advertising in the Visalia Times Delta and by mailing bid notices to contractors. In addition, the bid was also posted on Bid-Net. Bids for the Village Park-Wittman Center renovation project were received on January 6, 2009. Eleven (11) bidders participated in the process and the bids were very competitive. The low bid of \$190,800.00 provided by Dale Atkins Construction of Visalia was nearly \$120,000 below the engineer's estimate (Canby) of \$310,000.

It was stipulated in the bidding instructions that the contract award would be based on the lowest base bid. Therefore, Dale Atkins Construction is the lowest qualified bidder with a low base bid of \$190,800.00

Actual and anticipated expenses related to this project are estimated below:

Design Fees	\$ 28,000
Project Management	\$ 12,000
Advertising	\$ 1,600
Fees & Permits	\$ 325
Misc. Services	\$ 6,440
Project Contingency 15%	<u>\$ 28,620</u>
Total Additional Project Expenses	\$ 76,985

The Project Manager for the City has contacted three references for Dale Atkins Construction. All references were very positive about the work performed by Dale Atkins Construction on their specific projects.

We anticipate this project to be completed by September 1, 2009.

The Project:

The revised project eliminated the planned improvements to the courtyard area (fencing and gate, play equipment, demolition and colored concrete paving, planters and landscaping, tables and lighting).

The original scope of work, scheduled to be completed as part of this project, includes the renovation of the Village Park soccer (open space) area including a new irrigation system; new landscaping with trees; new lighting; outdoor basketball courts; and a new volleyball set-up on the basketball courts.

The gym remodel inside the Wittman Center includes the demolition of the concession stand and minor improvements in the existing kitchen. It includes the removal of the drop acoustical

ceiling and replacement with new light fixtures, new evaporative coolers, insulation in the exposed roof structure, improved code compliant drinking fountain, code compliant supports for an existing heater unit, accessibility improvements, painting and basketball equipment.

State of California Budget Crisis:

In the middle of the bid process for this project (December 2008), the City was notified by the State of California to “*suspend all bond-funded projects unless we can continue the project with non-state funding sources, such as private, local or federal funds*”. In addition, we were instructed to “*freeze all bond-related payments, including those funded out of Propositions 12 and 40*” related to the fiscal crisis facing the State of California. The Village Park renovation project is being partially funded by Proposition 40.

This unprecedented action by the State of California is impacting hundreds of Cities, and park projects, throughout the State of California.

The City fully anticipates that the State of California will *unfreeze* these funds in the coming months. But rather than lose this bid, and have to re-bid the project, the City feels it's appropriate and prudent to move forward with awarding the contract. The bid for this project will formally expire on April 6, 2009.

A worst case scenario is that the City would use all of the CDBG funds allocated for this project, roughly \$170,000, to pay for the majority of the costs related to this project and use general fund monies --- or more CDBG monies to pay for the balance of this project.

Prior Council Actions:

November 1, 2004, Council authorized staff to apply for a Proposition 40 competitive soccer grant.

February 20, 2007, Council authorized bid rejection.

May 21, 2007, Council authorized an additional \$70,000 of CDBG monies for the project and revised the scope of work for the project, eliminating some proposed courtyard improvements.

Attachments:

Bid Summary Sheet
Project Site Plan

Recommended Motion (and Alternative Motions if expected):

City staff recommends that Dale Atkins Construction of Visalia, CA be awarded a contract for the renovation of Village Park and the adjacent Wittman Community Center for the bid amount of \$190,800.00 in accordance with RFB-08-09-18.

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)*

City of Visalia Agenda Item Transmittal

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 h

Agenda Item Wording: Approve Citizen Advisory Committee's (CAC) recommended Public Opinion Survey

Deadline for Action: None

Submitting Department: Citizen Advisory Committee and Administrative Services

Contact Name and Phone Number: Nyla Hallum, CAC Public Opinion Survey Subcommittee Chair, Eric Frost, Administrative Services Director, x4474

Department Recommendation: That the Council approves the CAC's recommended Public Opinion Survey.

Summary/background: The Citizens Advisory Committee is charged by Council to conduct a Public Opinion Survey (POS). In the past, the survey has been conducted via telephone. However, the Council and the CAC have felt that the survey in recent years was not reaching certain portions of the City's population, namely younger individuals and residents north of 198, possibly due to the fact more people use cell phones and the phone list the City can obtain only includes land line telephones.

To address this problem, the CAC proposed to conduct the survey in person in front of businesses in different parts of the City. The CAC is seeking permission from a grocery store to conduct a pilot project at the end of March in order to determine if the in person survey method will work better than the phone surveys.

In regards to the survey form itself, the CAC sought input from departments and then revised the survey, streamlining the form and making some changes to help administer the survey. The revised survey and proposed changes are attached. Some highlights of the changes are:

- The first question asks what part of the City an individual lives. The strategy behind this question is that it will be a gatekeeper question. If someone does not live in the City, the survey taker will thank the individual for their time, and discontinue with the survey explaining that the Council is seeking representative responses from a cross section of the City. If the pollsters reach a desired number of responses from one area of the City, then no further surveys will be taken from that area also.

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.

- Several questions have been revised because the committee found that respondents were confused with the question and the information obtained did not appear meaningful. For example, one question asks if the respondent has had contact with a member of the Police Department. The question then asked if the individual was a dispatcher, police officer, records worker or something else. This question seemed to confuse people, detracting the survey taking process.
- A second open ended question was added at the end of the survey. The open ended questions tend to provide insight as to what is currently on the minds of people which would not be discovered in directed questions.
- An invitation to receive the City's Inside City Hall email newsletter is placed at the end of the survey.

The proposed survey (Attachment #1) and the survey showing all that has been changed (Attachment #2) are attached for Council's review.

Prior Council/Board Actions:

Committee/Commission Review and Actions:

Alternatives:

- Attachments:** #1 Proposed Survey
 #2 Proposed Survey showing changes

Recommended Motion (and Alternative Motions if expected): Approve the proposed 2009 Citizens Advisory Council Public Opinion Survey.

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: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 i

Agenda Item Wording: Appoint Brian Newton and Kimball Loeb to the Visalia Environmental Committee.

Deadline for Action: N/A

Submitting Department: Administration

Contact Name and Phone Number: Nathan Garza, 713-4532;
Leslie Caviglia, 713-4317

Department Recommendation

It is recommended that the Visalia City Council appoint Brian Newton and Kimball Loeb to terms beginning immediately and ending June 30, 2012.

Background

The Environmental Committee has reviewed the available applications and has interviewed the candidates. Based on this information, they recommended to the Citizen's Advisory Committee that Brian Newton and Kimball Loeb be appointed to fill two vacant positions on the Visalia Environmental Committee. The CAC reviewed the recommendation, and concurred with the Environmental Committee's recommendation.

Brian Newton has been a resident of Visalia for 29 years and is now retired after 31 years of teaching to elementary students. He has 25 years of experience as a member of the Tulare County Audubon Club and has been a member of the local Sierra Club for 22 years. He has also been a member of the Sequoia Riverlands Trust for 16 years, and is an alumna of the Citizens in the Know Committee. He is currently a member of the Tulare County Citizens for Responsible Growth and would like the opportunity to assist the Visalia Environmental Committee in implement positive environmental programs for the community.

Kimball Loeb has been an environmental consultant for over 20 years. He is a licensed California Professional Geologist, Certified Engineering Geologist, Certified Hydrogeologist and a registered Environmental Assessor. He serves on the local Sierra Club's Executive Committee and the Chamber of Commerce Governmental Affairs Committee. If appointed, he is interested in assisting the Visalia Environmental Committee address local environmental issues and natural resource conservation efforts.

Prior Council/Board Actions:

Committee/Commission Review and Actions:

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 : LBC 3909

Finance

City Atty

City Mgr

March, 2009 - Visalia Environmental Committee recommended applicants to the CAC.
March, 2009 – CAC reviewed and concurred with the Environmental Committee recommendation.

Alternatives:

Any of these positions could remain vacant

Attachments:

Applications

Recommended Motion (and Alternative Motions if expected):

I move to appoint Brian Newton and Kimball Loeb to the Visalia Environmental Committee to serve the recommended terms.

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*)

Member Dorothy Osak resigned November 18th 2008. With the appointment of Mr. Loeb and Mr. Newton there will be two remaining vacancies on the Visalia Environmental Committee. New appointments will be considered to fill the remaining vacancies

City of Visalia
Agenda Item Transmittal

Meeting Date: March 16, 2009

Agenda Item Number: 12j

Agenda Item Wording: Authorization to purchase one automated yard waste truck from Ruckstell Inc. for \$293,713 without competitive bids.

Deadline for Action:

Submitting Department: Public Works

Contact Name and Phone Number:

Andrew Benelli, Public Works Director, 713-4340;
Earl Nielsen, Public Works Manager, 713-4533

Department Recommendation:

It is recommended that Council approve the purchase of one automated (yard waste) truck to Ruckstell Inc. for the amount of \$293,713 without competitive bids. The new style truck is within the original budget amount and there is no need for any additional funding. The reason for this sole source request is in order to purchase a truck with a new container pickup system, receive some reductions in transport costs and facilitate an accelerated delivery timeframe.

Summary/background:

The fiscal year 2008/09 budget allocated funds to purchase and additional yard waste truck as a growth vehicle. The need for the growth vehicle was determined during the budget process by the high account growth over the last 3-4 years. Because of the increasingly large size of the routes, Solid Waste staff has recently divided and re-organized the routes to create an additional yard waste route and split route, and the growth Operator position has just recently been filled. The new employee is being trained and will operate one of the spare yard waste trucks until the new truck is received. An additional split container truck was previously ordered and has been received.

Solid waste maintains a standard reserve of vehicles or "spares" in operating condition. These trucks are the older trucks that have been replaced and still work. With the new route in place there are now 11 daily yard waste routes and the City's fleet has a total of 12 yard waste trucks and one multi-task truck (can pick up cans on either side or have items placed directly into the body –this truck is used for all of the curbside specials etc.) available to service the routes with. The split body trucks that pick up the split containers cannot be used for yard waste pickup. Fleet maintenance recommends maintaining a 30% reserve or backup of Solid Waste trucks so when a truck breaks down or is not in working condition, another truck is available for the driver to use. For Yard Waste, the number of reserve trucks needs to be at least three, and currently

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__

Review:

Dept. Head _____
(Initials & date required)

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

City Mgr _____
(Initials Required)

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there is only one actual yard waste reserve truck and one multi-task truck that can be used as yard waste reserve in emergencies. If more than two trucks break down in one day (which has happened in the past), there won't be enough trucks available to run all the routes and it will be difficult to service all of the customers; some customers may not get serviced and at the least some significant overtime will need to be worked as a truck will have to do double duty or the vacant route will have to be divided among the existing trucks. When this new truck is received, an older truck currently being used will be placed in a reserve status, giving us two backup yard waste trucks and the multi-task truck for a total of three backup trucks.

Automated (yard waste) Truck Sole Source Justification:

Staff is requesting to sole source the purchase of an automated (yard waste) truck to Ruckstell Inc., in order to purchase a truck with a new body/pick-up system from Rapid Rail, take advantage of circumstances to lower the cost of the truck and receive the truck much more quickly than normal. Ruckstell Inc. has been providing the City with automated bodies (split bodies and yard waste bodies) on most of the City's previous purchases, and has approached staff with an offer to fast track building this new automated (yard waste) truck, because Heil Inc. (the parent company that builds the body) wants to use the truck to show at the Waste Expo event in Las Vegas in June this year (this is a national vendor show for waste operations), as a new style truck with Compressed Natural Gas (CNG) fuel system and a Rapid Rail container pickup system. Heil has offered to pay for the transportation of the truck from the body assembly plant in Fort Payne Alabama to Las Vegas, saving the City \$5,000 in transportation costs that would normally be included in the cost of the truck (this amount will be deducted from the quoted price after the truck is shown at the Waste Expo). In order to make this work in such a short time frame, Ruckstell needs to order the cab and chassis immediately; they will directly order and receive the cab and chassis from Peterbilt to the City's specifications, fast track its delivery to the body plant in Alabama and get the truck assembled, then transport the truck to Las Vegas in time for Heil to show it at the Waste Expo. The advantages to the City are:

- A savings of \$5,000 in transportation costs.
- Delivery of the new truck in about three months instead of the normal 12 to 14 month timeframe.
- One contractor (Ruckstell) to work with (instead of two with the normal process of ordering the cab and chassis separately from the body) and the contractor will coordinate the whole process.

New Pick Up System

Staff has evaluated the Rapid Rail body and container pick up system and recommends purchasing it for this yard waste truck. Fresno uses this system on their trucks and likes it. The system uses a rail mechanism to grab and lift the containers instead of the conventional arms on a pivot system the current trucks have. Staff used a demo truck for a few days and found the Rapid Rail pick up system to be significantly faster than the grabber arms on a pivot, and the new system easily accommodates the yard waste containers. Fleet maintenance evaluated the new system and found there is also the potential for the Rapid Rail system to be more reliable and have less down time, as the current grabbers and arm system require a lot of maintenance and repair and are the part of the truck that breaks down the most.

Staff would like to try this new system on one truck now, and if it proves to be cost and maintenance effective, use it on all future automated (yard waste) trucks. The system cannot be used on split container trucks because of the special positioning of the container and Rapid Rail does not currently make a split container body.

Prior Council/Board Actions: none

Committee/Commission Review and Actions: none

Alternatives:

Attachments:

1) Quote from Ruckstell for one truck at \$293,713 including taxes and delivery. Quote includes statement of \$5,000 transportation cost savings if truck is shown the Waste Expo in Las Vegas.

Recommended Motion (and Alternative Motions if expected): Authorize the City Manager to purchase a solid waste truck from Ruckstell Inc. for \$293,713 with out soliciting competitive bids.

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*)

RUCKSTELL

CALIFORNIA SALES CO., INC.
P.O. Box 12543
Fresno, CA 93778

Estimate

Date	Estimate #
2/20/2009	0163

Name / Address
City of Visalia P.O. Box 5078 Attn: Purchasing Visalia, CA 93278-5078

Item	Description	Qty	Cost	Total
Retail	30 yd. Heil Rapid Rail as per City of Visalia spec. - Dual camera system - CNG Fuel system - Tool box - CNG tank cover 'D' rings & debris guard - Strobe - Pump drive line guard	1	155,987.49	155,987.49T
Retail	320 Peterbilt Chassis as per City of Visalia specs.	1	106,135.00	106,135.00T
Freight	Inbound	1	8,000.00	8,000.00
	** The City of Visalia will save approximately \$5,000.00 in freight for allowing Heil Environmental to display this unit in the Waste Expo in Las Vegas, Nevada on June 9th-11th.			

Thank you for your business.	Subtotal	\$270,122.49
	Sales Tax (9.0%)	\$23,591.02
	Total	\$293,713.51

Signature _____

Phone #	559-233-3277	Fax #	559-233-9844	E-mail	quote@ruckstell.com
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**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 k

Agenda Item Wording: Award a construction contract for the Ferguson Avenue Extension Project to the low bidder (R.J. Berry Jr. Inc.) in the amount of \$ 464,002.75 (Project # 1131/8060).

Deadline for Action: March 16, 2009

Submitting Department: Community Development Department/
Engineering Division

Contact Name and Phone Number:

Adam Ennis, Engineering Services Manager, 713-4323
Chris Young, Assistant Community Dev. Director – 713-4392

Department Recommendation: The Engineering division recommends that the City Council award the contract for the construction of Ferguson Avenue extension project (extending east of Mooney Blvd.) to the low bidder, R.J. Berry Jr., Inc. of Selma, California, in the amount of \$ 464,002.75. The engineer's estimate for this project was \$585,302.

Summary: A neighborhood public meeting was held on February 5th to discuss the project with area residents. The meeting was well attended and public comments were supportive of the project. City staff explained the scope of this project and answered all questions from the attendees.

This project involves the installation of two traffic lanes on Ferguson Avenue starting at approximately 870 feet west of Giddings Street and extending west to Mooney Boulevard (**see Exhibit "A"**). The project also includes the installation of signage and striping on Ferguson Avenue from Dinuba Boulevard to Mooney Boulevard (including bike lanes), crosswalks and a four-way stop at Mooney Boulevard. The project will provide a continuous roadway segment on Ferguson Avenue between Shirk Street and Bridge Street (east of Dinuba Boulevard).

This project will utilize a portion of an abandoned thirty foot wide irrigation district easement along the south side of Ferguson that has been "quit-claimed" to the City. This easement runs east and west parallel to the center line of Ferguson Avenue. Ten feet of this easement will be used to construct the block wall and sidewalk (owners will be required to quitclaim this ten feet to the City). The remaining twenty feet will be quitclaimed to the adjacent property owners (**see Exhibit "B"**).

The project plan also calls for the construction of a six foot and eight inch block wall along the south side of Ferguson Avenue from Mooney Boulevard to Divisadero Street (**see Exhibit "B"**).

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.): 2

Review:

Dept. Head _____
(Initials & date required)

Finance _____
City Atty N/A
(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.

The primary function of this 1154 lineal foot long wall will be to act as a sound “buffer”. The new wall will be constructed adjacent to the “new” property line (parallel to the existing north property line) of the existing homes on the south side of Ferguson Avenue. The wall construction is being specified as a separate bid line item. The wall will not be constructed without the unanimous consent of the eleven adjacent property owners because it only makes sense to construct the wall if it is continuous along the frontage. This process was explained, in detail, at the public meeting.

City staff will ask each property owner to agree to allow (in writing) the City to construct the improvements within the northern ten feet of the easement (block wall). Each property owner would agree to quitclaim the northern ten feet of the easement to the City. The City would quitclaim the southern twenty feet of the easement to the property owners. The block wall will not be constructed unless all eleven adjacent property owners agree to quitclaim the northern ten feet of the easement. The block wall is an individual line item in the bid document. It can be eliminated from the contract if necessary.

On December 9th, 2008, the City opened nineteen bids submitted for the proposed project. The results of the bid opening are as follows:

Contractor	Bid	Company location
1- R.J. BERRY	\$464,002.75	Selma, CA
2- Glen Wells Construction	\$466,324.82	Visalia, CA
3- JIM CRAWFORD	\$480,283.60	Clovis, CA
4- MARK HOFFMAN GEN.	\$508,511.42	Tulare, CA
5- JWT GENERAL ENG.	\$514,975.60	Clovis, CA
6- GALANTE BROS. ENT., INC.	\$523,699.08	Visalia, CA
7- GARCIA PAVING COMP., INC.	\$531,708.20	Fresno, CA
8- Gill Reeves Co., Inc.	\$532,331.18	Visalia, CA
9- DON BERRY CONST., INC.	\$542,672.00	Selma, CA
10-CENTRAL VALLEY ASPHALT	\$544,049.71	Lindsay, CA
11- LOCKWOOD	\$573,848.50	Visalia, CA
12- GRUCO CONST.	\$587,581.50	Fresno, CA
13- GARRETT CONST., INC.	\$589,854.00	Fresno, CA
14- YARBS ENTERPRISE	\$600,940.00	Fresno, CA
15- SEAL RITE	\$612,463.00	Clovis, CA
16- AMERICAN PAVING CO.	\$614,899.00	Fresno, CA
17- HENDERSON CONST.	\$621,618.00	Fresno, CA

	0	
18-EMMETT'S EXCAVATION	\$630,622.2 0	Clovis, CA
19- LEE'S PAVING	\$694,356.3 0	Visalia, CA

City staff has verified that R.J. Berry, Inc. has satisfactorily completed numerous roadway projects for the City of Visalia and others in the lower San Joaquin Valley area.

This project is funded through Measure R (local streets). The project is budgeted for in the FY (08/09) and was included in mid-year budget approved by the City Council earlier last year. Start of construction is scheduled for March '09. The construction schedule may be influenced by the weather, but the completion of construction is tentatively scheduled for May '09.

Prior Council/Board Actions: On May 19th, 2008, Council approved bidding this project without the requirement for the payment of prevailing wages pursuant to Resolution No. 83-02. At the same meeting, Council accepted an irrevocable offer of dedication to acquire the northern half of the street right-of-way.

Committee/Commission Review and Actions: None.

Alternatives: Do not award contract.

Attachments: Exhibit "A" – Project Location Map,
Exhibit "B" – Ferguson Ave. Extension (detail of easement)
Exhibit "C" - Bid Opening Spreadsheets
Exhibit "D" - Ownership Disclosure

Recommended Motion: I move to award a construction contract for the Ferguson Avenue Extension Project to the low bidder, R.J. Berry Jr. Inc., in the amount of \$464,002.75 (Project # 1131/8060).

Financial Impact

Funding Source:

Account Number: 1131-00000-720000-0-8060

Budget Recap:

Total Estimated cost: \$ 505,000	New Revenue: \$
Amount Budgeted: \$ 540,000	Lost Revenue: \$
New funding required: \$None	New Personnel: \$
Council Policy Change: Yes ___	No <u>X</u>

Copies of this report have been provided to:

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)

Environmental Assessment Status

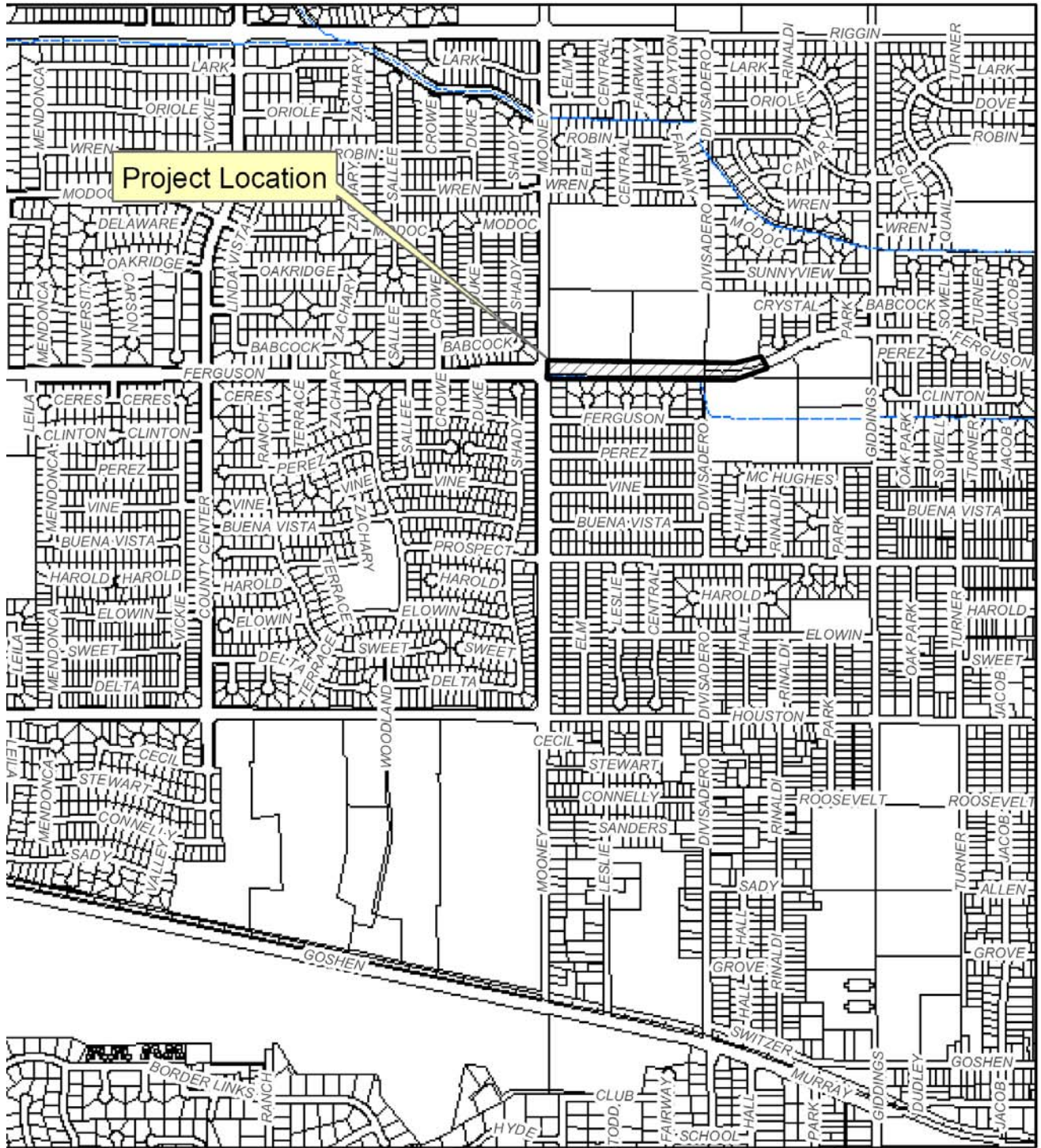
CEQA Review:

	Required?	Yes	X	No	
	Review and Action:		Prior:	Negative Declaration per Initial Study 04-85	
			Required:		

NEPA Review:

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

Exhibit "A"



**Ferguson Ave. Extension to Mooney Blvd.
Vicinity Map**



Scale: 1"=1000'

Exhibit "C"

"Detailed Bid results"

Page 1 A

		BIDDERS NAMES							
				ENGINEERS		R. J. BERRY		Glen Wells Construction	
ITEMS		UNIT	QTY	ESTIMATE		BID AMOUNT		BID AMOUNT	
				UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL
FERGUSON AVENUE EXTENSION TO MOONEY BLVD. PROJECT:									
1	Traffic Control/Construction Area Signs.	1	LS	N/A	\$ 4,000.00	\$ 5,150.00	\$ 5,150.00	\$ 1,575.00	\$ 1,575.00
2	6' 8" TALL Concrete Blockwall with Std. Ftg	1154	LF	\$ 92.00	\$ 106,168.00	\$ 46.00	\$ 53,084.00	\$ 57.75	\$ 66,643.50
3	Clearing, Grubbing & Trees removal	1	LS	N/A	\$ 15,000.00	\$ 27,876.00	\$ 27,876.00	\$ 17,976.00	\$ 17,976.00
4	Saw cut existing Asphalt	200	LF	\$ 2.00	\$ 400.00	\$ 2.50	\$ 500.00	\$ 1.31	\$ 262.00
5	Roadway excavation	1	LS	\$ 9,000.00	\$ 9,000.00	\$ 17,500.00	\$ 17,500.00	\$ 719.00	\$ 719.00
6	Earthwork and grading	8800	YD	\$ 2.50	\$ 22,000.00	\$ 6.00	\$ 52,800.00	\$ 4.44	\$ 39,072.00
7	Asphalt Concrete	1670	TON	\$ 75.00	\$ 125,250.00	\$ 75.00	\$ 125,250.00	\$ 90.40	\$ 150,968.00
8	Aggregate Base, Class II	4210	TON	\$ 40.00	\$ 168,400.00	\$ 18.50	\$ 77,885.00	\$ 20.12	\$ 84,705.20
9	24" curb and gutter	1190	LF	\$ 20.00	\$ 23,800.00	\$ 8.50	\$ 10,115.00	\$ 10.38	\$ 12,352.20
10	35' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 3,500.00	\$ 3,500.00	\$ 2,800.00	\$ 2,800.00	\$ 2,987.00	\$ 2,987.00
11	20' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 2,500.00	\$ 2,500.00	\$ 1,650.00	\$ 1,650.00	\$ 1,522.00	\$ 1,522.00
12	5' wide Sidewalk	5701	SF	\$ 4.00	\$ 22,804.00	\$ 2.75	\$ 15,677.75	\$ 2.42	\$ 13,796.42
13	Striping and Signage	1	LS	N/A	\$ 14,000.00	\$ 38,000.00	\$ 38,000.00	\$ 34,499.50	\$ 34,499.50
14	Installed Barricades	2	EA	\$ 2,000.00	\$ 4,000.00	\$ 1,250.00	\$ 2,500.00	\$ 787.50	\$ 1,575.00
15	City Standard Drain Inlet	4	EA	\$ 3,800.00	\$ 15,200.00	\$ 1,650.00	\$ 6,600.00	\$ 1,260.00	\$ 5,040.00
16	Adjust Manhole to Finish Garde	6	EA	\$ 600.00	\$ 3,600.00	\$ 750.00	\$ 4,500.00	\$ 420.00	\$ 2,520.00
17	Relocate 12" Irrigation Line (C-900 PVC)	98	LF	\$ 60.00	\$ 5,880.00	\$ 40.00	\$ 3,920.00	\$ 39.90	\$ 3,910.20
	Street lights	5	EA	N/A	\$ -	\$ -	\$ -	\$ -	\$ -
19	Street lights conduits	1500	LF	\$ 10.00	\$ 15,000.00	\$ 6.50	\$ 9,750.00	\$ 7.87	\$ 11,805.00
20	SWPPP report and implementations	1	LS	N/A	\$ 7,200.00	\$ 1,000.00	\$ 1,000.00	\$ 2,677.50	\$ 2,677.50
21	Traffic Signal Conduit	80	LF	\$ 30.00	\$ 2,400.00	\$ 9.50	\$ 760.00	\$ 4.72	\$ 377.60
22	Irrigation conduits/sleeves	80	LF	\$ 30.00	\$ 2,400.00	\$ 12.00	\$ 960.00	\$ 4.72	\$ 377.60
23	48" X 54" Edison Approved Transformer Pad	1	EA	\$ 4,500.00	\$ 4,500.00	\$ 500.00	\$ 500.00	\$ 525.00	\$ 525.00
24	Water Pollution Control Implementation	1	LS	\$ 8,000.00	\$ 8,000.00	\$ 5,000.00	\$ 5,000.00	\$ 9,998.10	\$ 9,998.10
25	Rip Rap	3	CY	\$ 100.00	\$ 300.00	\$ 75.00	\$ 225.00	\$ 147.00	\$ 441.00
		Subtotal =			\$ 585,302.00		\$ 464,002.75		\$ 466,324.82

BIDDERS NAMES

ITEMS	UNIT	QTY	ENGINEERS		JIM CRAWFORD		MARK HOFFMAN GEN. ENG.		JWT GENERAL ENG. INC.		
			ESTIMATE		BID AMOUNT		BID AMOUNT		BID AMOUNT		
			UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	
FERGUSON AVENUE EXTENSION TO MOONEY BLVD. PROJECT:											
1	Traffic Control/Construction Area Signs.	1	LS	N/A	\$ 4,000.00	\$ 15,000.00	\$ 15,000.00	\$ 4,604.21	\$ 4,604.21	\$ 16,000.00	\$ 16,000.00
2	6' 8" TALL Concrete Blockwall with Std. Ftg	1154	LF	\$ 92.00	\$ 106,168.00	\$ 56.00	\$ 64,624.00	\$ 62.30	\$ 71,894.20	\$ 59.00	\$ 68,086.00
3	Clearing, Grubbing & Trees removal	1	LS	N/A	\$ 15,000.00	\$ 19,500.00	\$ 19,500.00	\$ 17,560.56	\$ 17,560.56	\$ 23,900.00	\$ 23,900.00
4	Saw cut existing Asphalt	200	LF	\$ 2.00	\$ 400.00	\$ 1.00	\$ 200.00	\$ 1.07	\$ 214.00	\$ 2.00	\$ 400.00
5	Roadway excavation	1	LS	\$ 9,000.00	\$ 9,000.00	\$ 21,000.00	\$ 21,000.00	\$ 6,321.63	\$ 6,321.63	\$ 35,600.00	\$ 35,600.00
6	Earthwork and grading	8800	YD	\$ 2.50	\$ 22,000.00	\$ 1.70	\$ 14,960.00	\$ 3.60	\$ 31,680.00	\$ 1.45	\$ 12,760.00
7	Asphalt Concrete	1670	TON	\$ 75.00	\$ 125,250.00	\$ 74.00	\$ 123,580.00	\$ 82.43	\$ 137,658.10	\$ 82.50	\$ 137,775.00
8	Aggregate Base, Class II	4210	TON	\$ 40.00	\$ 168,400.00	\$ 19.60	\$ 82,516.00	\$ 23.02	\$ 96,914.20	\$ 20.10	\$ 84,621.00
9	24" curb and gutter	1190	LF	\$ 20.00	\$ 23,800.00	\$ 8.20	\$ 9,758.00	\$ 11.68	\$ 13,899.20	\$ 13.00	\$ 15,470.00
10	35' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 3,500.00	\$ 3,500.00	\$ 2,700.00	\$ 2,700.00	\$ 3,561.96	\$ 3,561.96	\$ 4,000.00	\$ 4,000.00
11	20' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 2,500.00	\$ 2,500.00	\$ 1,550.00	\$ 1,550.00	\$ 1,962.53	\$ 1,962.53	\$ 2,500.00	\$ 2,500.00
12	5' wide Sidewalk	5701	SF	\$ 4.00	\$ 22,804.00	\$ 2.60	\$ 14,822.60	\$ 3.13	\$ 17,844.13	\$ 3.60	\$ 20,523.60
13	Striping and Signage	1	LS	N/A	\$ 14,000.00	\$ 37,230.00	\$ 37,230.00	\$ 41,572.52	\$ 41,572.52	\$ 38,000.00	\$ 38,000.00
14	Installed Barricades	2	EA	\$ 2,000.00	\$ 4,000.00	\$ 1,050.00	\$ 2,100.00	\$ 551.30	\$ 1,102.60	\$ 1,500.00	\$ 3,000.00
15	City Standard Drain Inlet	4	EA	\$ 3,800.00	\$ 15,200.00	\$ 3,600.00	\$ 14,400.00	\$ 4,753.60	\$ 19,014.40	\$ 2,500.00	\$ 10,000.00
16	Adjust Manhole to Finish Garde	6	EA	\$ 600.00	\$ 3,600.00	\$ 480.00	\$ 2,880.00	\$ 339.88	\$ 2,039.28	\$ 500.00	\$ 3,000.00
17	Relocate 12" Irrigation Line (C-900 PVC)	98	LF	\$ 60.00	\$ 5,880.00	\$ 41.00	\$ 4,018.00	\$ 60.63	\$ 5,941.74	\$ 80.00	\$ 7,840.00
	Street lights	5	EA	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Street lights conduits	1500	LF	\$ 10.00	\$ 15,000.00	\$ 18.50	\$ 27,750.00	\$ 14.34	\$ 21,510.00	\$ 12.00	\$ 18,000.00
20	SWPPP report and implementations	1	LS	N/A	\$ 7,200.00	\$ 2,600.00	\$ 2,600.00	\$ 4,940.92	\$ 4,940.92	\$ 1,500.00	\$ 1,500.00
21	Traffic Signal Conduit	80	LF	\$ 30.00	\$ 2,400.00	\$ 49.00	\$ 3,920.00	\$ 20.93	\$ 1,674.40	\$ 40.00	\$ 3,200.00
22	Irrigation conduits/sleeves	80	LF	\$ 30.00	\$ 2,400.00	\$ 15.00	\$ 1,200.00	\$ 20.57	\$ 1,645.60	\$ 35.00	\$ 2,800.00
23	48" X 54" Edison Approved Transformer Pad	1	EA	\$ 4,500.00	\$ 4,500.00	\$ 1,250.00	\$ 1,250.00	\$ 2,123.50	\$ 2,123.50	\$ 1,500.00	\$ 1,500.00
24	Water Pollution Control Implementation	1	LS	\$ 8,000.00	\$ 8,000.00	\$ 2,500.00	\$ 2,500.00	\$ 1,393.90	\$ 1,393.90	\$ 1,500.00	\$ 1,500.00
25	Rip Rap	3	CY	\$ 100.00	\$ 300.00	\$ 75.00	\$ 225.00	\$ 479.28	\$ 1,437.84	\$ 1,000.00	\$ 3,000.00
			Subtotal =		\$ 585,302.00		\$ 470,283.60		\$ 508,511.42		\$ 514,975.60

BIDDERS NAMES

ITEMS	UNIT	QTY	ENGINEERS		GALANTE BROS. ENT., INC.		GARCIA PAVING COMP., INC.		Gill Reeves Co., Inc.		
			ESTIMATE		BID AMOUNT		BID AMOUNT		BID AMOUNT		
			UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	
FERGUSON AVENUE EXTENSION TO MOONEY BLVD. PROJECT:											
1	Traffic Control/Construction Area Signs.	1	LS	N/A	\$ 4,000.00	\$ 4,200.00	\$ 4,200.00	\$ 2,160.00	\$ 2,160.00	\$ 12,940.00	\$ 12,940.00
2	6' 8" TALL Concrete Blockwall with Std. Ftg	1154	LF	\$ 92.00	\$ 106,168.00	\$ 60.50	\$ 69,817.00	\$ 59.50	\$ 68,663.00	\$ 57.75	\$ 66,643.50
3	Clearing, Grubbing & Trees removal	1	LS	N/A	\$ 15,000.00	\$ 18,035.00	\$ 18,035.00	\$ 13,550.00	\$ 13,550.00	\$ 16,920.00	\$ 16,920.00
4	Saw cut existing Asphalt	200	LF	\$ 2.00	\$ 400.00	\$ 1.00	\$ 200.00	\$ 3.24	\$ 648.00	\$ 2.60	\$ 520.00
5	Roadway excavation	1	LS	\$ 9,000.00	\$ 9,000.00	\$ 14,275.00	\$ 14,275.00	\$ 32,041.00	\$ 32,041.00	\$ 40,000.00	\$ 40,000.00
6	Earthwork and grading	8800	YD	\$ 2.50	\$ 22,000.00	\$ 4.95	\$ 43,560.00	\$ 1.40	\$ 12,320.00	\$ 3.00	\$ 26,400.00
7	Asphalt Concrete	1670	TON	\$ 75.00	\$ 125,250.00	\$ 93.50	\$ 156,145.00	\$ 81.00	\$ 135,270.00	\$ 97.00	\$ 161,990.00
8	Aggregate Base, Class II	4210	TON	\$ 40.00	\$ 168,400.00	\$ 21.86	\$ 92,030.60	\$ 32.00	\$ 134,720.00	\$ 25.00	\$ 105,250.00
9	24" curb and gutter	1190	LF	\$ 20.00	\$ 23,800.00	\$ 8.40	\$ 9,996.00	\$ 21.00	\$ 24,990.00	\$ 10.00	\$ 11,900.00
10	35' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 3,500.00	\$ 3,500.00	\$ 2,904.00	\$ 2,904.00	\$ 4,160.00	\$ 4,160.00	\$ 2,772.00	\$ 2,772.00
11	20' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 2,500.00	\$ 2,500.00	\$ 1,650.00	\$ 1,650.00	\$ 2,800.00	\$ 2,800.00	\$ 1,575.00	\$ 1,575.00
12	5' wide Sidewalk	5701	SF	\$ 4.00	\$ 22,804.00	\$ 2.68	\$ 15,278.68	\$ 4.20	\$ 23,944.20	\$ 3.01	\$ 17,160.01
13	Striping and Signage	1	LS	N/A	\$ 14,000.00	\$ 41,495.00	\$ 41,495.00	\$ 38,000.00	\$ 38,000.00	\$ 38,071.95	\$ 38,071.95
14	Installed Barricades	2	EA	\$ 2,000.00	\$ 4,000.00	\$ 1,000.00	\$ 2,000.00	\$ 1,600.00	\$ 3,200.00	\$ 950.00	\$ 1,900.00
15	City Standard Drain Inlet	4	EA	\$ 3,800.00	\$ 15,200.00	\$ 1,350.00	\$ 5,400.00	\$ 2,500.00	\$ 10,000.00	\$ 1,300.00	\$ 5,200.00
16	Adjust Manhole to Finish Garde	6	EA	\$ 600.00	\$ 3,600.00	\$ 431.00	\$ 2,586.00	\$ 480.00	\$ 2,880.00	\$ 415.00	\$ 2,490.00
17	Relocate 12" Irrigation Line (C-900 PVC)	98	LF	\$ 60.00	\$ 5,880.00	\$ 49.50	\$ 4,851.00	\$ 80.00	\$ 7,840.00	\$ 41.14	\$ 4,031.72
	Street lights	5	EA	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Street lights conduits	1500	LF	\$ 10.00	\$ 15,000.00	\$ 14.56	\$ 21,840.00	\$ 2.50	\$ 3,750.00	\$ 6.45	\$ 9,675.00
20	SWPPP report and implementations	1	LS	N/A	\$ 7,200.00	\$ 3,850.00	\$ 3,850.00	\$ 3,200.00	\$ 3,200.00	\$ 2,500.00	\$ 2,500.00
21	Traffic Signal Conduit	80	LF	\$ 30.00	\$ 2,400.00	\$ 11.12	\$ 889.60	\$ 1.40	\$ 112.00	\$ 9.40	\$ 752.00
22	Irrigation conduits/sleeves	80	LF	\$ 30.00	\$ 2,400.00	\$ 9.14	\$ 731.20	\$ 16.00	\$ 1,280.00	\$ 12.00	\$ 960.00
23	48" X 54" Edison Approved Transformer Pad	1	EA	\$ 4,500.00	\$ 4,500.00	\$ 1,540.00	\$ 1,540.00	\$ 2,500.00	\$ 2,500.00	\$ 500.00	\$ 500.00
24	Water Pollution Control Implementation	1	LS	\$ 8,000.00	\$ 8,000.00	\$ 9,975.00	\$ 9,975.00	\$ 3,200.00	\$ 3,200.00	\$ 2,000.00	\$ 2,000.00
25	Rip Rap	3	CY	\$ 100.00	\$ 300.00	\$ 150.00	\$ 450.00	\$ 160.00	\$ 480.00	\$ 60.00	\$ 180.00
			Subtotal =		\$ 585,302.00		\$ 523,699.08		\$ 531,708.20		\$ 532,331.18

BIDDERS NAMES											
ITEMS	UNIT	QTY	ENGINEERS		DON BERRY CONST., INC.		CENTRAL VALLEY ASPHALT		LOCKWOOD		
			ESTIMATE		BID AMOUNT		BID AMOUNT		BID AMOUNT		
			UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	
FERGUSON AVENUE EXTENSION TO MOONEY BLVD. PROJECT:											
1	Traffic Control/Construction Area Signs.	1	LS	N/A	\$ 4,000.00	\$ 3,700.00	\$ 3,700.00	\$ 2,350.00	\$ 2,350.00	\$ 5,800.00	\$ 5,800.00
2	6' 8" TALL Concrete Blockwall with Std. Ftg	1154	LF	\$ 92.00	\$ 106,168.00	\$ 61.50	\$ 70,971.00	\$ 70.75	\$ 81,645.50	\$ 60.00	\$ 69,240.00
3	Clearing, Grubbing & Trees removal	1	LS	N/A	\$ 15,000.00	\$ 37,600.00	\$ 37,600.00	\$ 29,500.00	\$ 29,500.00	\$ 15,250.00	\$ 15,250.00
4	Saw cut existing Asphalt	200	LF	\$ 2.00	\$ 400.00	\$ 1.00	\$ 200.00	\$ 4.00	\$ 800.00	\$ 3.00	\$ 600.00
5	Roadway excavation	1	LS	\$ 9,000.00	\$ 9,000.00	\$ 17,000.00	\$ 17,000.00	\$ 35,000.00	\$ 35,000.00	\$ 26,000.00	\$ 26,000.00
6	Earthwork and grading	8800	YD	\$ 2.50	\$ 22,000.00	\$ 5.15	\$ 45,320.00	\$ 3.10	\$ 27,280.00	\$ 5.00	\$ 44,000.00
7	Asphalt Concrete	1670	TON	\$ 75.00	\$ 125,250.00	\$ 75.75	\$ 126,502.50	\$ 80.25	\$ 134,017.50	\$ 105.00	\$ 175,350.00
8	Aggregate Base, Class II	4210	TON	\$ 40.00	\$ 168,400.00	\$ 21.00	\$ 88,410.00	\$ 28.20	\$ 118,722.00	\$ 27.10	\$ 114,091.00
9	24" curb and gutter	1190	LF	\$ 20.00	\$ 23,800.00	\$ 13.78	\$ 16,398.20	\$ 11.00	\$ 13,090.00	\$ 12.24	\$ 14,565.60
10	35' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 3,500.00	\$ 3,500.00	\$ 4,700.00	\$ 4,700.00	\$ 4,125.00	\$ 4,125.00	\$ 3,103.00	\$ 3,103.00
11	20' Radius Curb Return w/ Handicap Ramps	1	EA	\$ 2,500.00	\$ 2,500.00	\$ 2,100.00	\$ 2,100.00	\$ 3,300.00	\$ 3,300.00	\$ 2,012.00	\$ 2,012.00
12	5' wide Sidewalk	5701	SF	\$ 4.00	\$ 22,804.00	\$ 5.30	\$ 30,215.30	\$ 3.19	\$ 18,186.19	\$ 2.90	\$ 16,532.90
13	Striping and Signage	1	LS	N/A	\$ 14,000.00	\$ 38,400.00	\$ 38,400.00	\$ 34,494.00	\$ 34,494.00	\$ 29,613.00	\$ 29,613.00
14	Installed Barricades	2	EA	\$ 2,000.00	\$ 4,000.00	\$ 2,200.00	\$ 4,400.00	\$ 900.00	\$ 1,800.00	\$ 900.00	\$ 1,800.00
15	City Standard Drain Inlet	4	EA	\$ 3,800.00	\$ 15,200.00	\$ 4,300.00	\$ 17,200.00	\$ 1,386.00	\$ 5,544.00	\$ 2,777.00	\$ 11,108.00
16	Adjust Manhole to Finish Garde	6	EA	\$ 600.00	\$ 3,600.00	\$ 800.00	\$ 4,800.00	\$ 462.00	\$ 2,772.00	\$ 647.00	\$ 3,882.00
17	Relocate 12" Irrigation Line (C-900 PVC)	98	LF	\$ 60.00	\$ 5,880.00	\$ 55.00	\$ 5,390.00	\$ 43.89	\$ 4,301.22	\$ 87.00	\$ 8,526.00
	Street lights	5	EA	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	Street lights conduits	1500	LF	\$ 10.00	\$ 15,000.00	\$ 11.70	\$ 17,550.00	\$ 8.69	\$ 13,035.00	\$ 12.50	\$ 18,750.00
20	SWPPP report and implementations	1	LS	N/A	\$ 7,200.00	\$ 1,100.00	\$ 1,100.00	\$ 2,550.00	\$ 2,550.00	\$ 3,250.00	\$ 3,250.00
21	Traffic Signal Conduit	80	LF	\$ 30.00	\$ 2,400.00	\$ 37.00	\$ 2,960.00	\$ 5.23	\$ 418.40	\$ 40.00	\$ 3,200.00
22	Irrigation conduits/sleeves	80	LF	\$ 30.00	\$ 2,400.00	\$ 16.00	\$ 1,280.00	\$ 5.23	\$ 418.40	\$ 18.00	\$ 1,440.00
23	48" X 54" Edison Approved Transformer Pad	1	EA	\$ 4,500.00	\$ 4,500.00	\$ 2,100.00	\$ 2,100.00	\$ 577.50	\$ 577.50	\$ 2,285.00	\$ 2,285.00
24	Water Pollution Control Implementation	1	LS	\$ 8,000.00	\$ 8,000.00	\$ 3,700.00	\$ 3,700.00	\$ 9,322.00	\$ 9,322.00	\$ 2,850.00	\$ 2,850.00
25	Rip Rap	3	CY	\$ 100.00	\$ 300.00	\$ 225.00	\$ 675.00	\$ 267.00	\$ 801.00	\$ 200.00	\$ 600.00
			Subtotal =		\$ 585,302.00		\$ 542,672.00		\$ 544,049.71		\$ 573,848.50

BIDDERS NAMES											
ITEMS	UNIT	QTY	ENGINEERS		GRUCO CONST.		GARRETT CONST., INC.		YARBS ENTERPRISE		
			ESTIMATE		BID AMOUNT		BID AMOUNT		BID AMOUNT		
			UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	
FERGUSON AVENUE EXTENSION TO MOONEY BLVD. PROJECT:											

BIDDERS NAMES

ITEMS	UNIT	QTY	ENGINEERS		SEAL RITE		AMERICAN PAVING CO.		HENDERSON CONST.		
			ESTIMATE		BID AMOUNT		BID AMOUNT		BID AMOUNT		
			UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	
FERGUSON AVENUE EXTENSION TO MOONEY BLVD. PROJECT:											
1	Traffic Control/Construction Area Signs.	1	LS	N/A	\$ 4,000.00	\$ 5,150.00	\$ 5,150.00	\$ 51,000.00	\$ 51,000.00	\$ 46,000.00	\$ 46,000.00
2	6' 8" TALL Concrete Blockwall with Std. Ftg	1154	LF	\$ 92.00	\$ 106,168.00	\$ 57.05	\$ 65,835.70	\$ 61.00	\$ 70,394.00	\$ 90.00	\$ 103,860.00
3	Clearing, Grubbing & Trees removal	1	LS	N/A	\$ 15,000.00	\$ 54,365.02	\$ 54,365.02	\$ 28,500.00	\$ 28,500.00	\$ 73,000.00	\$ 73,000.00

												BIDDERS NAMES										
												ENGINEERS		EMMETT'S EXCAVATION		LEE'S PAVING		BIDDER				
ITEMS												UNIT	QTY	ESTIMATE		BID AMOUNT		BID AMOUNT		BID AMOUNT		
														UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	UNIT COST	TOTAL	
FERGUSON AVENUE EXTENSION TO MOONEY BLVD. PROJECT:																						
1	Traffic Control/Construction Area Signs.											1	LS	N/A	\$ 4,000.00	\$ 4,050.00	\$ 4,050.00	\$ 10,000.00	\$ 10,000.00			\$ -



Exhibit "D"

**CITY OF VISALIA
Disclosure Contractors and Consultants**


NAMES OF PRINCIPALS, PARTNERS, AND/OR TRUSTEES:

Firm Name R. J. Berry Jr, Inc.
Firm Address P.O. Box 468, Selma, CA 93662

List the names of all principals, partners, and/or trustees. For corporations provide names of officers, directors and all stockholders owning more than 10% equity interest in corporation:

Robert J. Berry Jr, President, 100% Ownership

Date 1/12/09


Signature
Robert J. Berry Jr, President
Print Name & Title

Date _____

Signature _____
Print Name & Title _____

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 I

Agenda Item Wording: Authorize the Mayor to sign an amended contract with the City Manager for the 08/09 and 09/10 fiscal years deleting the salary increase scheduled for July 2009.

Deadline for Action:

Submitting Department: Administration

Contact Name and Phone Number: Steve Salomon 713-4312

Department Recommendation: Authorize the Mayor to sign an amended contract with the City Manager for the 08/09 and 09/10 fiscal years deleting the salary increase scheduled for July 2009.

Summary/background: The City signed a new 2 year agreement with the City Manager on September 15, 2008 to cover the 08/09 and 09/10 fiscal years. That agreement, which is attached, provides for a 4% salary increase that would be effective in the first pay period July 1, 2009.

Due to the economic slump, the City's revenue projections for next year, and the need to reduce expenditures, I am recommending that the Mayor be authorized to sign an amended agreement which will delete the provision for the July 2009 salary increase.

Prior Council/Board Actions:

Committee/Commission Review and Actions:

Alternatives:

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 _____
(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):

Authorize the Mayor to sign an amended contract with the City Manager for the 08/09 and 09/10 fiscal years deleting the salary increase scheduled for July 2009.

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: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 m

Agenda Item Wording: Authorize the recordation of the final map for Tentative Parcel Map 2007-12, located in the SE corner of Walnut Avenue and Garden Street (3 lots). APN 123-063-016

Deadline for Action: N/A

Submitting Department: Community Development Department
Engineering Division

Contact Name and Phone Number:
Chris Young, Assistant Community Dev. Director 713-4392
Ken McSheehy, Associate Engineer 713-4447

Department Recommendation:

Staff recommends that the City Council authorize the recordation of the final map for Tentative Parcel Map 2007-12 containing 3 lots.

Summary/background:

The Tentative Parcel Map is dividing 3.03 acres into 1, 2.71 acre parcel for an assisted living facility and 2 single family lots with existing residences. Map also dedicates additional right of way on Garden Street and requires no public improvements.

Prior Council/Board Actions:

On October 8, 2007 the Visalia Planning Commission approved Conditional Use Permit 2007-45 and Tentative Parcel Map 2007-12. This Tentative Map will expire October 8, 2009.

Committee/Commission Review and Actions:

Alternatives:

Attachments: Map
Location Map
Ownership Disclosure

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

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):

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: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 n

Agenda Item Wording: Authorization to record the final parcel map of Tentative Parcel Map No. 2006-26, located on the northwest corner of Tommy Street and Hurley Avenue (2 Lots), and authorize the City Manager to execute the Subdivision Improvement Agreement. (APN: 085-530-009)

Deadline for Action: N/A

Submitting Department: Community Development/Engineering Division

Contact Name and Phone Number:

Chris Young, Assistant Community Dev. Director - 713-4392
Adrian Rubalcaba - 713-4271

Department Recommendation: Staff recommends that City Council approve the recordation of the final parcel map of Tentative Parcel Map 2006-26 located on the northwest corner of Tommy Street and Hurley Avenue (2 Lots) and authorize the City Manager to execute the Subdivision Improvement Agreement. (APN: 085-530-009)

Summary/background: The final parcel map is creating two parcels on 1.11 acres in the R-A zone with an existing residence on proposed Parcel 1. Conditional Use Permit No. 2006-57 was approved by Planning Commission to allow the creation of two 20,000+ square foot parcels in the R-A zone. All bonds, cash payments, improvement agreement, and final parcel map are in the possession of the City as follows: 1) An executed subdivision agreement; 2) A cash deposit in lieu of bonds 3) cash payment of \$11,188.76 distributed to various accounts and 4) final parcel map. The cash payment covers Development Impact Fees such as storm water acquisition, waterways, sewer front foot fees and any outstanding plan check and inspection fees. The plan check and inspection fees are estimated at the beginning of the final map process and are not confirmed until the subdivision agreement is finalized. Differences are due in cash at the time of City Council approval of the final map.

Prior Council/Board Actions: N/A

Committee/Commission Review and Actions: Tentative Parcel Map 2006-26 and Conditional Use Permit No. 2006-57 was approved by the Planning Commission on December 11, 2006.

Alternatives: N/A

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

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.

Attachments: Location Map, Final Parcel Map, Ownership Disclosure, & Subdivision Improvement Agreement.

Recommended Motion (and Alternative Motions if expected):

“I move to authorize recordation of the final parcel map of Tentative Parcel Map 2006-26, and to authorize the City Manager to execute the Subdivision Improvement 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
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 12 o

Agenda Item Wording: Authorization to record the final parcel map of Tentative Parcel Map No. 2008-17, located at 1212 N. Plaza Drive (2 Lots), and authorize the City Manager to execute the Subdivision Improvement Agreement. (APN: 081-110-028)

Deadline for Action: N/A

Submitting Department: Community Development/Engineering Division

Contact Name and Phone Number:

Chris Young, Assistant Community Dev. Director - 713-4392
Adrian Rubalcaba - 713-4271

Department Recommendation: Staff recommends that City Council approve the recordation of the final parcel map of Tentative Parcel Map 2008-17 located at 1212 N. Plaza Drive (2 Lots) and authorize the City Manager to execute the Subdivision Improvement Agreement. (APN: 081-110-028)

Summary/background: The final parcel map is dividing an 8.66 acre parcel into two 4.33 acre parcels in the light industrial zone. Parcel 1 contains an existing development operated by Lee's Paving Inc. Parcel 2 is undeveloped land. Access to the proposed parcels is through an easement over the neighboring parcel that fronts Plaza Drive. Conditional Use Permit No. 2008-41 was approved by Planning Commission to allow the creation of these parcels without having public street frontage. All conditions of approval have been satisfied. A new development has undergone the City's site plan review process to fully improve Parcel 2, proposing new warehouse buildings, parking lot, and storm water retention basin.

As part of a condition of approval of the final map, a cash deposit, improvement agreement, and final parcel map are in the possession of the City as follows: 1) An executed subdivision agreement 2) A cash deposit of in lieu of bonds and 3) final parcel map.

Prior Council/Board Actions: N/A

Committee/Commission Review and Actions: Tentative Parcel Map 2008-17 and Conditional Use Permit No. 2008-41 was approved by the Planning Commission on November 24, 2008.

Alternatives: N/A

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

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.

Attachments: Location Map, Final Parcel Map, Ownership Disclosure, & Subdivision Improvement Agreement.

Recommended Motion (and Alternative Motions if expected):

“I move to authorize recordation of the final parcel map of Tentative Parcel Map 2008-17, and to authorize the City Manager to execute the Subdivision Improvement 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
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 13

Agenda Item Wording: Approve Resolution Number 2009-02 authorizing investment of monies in the Local Agency Investment Fund (LAIF) by delegated authorities for the Redevelopment Agency of The City of Visalia.

Deadline for Action: None.

Submitting Department: Administration - Finance

Contact Name and Phone Number: Eric Frost – 713-4474,
Jason Montgomery – 713-4425

Department Recommendation: Staff recommends that Council delegate authority to the Administrative Services Director/Treasurer Eric Frost, Finance Manager Renee Nagel, and Financial Analyst Jason Montgomery, as well as each of their successors, to invest monies in the Local Agency Investment Fund for the Redevelopment Agency of The City of Visalia.

Local Agency Investment Fund: The current City of Visalia Statement of Investment Policy empowers the City by statute to invest in the Local Agency Investment Fund (LAIF). The LAIF was established by the State of California to enable treasurers to place funds in an investment pool. Each participating agency is limited to an investment of \$40.0 million per account. The City uses this fund for short term investments. Invested funds held in LAIF are available on demand and interest is paid quarterly. Presently, the City maintains two LAIF accounts, one being the main City account and the other being the Visalia Public Finance Authority (VPFA) account. Staff recommends that an account be opened under the Redevelopment Agency of The City of Visalia, so that additional funds may be deposited in LAIF when needed. LAIF is currently earning a better return than comparable short term investments. As of February 19, 2009, the yield on LAIF was 2.00% compared to a six month treasury note yielding .50%.

Attachments:

Attachment #1: Redevelopment Agency of The City of Visalia Resolution authorizing investment of monies in the Local Agency Investment Fund.

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.

Recommended Motion (and Alternative Motions if expected): Move to approve resolution number 2009-02 authorizing the investment of monies in the Local Agency Investment Fund and delegating authority to the Administrative Services Director/Treasurer Eric Frost, Finance Manager Renee Nagel, and Financial Analyst Jason Montgomery, as well as each of their successors, to invest those monies in LAIF for the Redevelopment Agency of The City of Visalia.

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)*

RESOLUTION NO. 2009 - 02

RESOLUTION OF THE CITY COUNCIL OF THE REDEVELOPMENT AGENCY OF THE CITY OF VISALIA

AGENCY
ADDRESS: 707 W. Acequia Ave. Visalia, CA 93291

AGENCY
PHONE #: 559 713-4425

**AUTHORIZING INVESTMENT OF MONIES
IN THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer; and

WHEREAS, the City Council does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein as in the best interests of the Redevelopment Agency of The City of Visalia.

NOW THEREFORE, BE IT RESOLVED, that the City Council does hereby authorize the deposit and withdrawal of the Redevelopment Agency of The City of Visalia monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16429.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer's Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following Redevelopment Agency of The City of Visalia officers **or their successors in office** shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund:

<u>Eric Frost</u> (name)	<u>Renee Nagel</u> (name)	<u>Jason Montgomery</u> (name)
<u>Admin. Services Director</u> (title)	<u>Finance Manager</u> (title)	<u>Financial Analyst</u> (title)
_____ (signature)	_____ (signature)	_____ (signature)

PASSED AND ADOPTED, by the City Council of the Redevelopment Agency of The City of Visalia, Tulare County of the State of California on _____.

**City of Visalia
Agenda Item Transmittal**

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 14

Agenda Item Wording: Authorize the Mayor to sign a letter on behalf of the City Council requesting that the Tulare County Board of Supervisors deny Tulare County Change of Zone No. PZ 08-010

Deadline for Action: April 7, 2009. At Mayor Gamboa's request, the Board of Supervisors continued the item to April 7, 2009 from the scheduled public hearing date of March 10, 2009.

Submitting Department: Community Development

Contact Name and Phone Number: Mike Olmos, Assistant City Manager/Community Development Director (713-4332)
Paul Scheibel, Planning Manager 713-4369

Department Recommendation:

That the City Council authorize the Mayor to sign a letter on behalf of the City Council requesting that the Tulare County Board of Supervisors deny Tulare County Change of Zone No. PZ 08-010

Background:

On March 10, 2009, the Tulare County Board of Supervisors public hearing agenda included a request to rezone approximately 188 acres from County zoning AE-40 (Exclusive Agricultural, 40-acre minimum) to AE-20 (Exclusive Agricultural, 20-acre minimum. The applicant is Sarjit Malli. Mr Malli's intent is to rezone the property to AE-20 and subsequently divide the property into nine 20 acre parcels and a homesite parcel. Mr. Malli testified before the Board of Supervisors on March 10 and indicated that his intent is to divide the property for estate planning purposes. While this may be the case, the subsequent division of land will create the 9 parcels and remainder and will enable these sites to be developed following creation. The project site is located on the south side of of Avenue 272, east of Hwy 99, and north of Tagus (please see maps, Exhibit 3). The site is within the City's Urban Area Boundary (UAB) and currently has a City General Plan land use designation of A (Agriculture).

The site is currently in agricultural production. Although there is no subdivision application accompanying the zone change, this zoning is a precursor to parcelization and potential "ranchette" development, featuring large single-family houses on large lots that do not enjoy urban services and lose their viable scale for continued agricultural production.

The zone change was recommended for denial by County staff on the basis that the resultant smaller sized parcels would conflict with Visalia's ability to develop the area upon annexation,

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.

continued agricultural production, or future urbanization. The county staff report also noted the zone change would be considered “spot zoning” since the surrounding area would remain in the AE-40 zone for the time being.

Southwest Visalia is experiencing a pattern of 20 acre parcelization and gradual ranchette development. Shown to the right is an aerial photo example of a 160-acre (1/4 section) parcel that was subdivided into 20-acre ranchettes. This area is located on the southeast corner of Shirk Street and Caldwell Avenue, ½ mile north of the Malli property. The result is less viable agricultural land and property development constraints for possible future urbanization. These 20-acre parcels are becoming developed with large homesites situated in a way that will make future urbanization difficult.



Analysis:

Staff recommends that the City Council request that the Board of Supervisors deny the proposed zone change as inconsistent with the County of Tulare policies for conversion of agricultural lands, and inconsistent with the City of Visalia’s General Plan for retention of viable agricultural production within the greater area in which the zone change has been contemplated. Specific evidence in support of this recommendation is noted as follows:

- The proposed zoning conflicts with the intent of the City’s agricultural land use designation and policies pertaining to the preservation of viable agricultural lands. Specifically, Land Use Policy 6.3.2 states: Work with Tulare County to discourage parcelization of agricultural land outside of the current Urban Development Boundary and to encourage the use of agricultural preserves, where they will promote orderly development.
- The proposed zoning conflicts with the draft County 2030 General Plan Policy AG-1.12: The County shall discourage the creation of “ranchettes” in areas designated Valley Agriculture and Foothill Agriculture; and Policy LU-3.5: The County shall not designate any new areas for rural residential development in the Rural Valley Lands Plan (RVLP) area, unless it can be shown that the other objectives, such as buffers, can be achieved.
- The county staff report notes that reduction of parcel sizes reduces the agricultural viability of the land. In this case, the area would remain surrounded by AE-40 zoned land which further creates potential land use conflicts in the near term, and creates constraints to future preservation of agricultural buffers or future urbanization if determined to be the highest and best use of the land upon annexation to the City of Visalia.
- The re-zoning would allow up to 18 additional dwelling units on the site. This housing development density is not an efficient or sustainable residential development density, and would further constrain longterm agricultural use of the site, or more sustainable urban residential development densities if and when conditions warrant its conversion to urban development.
- On March 2, 2009, the City Council initiated the process to update the Visalia General Plan. The project site should not be allowed to reduce its agricultural viability through parcelization until its near term agricultural and long term urban development potentials can be analyzed in the context of the City’s development vision for the next 20 to 50 years.

The points noted above are contained in the draft of the letter to be submitted to the County (please see Exhibit 1).

Exhibits:

1. Draft letter to the Tulare County board of Supervisors
2. County referral dated June 23, 2008
3. Vicinity, Aerial, and General Plan Maps
4. Map depicting “ranchette” parcelization patterns

Committee/Commission Review and Actions: None.

Recommended Motion (and Alternative Motions if expected):
Move to authorize Mayor to send letter to Board of Supervisors recommending denial of County Change of Zone PZ 08-010

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)*

DRAFT

DATE

Chairman Phil Cox
Tulare County Board of Supervisors
2800 West Burrell
Visalia, CA 93291-5482 I

Subject: Tulare County Change of Zone No. PZ 08-010 (Sarjit Malli)

Dear Chairman Cox:

The City of Visalia respectfully recommends that the Board of Supervisors deny the above-listed change of zone as being inconsistent with the County of Tulare policies for conversion of agricultural lands, and inconsistent with the City of Visalia's General Plan for retention of viable agricultural production within the greater area in which the zone change has been contemplated. Specific evidence in support of this recommendation is noted as follows:

- The proposed zoning conflicts with the intent of the City's agricultural land use designation and policies pertaining to the preservation of viable agricultural lands. Specifically, Land Use Policy 6.3.2 states: Work with Tulare County to discourage parcelization of agricultural land outside of the current Urban Development Boundary and to encourage the use of agricultural preserves, where they will promote orderly development.
- The proposed zoning conflicts with the draft County 2030 General Plan Policy AG-1.12: The County shall discourage the creation of "ranchettes" in areas designated Valley Agriculture and Foothill Agriculture; and Policy LU-3.5: The County shall not designate any new areas for rural residential development in the Rural Valley Lands Plan (RVLP) area, unless it can be shown that the other objectives, such as buffers, can be achieved.
- The county staff report notes that reduction of parcel sizes reduces the agricultural viability of the land. In this case, the area would remain surrounded by AAE-40 zoned land which further creates potential land use conflicts in the near term, and creates constraints to future preservation of agricultural buffers or future urbanization if determined to be the highest and best use of the land upon annexation to the City of Visalia.
- The re-zoning would allow up to 18 additional dwelling units on the site. This housing development density is not an efficient or sustainable residential development density, and would further constrain longterm agricultural use of the site, or more sustainable moderate urban residential development densities if and when conditions warrant its conversion to urban development.
- This Zone Change would continue a pattern, 20 acre ranchette development in southwest Visalia. These parcels gradually develop with large homesites which diminishes agricultural viability. Ranchette development is resistant to future annexation and urbanization and will be an obstacle to efficient, long term, higher density urban development. The attached map shows an example of 20 acre ranchette development located ½ mile north of the Malli property. Several of these

DRAFT

- parcels contain ranchette style development that has reduced agricultural viability of these sites.
- On March 2, 2009, the City Council initiated the process to update the Visalia General Plan. The project site should not be allowed to reduce its agricultural viability through parcelization until its near term agricultural and long term urban development potentials can be analyzed in the context of the City's development vision for the next 20 to 50 years.

We respectfully request that the Board consider these points in support of the preservation of prime agricultural land, sound community planning, and prudent stewardship of our Community's land resources.

Sincerely,

Jesus Gamboa
Mayor

Cc: Visalia City Council
California Planning (Agent for Applicant)
Henry Hash, RMA Director
Jean Rousseau, County Administrative Officer

City of Visalia Agenda Item Transmittal

Meeting Date: March 16, 2009

Agenda Item Number (Assigned by City Clerk): 15

Agenda Item Wording: Mid-year Financial Report

Deadline for Action: None

Submitting Department: Administrative Services

Contact Name and Phone Number: Eric Frost, Administrative Services Director x4474

Department Recommendation: That the City Council receives this interim budget report and schedule a public hearing on April 6, 2009 to consider recommendations as listed at the end of the report.

Summary/background: The fiscal fog that has shrouded this year's financial plan has begun to clear. The Federal government has adopted a financial stimulus package which promises to provide more jobs and public works projects. The State has adopted a budget which reflects the current fiscal realities without relying significantly upon local government take-aways, although it is likely that the State budget situation will worsen due to continued economic decline. And the fiscal situation for Visalia has started to become clearer. The challenge is to act appropriately given our economic conditions.

To make some sense out of this situation, consider the fiscal structure of the City as shown in Chart I, City of Visalia Budget – FY 80/09. The budget divides into roughly three equal parts:

1. General Fund Tax-supported Services;
2. City Business Operations such as Solid Waste Collections; and,
3. Special Revenues Funds dedicated to specific purposes.

Finance's analysis indicates that two of the three elements of the City's budget are relatively sound for the remainder of this fiscal year; the General Fund faces a deficit, but within the bounds the Council allowed at adoption.

City enterprise operations remain stable. The two enterprise operations most affected by the economic downturn are the Convention Center and Valley Oaks Golf. But even these operations are stable through this fiscal year

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:

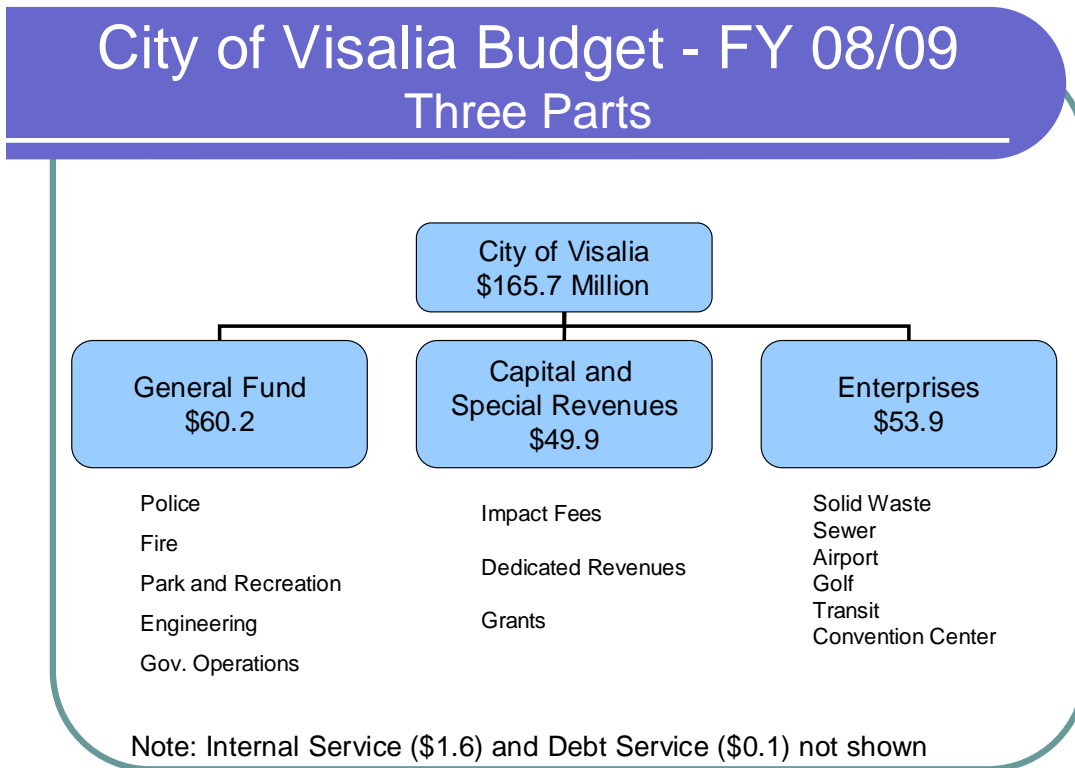
Dept. Head _____
(Initials & date required)

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.

Chart I



Special Revenue Funds are used for capital construction or limited, short-term operating budgets. The capital projects are usually fully funded before the project is budgeted; however, the marked decline in development has led the Finance Department to carefully analyze the affects of the economy on projected projects. Besides the General Fund, two impact fee funds have recommendations to postpone projects.

Measure T and Redevelopment operations are funded by special revenues. Measure T sales tax has an economic uncertainty fund to smooth out tax fluctuations. Redevelopment's operations are very small compared to the total fund's expenses. As a result, no major adjustments appear to be needed at this time in these operating funds.

This leaves the General Fund. Visalia's General Fund's revenues are the most vulnerable to fluctuations in economic activity. Operational expenditures are down a few percentage points from budget. Budgeted revenues are off about 5%. In order to keep the budget in relative balance, management has been working for the last 18 months to control costs, keeping open some 25 positions. With these and other actions, the City should be able to finish the fiscal year using approximately \$500,000 from reserves as authorized by Council last year. In addition, Council has authorized another \$600,000 to be used from reserves for work on the Animal Shelter, although only \$100,000 at most is likely to be spent this fiscal year. Thus, the shortfall this year is about \$0.6 million. Nevertheless, the real challenge will be:

What does Visalia do next year?

The fiscal threats on the horizon include:

- **Increased Pension Costs** are expected to rise due to CalPERS stock market and real estate losses. The stock market value has declined 50% from its high. If Visalia's pension holdings have declined in a similar fashion, then the City will need to make up for \$100 million in stock market losses over time. The pension plan allows for this adjustment to occur over 30 years, much like a mortgage except that the make up amount will grow as salaries are assumed to grow. The annual payment, therefore, would increase. Preliminary numbers suggest that this payment will grow to over \$3 million a year, a 50 percent increase in pension costs. This number would be phased in over several years under PERS current funding guidelines, but the underlying liability is substantial.
- **Increased retiree health contributions** need to be made. Besides the \$2.7 million the City pays towards current retiree health care costs on a pay as you go basis, the City needs to prefund the future cost of this benefit. This year the City suspended a \$500,000 prefunding contribution to its retiree health care fund. The City needs to make that prefunding contribution and increase the amount to around \$2 million annually to meet the lowest level required annual contribution (ARC) level reported by the retiree health fund actuarial study. By taking this action, the City can benefit from increased interest earnings which historically pay for 70% of a pension and assure that the benefit can be paid.
- **Uncertainty in the State's Budget** still exists because a special election is to be held next May to enact additional provisions in the new budget. This uncertainty may be compounded if the economy worsens and projected revenues fall still further.
- **Employment contracts** with bargaining groups are estimated to cost the City \$1 million more next year than this year.
- **Increased capital costs**, such as cost related to a new animal shelter, will place new demands upon the City. Although the eventual cost of the animal shelter is yet to be determined, the City will probably need to make payments on the debt used to pay for construction.

This report examines the City's fiscal performance and makes a number of recommendations to Council in order to continue the sound fiscal management of Visalia's finances.

General Fund – Current Fiscal Year

When the City Council adopted Visalia's budget last year, the economy had slowed but had not faltered dramatically. It was not until last October that the stock market had a major retracing of its advances over the last several years and the general economic crisis began. As a result, the City's adopted General Fund budget had a deficit of about \$2 million, balanced by holding open \$1.5 million in vacant positions and authorizing the use of \$500,000 in General Fund reserves, as shown in Table I, General Fund Budget. Since then, projected revenues are down approximately \$200,000 but projected

operating expenditures are down \$2.1 million dollars, mainly due to holding vacant positions. Transfers are projected to increase by \$100,000 due to reduced revenues at the Convention Center. Finally, a \$600,000 capital budget has been set for the SPCA, although only \$100,000 is expected to be spent by year's end. The net effect is that the projected General Fund loss for this fiscal year is \$0.6 million. In other words, \$500,000 as a planned use of reserves and another \$100,000 from reserves for the initial development costs of the animal control facility. It is possible to completely close this gap; however, such actions would require deleting additional capital spending.

Despite these challenges, management believes that several actions merit Council's consideration, namely:

Management Recommendation #1: Reinstate the General Fund retiree health care contribution of \$500,000 for fiscal year 08/09 and 09/10. One of the money savings steps taken at budget time was to suspend this payment. However, the obligation continues and the best way to fund retiree health care is to prefund the expense. The advantage of prefunding is that the eventual cost of this benefit will be 70% supported by interest earnings. To delay funding will eventually increase the cost of this benefit. Therefore, management recommends making this contribution this year and increasing the amount over time to meet a substantial portion of the prefunding obligation.

Management Recommendation #1a: Consider a policy of directing increased contributions to Retiree Health Care prefunding first before making increased retiree health care premium payments. For 2009, the City's health plan's monthly cost increased. The Council considered whether or not to increase its contribution towards this increased health plan cost. In the end, the City did not increase its contribution to retiree health care premiums. Instead, retirees paid the increased cost. As the City struggles with fully funding retiree health care, all additional contributions could be directed first to prefunding. After the prefunding amount is fully funded, the City Council could consider making additional retiree health care contributions.

Management Recommendation #1b: Set-aside \$600,000 towards the expected increase in PERS costs for FY 2010/11. Although the City will not have to immediately pay more towards PERS costs next year, it will for FY 2010/11. \$600,000 is a down payment to a much larger number that will be determined through the actuarial process next year.

Table I
General Fund Budget
All Amounts in Millions

	<u>Budget</u> <u>08/09</u>	<u>Projected</u> <u>08/09</u>	<u>Change</u>
Revenues	\$ 54.8	\$ 54.6	\$ (0.2)
Operating Expenditures	66.6	64.6	(2.0)
Less: Allocations	<u>(13.8)</u>	<u>(13.8)</u>	<u>0.0</u>
Net Operations	52.8	50.8	(2.0)
Available for Capital and Transfers	2.0	3.8	1.8
Less: Transfers	(3.1)	(3.2)	(0.1)
Capital Net	(1.1)	(1.1)	0.0
Mid-year Appropriation, SPCA Project	<u>(0.6)</u>	<u>(0.1)</u>	<u>0.5</u>
Surplus/(Shortfall)	\$ (2.8)	\$ (0.6)	\$ 2.2

General Fund – Fiscal Year 2009/10

The real budget challenge is for next fiscal year. The two major General Fund revenues, Sales and Property Taxes, make up 2/3 of the General Fund revenues. Typically, these revenues have grown 4 percent a year. When the FY 2009/10 budget was created, slower revenue growth was expected. As a result, sales tax was projected to increase by 3 percent and property tax was expected to increase by 2 percent.

Since last June, revenue expectations have substantially declined. Companies have closed and job layoffs have been announced. Locally, three significant sales tax producers will be closed next fiscal year: Mervyn's, Saturn of Visalia and Circuit City. Although some of the sales tax from these stores will migrate to other retail outlets, their closure is a sign of a more difficult fiscal reality. As a result, Finance has reevaluated its estimates for these two revenue sources.

Sales Tax Projection = down 3.5% in 2009/10 from the projected 2008/09 amount. Earlier this month, the City received a letter from the State Department of Finance which gave the following revenue forecast for Sales Tax state-wide, as shown in Table II, Estimated Statewide Changes in Taxable Sales.

Table II, Estimated Statewide Changes in Taxable Sales

<u>Sales Period</u>	<u>Estimated Year to Year Change in Taxable Sales</u>
Jan - Mar 2008	-3.7%
Apr - June 2008	-2.3%
July - Sept 2008	-5.0%
Oct - Dec 2008	-7.1%
Jan - Mar 2009	-7.4%
Apr - June 2009	-8.7%
July - Sept 2009	-5.1%
Oct - Dec 2009	-2.7%
Jan - Mar 2010	-0.1%
Apr - June 2010	3.1%

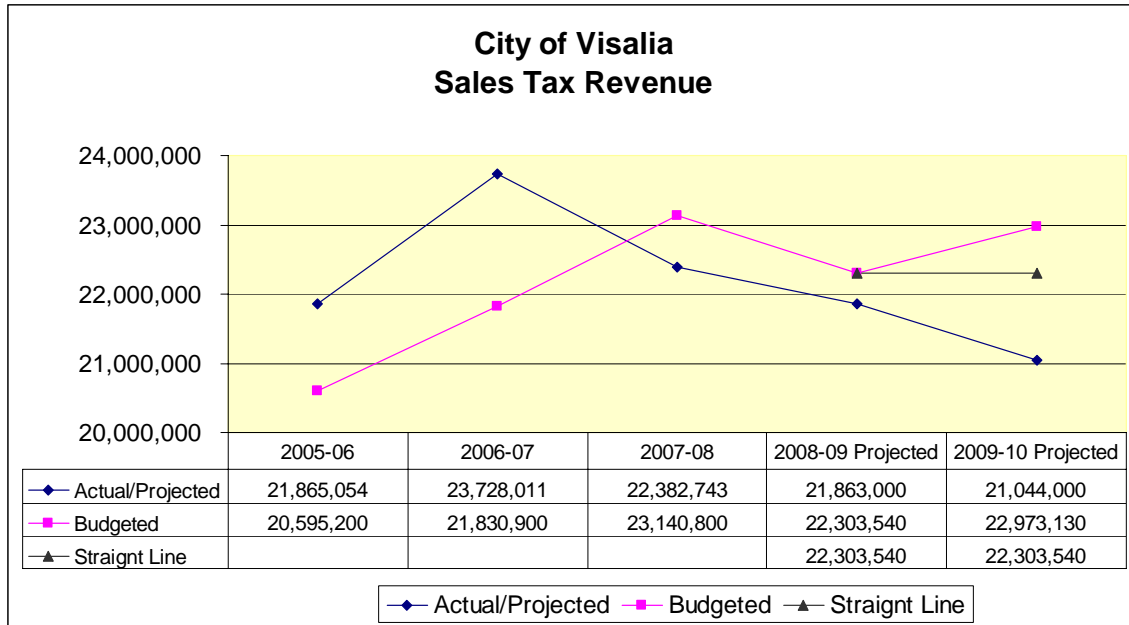
Visalia's actual experience has been better than the rest of the state by several percentage points. Table III shows the forecast for this year, which is down 1.5% for the year.

Table III, Change in Taxable Revenue Collected – Visalia

<u>Cash Collected</u>	<u>2008/09</u>	<u>2007/08</u>	<u>% Change</u>
July - Sept	4,463,898	4,553,775	-1.97%
Oct - Dec	4,124,718	3,932,248	4.89%
Jan - Mar (estimated)	4,004,316	4,168,483	-3.94%
Apr - Jun (estimated)	3,805,692	3,993,192	-4.70%
Overall	16,398,624	16,647,698	-1.50%

The main reason Visalia has tended to fair better than other communities is that 25 percent of Visalia's sales tax comes from business to business activity such as industrial equipment, fuel and farms sales. These categories may be weakening, but have not seen the dramatic decline some sales tax categories have seen. Finance recommends a budget forecast of 3.5% less in FY 2009/10 than in FY 2008/09. This revised forecast means that sales tax revenues will be \$1.9 million less than the adopted budget for 2009/10. Chart II, Sales Tax Revenue, shows the historical and projected trends against budget.

Chart II



Property Tax Projection = down 2.0% in 2009/10 from the projected 2008/09 amount. Property tax typically rises at a slower rate than sales tax because Prop. 13 caps assessed value growth for properties at 2% a year unless the property sells. At sale, property is revalued at market rates. Because the bulk of properties do not turn over in any given year, the underlying growth rate in assessed value tends to be 2%.

For the last couple of years, strong construction growth and appreciating values have caused property tax revenues to climb dramatically. This year, however, construction has come to a near stand still and some properties are being reassessed downward. In discussions with Greg Hardcastle, the County Assessor, Mr. Hardcastle stated he is seeing residential values declining back to 2005 or 2004 levels. Fortunately, commercial real estate has remained flat. The question is whether the general 2% increase will offset the declines in recent residential valuations.

Finance has identified four components of assessed value. Each of these components is expected to behave in a different way. The basic assumptions for the property tax forecast are described below:

#1, existing properties prior to 2005, are expected to increase by the standard inflationary increase of 2% per year. These properties have not changed hands and have assessed values less than market values.

#2, new residential properties are either reassessed to their 2005 values or discounted back to an approximate 2005 value.

#3, new commercial construction, is assumed to increase by 2% a year after it is constructed until this year. This year, no increase is projected.

#4, the remaining appreciated value, is what is left after accounting for all the other components. This value represents the appreciated value of existing properties built prior to 2004 that were sold and reappraised over the last several years. This value is discounted by the combined decline in value of the new residential and commercial property, components #2 and #3. These two components declined 8.7% in the above model.

To develop a forecast, Finance created a model that looked at the four components of the assessed value roll as shown in Table IV, Potential Changes in Visalia's Assessed Value Components:

Table IV
Potential Changes in Visalia's Assessed Value Components
All amounts in Billions

	<u>2008</u>	<u>2009</u>	<u>Change</u>
1. Property values achieved prior to 2005	\$ 4.85	\$ 4.95	\$ 0.10
2. Residential property constructed since 2005	1.00	0.87	(0.13)
3. Commercial property constructed since 2005	0.52	0.52	-
4. Remaining appreciated value	<u>1.37</u>	<u>1.25</u>	<u>(0.13)</u>
	<u>\$ 7.74</u>	<u>\$ 7.59</u>	<u>\$ (0.15)</u>
Change			-2.0%

Collectively, these adjustments suggest that next year's property tax roll could actual show a decline for Visalia of approximately 2%. Thus, the City is using this forecast for next year. Chart III, Property Tax Revenue, shows the historical and projected trends against budget.

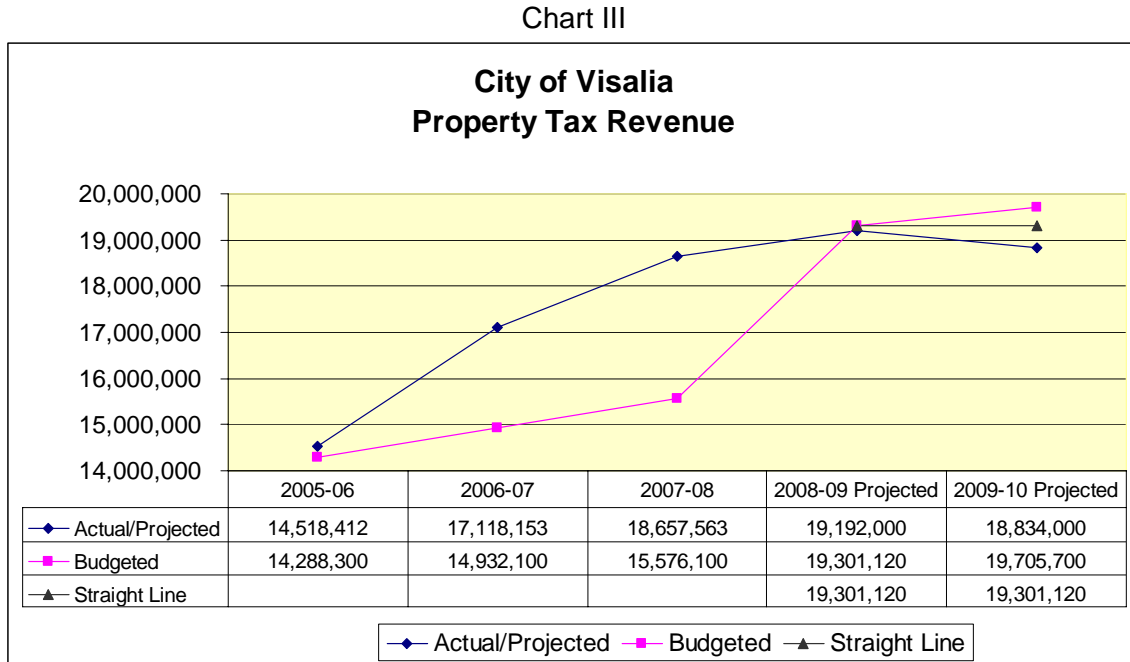


Table VI, Cumulative Effects of Sales and Property Tax Projections, details the change in resources caused by the economic downturn. Depending upon what actually happens, budget decisions will need to be adjusted. However, at present, these are management's best estimate of expected results.

Table VI
Cumulative Effects of Sales and Property Tax Projections

Sales and Property Tax		
	2008-09 Projected	2009-10 Projected
Budget	41,604,660	42,678,830
Straight	41,604,660	41,604,660
Projected	41,055,000	39,878,000
Difference from Budget		
Budget	-	-
Straight	-	(1,074,170)
Projected	(549,660)	(2,800,830)

About ¾ of the projected General Fund deficit can be tracked to these two revenue sources' projected decline. Other revenues are expected to grow very slowly or remain flat. The bottom line is that revenues for FY 2009/10 originally budgeted at \$55.5 million are now expected to be \$52.6 million, a \$2.9 million swing.

Fortunately, the City has taken steps this year to begin to solve this budget shortfall. Over 25 vacancies, lower fuel cost and Recreation's reworking of their senior meals, brochures and volunteer program, reduced late night hours at the Police Station, and prompt closing of the permit desk are expected to save the City substantial monies next year, as shown in Table VII, General Fund Forecast 2009/10. Despite these changes, the remaining shortfall is estimated at \$3.9 million.

The size of the projected deficit may warrant the City Council to declare a fiscal emergency. Such an action allows the City to make cuts without having to meet Measure T maintenance of effort requirements. However, it may be appropriate to monitor sales tax and property tax receipts for the remainder of this year before declaring such an emergency. \$2.8 million of the \$3.9 million deficit is due to these two revenue sources projected to be less than was budgeted when the budget was adopted last year. If those two revenue sources come in stronger than forecast, the emergency may not need to be declared.

Table VII
General Fund Budget
All Amounts in Millions

	<u>Projected</u> <u>08/09</u>	<u>Revised</u> <u>Budget</u> <u>09/10</u>	<u>Change</u>
Revenues	\$ 54.6	\$ 52.6	\$ (2.0)
Operating Expenditures	64.6	68.4	3.8
Less: Vacancies		(2.3)	(2.3)
Recreation Changes		(0.2)	(0.2)
Fuel Savings		(0.3)	(0.3)
Allocations	<u>(13.8)</u>	<u>(13.8)</u>	<u>0.0</u>
Net Operations	50.8	51.8	1.0
Available for Capital and Transfers	3.8	0.8	(3.0)
Less: Transfers	(3.2)	(3.3)	(0.1)
Retiree Health Care	(0.5)	(0.5)	0.0
Increased PERS Costs	0.0	(0.6)	(0.6)
Capital Net	(1.1)	(0.6)	0.5
New Capital	<u>(0.6)</u>	<u>0.0</u>	<u>0.6</u>
Surplus/(Shortfall)	\$ (1.6)	\$ (4.2)	\$ (2.6)

The table also includes the recommendation to fund a \$500,000 retiree health fund contribution next year and the \$600,000 contribution for increased PERS costs. The remaining gap, however, is about 8% of the General Fund's operating expenditures.

Management Recommendation #2: Set a public hearing for April 6, 2009 to consider and select budget saving options in the General Fund. Finance has developed a list of potential budget options to bridge this gap in Table VIII, Budget Solutions. It will take time to develop these options, so management asks that the Council to comment and schedule a public hearing on what options should be pursued.

Table VIII

Budget Solutions - In Millions		<u>Option</u>	<u>Mgt Rec.</u>
<i>Items in order of dollar value</i>			
1	<i>Ask for Wage Concessions - 4% = \$1.2 million</i> The City is obligated by contract to 4% wage increases for next year for most of its employees. The City could ask for a deferral or concession of all or part of this increase. All but Group A and non-represented have contracts. This action is subject to negotiations, requiring the City to meet and confer.	1.20	1.20
2	<i>Furloughs - Safety and Non-Safety</i> <i>Furlough Non-Public Safety 8 days - Thanksgiving/Christmas/New Years \$0.4 million</i> A number of agencies have instituted non-paid furloughs in an effort to save money. Closing the City except for essential services saves about \$50k a day. <i>Public Safety Furloughs - 60 hours - \$0.5 million</i> Public Safety could not all be furloughed at the same time. Furloughing front-line providers would be avoided. Changes in minimum staffing would be considered. The City could require that rolling furloughs be made in public safety, to be taken in reduced shifts over some period of time. Each day saves the General Fund \$70k.	0.90	
3	<i>Use some reserves for operating costs</i> handle one-time shocks and unanticipated shortfalls. Although some of these monies could be used to bridge the funding gap, reserves cannot provide ongoing funding. Changes in revenues or expenditures need to be made to bring the budget into balance. Also, the reserves may be needed if fiscal conditions worsen. The emergency reserve as of 6/30/08 was \$14.1 million	1.00	1.00
4	<i>Use some reserves for retiree health care contribution</i> The long-term value of making annual prefunding contributions will save the City money. The City makes current contributions of \$2.7 million a year for retiree health care. This additional \$500,000 contribution will go towards prefunding. Actuarial studies recommended making an annual prefunding payment of at least \$2 million.	0.50	0.50
5	<i>Reduce capital funding by an additional \$500,000</i> The Council froze \$722,500 of capital funding last year. The Council could freeze an additional \$500,000 for this next fiscal year beyond current amounts.	0.50	0.50
6	<i>Continued reorganizations due to retirements and other vacancies</i> The City has held open a number of positions. Continued work in this area can save money.	0.30	0.30
7	<i>Reorganize departmental management</i> Several options, although not optimal, exist to reorganize the City's management structure. However, the reorganizations require reduced management with remaining managers carrying a heavier workload.	0.25	
8	<i>Return all of VLF to General Fund</i> fiscal year, 1/2 of the VLF monies was returned to the General Fund. The City could return all the VLF fees as of next year.	0.20	0.20

Budget Solutions - In Millions - Continued

	<u>Option</u>	<u>Mgt Rec.</u>
<i>Items in order of dollar value</i>		
9 Review Non-personnel Operating Accounts Direct management, in cooperation with the various departments, to reduce line-items accounts to be swept at the end of the year.	0.10	0.10
10 Increase the use more Abandoned Vehicle Money All car registrations in Tulare County are assessed \$1 a year to assist in abating abandoned vehicles. The City receives a portion of this money but is required to use this money on abating abandoned vehicles. Personnel otherwise funded from the General Fund could be assigned to this activity, reducing General Fund cost.	0.10	0.10
11 Discontinue Loop Bus The loop bus connects at-risk youth to recreation centers but they could be discontinued.	0.10	
12 Increase Fire inspection fees The City inspects businesses regularly but would benefit from more frequent inspections. A minimal fee of \$20 a year would provide the City with additional resources to help conduct these inspections.	0.10	
13 Proceed with the closing of Soroptimist Park Soroptimist park is scheduled to close as Imagine U museum develops the park into a children's museum. The park continues to require maintenance. That effort could be stopped as the park is intended to close at some point.	0.05	0.05
14 State Lobbyist Contract The City could discontinue its State lobbyist contract.	0.05	0.05
15 Cut Street Tree Trimming by 20% Until several years ago, the City trimmed street trees on an as needed basis. Now, the City budgets almost \$125k annually for tree trimming. If the budget was cut by 20%, the 10 year street tree trimming cycle would be extended to a 13 year cycle.	0.03	0.03
16 Rework the Special Events process to either reduce City costs or charge small fees The City spends a significant amount of staff time and resources on special events. Some cities change an application fee and ask event sponsors to share City costs.	0.03	
17 Cut Youth Grants by 10% The City makes various contributions of \$167,330 to youth oriented community service grants. These grants could be reduced.	0.02	
18 Reduce mowing in parks to every two weeks The City either mows parks every week or every other week. The most used parks are mowed every other week. The City parks used for athletics are mowed weekly. The Sports park is mowed twice a week. The City could reduce all park mowing to every other week, but this would reduce the parks athletic use.	0.02	
Total	<u>5.45</u>	<u>4.03</u>

General Fund Capital Improvement Projects (CIP) Budget

The City's General Fund currently has frozen (\$722,550). In addition, the City is about to begin the Miki City Park project. This \$274,500 General Fund contribution towards the park was originally recommended by management to be frozen. However, it appeared the Miki City was coming to Visalia and it was felt to be important to proceed ahead with this project.

Plans have now changed. Miki City representatives are not coming this summer. As a result, the park project may not have the same urgency and it may be wise to wait on this project because it not only will be costly to build but also costly to maintain.

Management Recommendation #3: Retain all frozen projects frozen and freeze the Miki City Park project, an additional \$274,500.

Special Revenue Funds.

This section of the report examines Special Revenue funds, namely:

- Measure T
- Redevelopment
- Measure R
- Capital Funds affected in the current year by the change in revenues

MEASURE T FUND EVALUATION

From an implementation perspective, Measure T is doing well. All operational items are being completed. Capital projects are proceeding. The police precincts and northwest fire facility came in over the original plan budget, but, both funds have paid their share for the projects. The challenge that remains is funding the Public Safety Headquarters.

For fiscal year 2008-09, revenues are projected to be \$179,000 less than budget. Expenses are also projected to come in under budget by \$330,000. **Table IX – Measure T Summary for 2008-09 (In Thousands)** provides detail on the budget and projections for the current year.

Table IX - Measure T Summary for 2008 - 09 (000's)

	Police		Fire		Total Measure T		Over / (Under) Budget
	Budget	Projection	Budget	Projection	Budget	Projection	
Revenue	\$3,064	\$2,957	\$2,043	\$1,971	\$5,107	\$4,928	(\$179)
Expenditures	\$2,800	\$2,527	\$591	\$534	\$3,391	\$3,061	(\$330)
Net	\$264	\$430	\$1,452	\$1,437	\$1,716	\$1,867	\$151

The current budget with lower than budgeted revenues, can still implement by both Police and Fire. In the event the economy has a stronger impact on Measure T revenues, the economic uncertainty fund is fully funded at \$1,417,118, should it need to be accessed.

Revenues

The Measure T funds remain in good financial health. The economic uncertainty funds, representing 25% of the current year's budget, are both fully funded for Police and Fire. However, the slowing economy will impact the level of revenue enjoyed over the past fiscal years. The current projection for fiscal year 2008-09 is for revenues to come in \$179,000 less than budget, a reflection of the slowing economy. **Table X – Measure T Revenues**, displays budget to actual details of the current year projection.

Table X

Measure T Revenues
Fiscal Year 2008/09
All Amounts in Thousands

	<u>Budget</u>	<u>Projected</u>	<u>Over/(Under)</u> <u>Budget</u>	<u>Variance</u>
Police	3,064	2,957	(107)	-3.5%
Fire	<u>2,043</u>	<u>1,971</u>	<u>(72)</u>	-3.5%
	5,107	4,928	(179)	-3.5%

Operational Expenses

From an operational perspective, both police and fire are able to fund the daily operations of implementing the Measure T plan. Table XI – Measure T Operational Expenditures for 2008 - 09, details the budget and projections for the current fiscal year. Overall, expenses are projected to be \$330,252 under budget for this fiscal year.

Table XI - Measure T Operational Expenditures for 2008 - 09

<u>Budget</u>		<u>Actual / Projection</u>		<u>Difference</u>	
<u>Police</u>	<u>Fire</u>	<u>Police</u>	<u>Fire</u>	<u>Police</u>	<u>Fire</u>
\$2,799,660	\$591,050	\$2,526,928	\$533,530	\$272,732	\$57,520

Capital Projects

Capital projects continue to move forward. To date, the following capital items have been completed or are currently in process:

- Completed construction of 2 police precincts
- 24 police vehicles have been purchased
- New fire apparatus has been purchased
- Construction of a northwest fire station and training facility will be complete in early 2009

The remaining major construction project is the Public Safety Building. This building has multiple funding sources, including Measure T. The preliminary cost estimate of this building exceeds the budget originally set with the ballot measure. A more in-depth discussion, weighing the several options available to the City Council, will need to be brought back to Council on this item.

Economic Uncertainty Fund

As noted above, the Measure T uncertainty funds are currently funded at \$834,513 for Police and \$582,605 for Fire. Together, these fund balances equal \$1,417,118 which exceeds the plan requirement to have 25%, or \$1,276,750, of current year budgeted revenue set aside in the uncertainty fund by \$140,368.

Conclusion

Revenues are projected to come in below budget by \$179,000. However, expenses are also projected to be lower than budget by \$330,000. The projection looks good despite

the negative economy. The purchase of capital projects will pose the largest challenge to the funds.

Management Recommendation: Monitor. Staff will continue to monitor the funds and report back to Council if additional funds are needed. The good news is that the economic uncertainty funds are more than fully funded at \$1,417,118. In the event we need it, the cash is available.

Redevelopment Areas

The City has 4 redevelopment project areas. All but the Central Redevelopment project area have passed their debt issuance date. This means that except for incurred obligations, the East Visalia, Downtown and Mooney project areas do not have any discretionary money for projects. In other words, only remaining debt proceeds can be used for projects. The Central project area's debt issuance deadline is November 2009.

The amount of debt to issue in the Central project area is approximately \$4.8 to \$6.0 million. The agency can pursue either a taxable or tax-exempt debt issue. A taxable financing can be used for any project but will have a higher interest rate than a tax exempt financing. A tax exempt financing will have a lower interest rate, usually 2% lower; however, it will require that the funds be allocated to a specific public works project and not for any private use. A decision should be made by May 2009 in order to have sufficient time to complete a tax-exempt financing before the November 2009 deadline.

Table XII – Comparison of Tax Financing

Type of Financing	Amount of Financing
Taxable @ 8.5% 30 yrs	\$4.8 million
Tax Exempt @ 6.5% 30 yrs	\$6.0 million

Current Project Status. The following tables represent the financial status of the Regular and Low/Mod Redevelopment funds for 2008/09 and 2009/10.

For the period of 2008-09 and 2009-10, the Central project area will have approximately \$2.4 million available for projects. The area has the ability to make future debt payments of \$450,000 per year based on the projected net of gross tax increment and expenditures.

Table XIII – Central Redevelopment District

CENTRAL – 1931	2008-09 Projected	2009-10 Projected
Carryover Funds (Prior Years)	1,816,700	
Gross Tax Increment	3,670,500	3,743,900
Expenditures	(3,515,300)	(3,293,800)
Amount Available for Projects	1,971,900	450,100

The balances in the Downtown and Mooney project areas represent remaining debt proceeds that can be used for projects. The Mooney project area has approximately \$6.2 million in proceeds from the bank loan that was approved in June 2007.

Table XIV – East, Downtown and Mooney Redevelopment Districts

Project Area	2008-09 Available Balance
East	\$0
Downtown	\$1,162,400
Mooney	\$6,455,600

In 2008-09 and 2009-10 the total available balance for all four low to moderate redevelopment areas is \$729,000 dollars.

State Take-away Impact. On September 23, 2008, the Governor signed the State Budget for 2008-09. The Budget includes a total state-wide \$350 million Education Reimbursement Augmentation Fund (ERAF) shift from redevelopment agencies for the fiscal year of 2008-09. Similar to the previous ERAF shifts for the fiscal years of 2003-04, 2004-05, and 2005-06, this shift is for one year but future shifts are possible. These funds also do not represent a loan to the State.

The Agency will incur a total ERAF payment obligation of \$446,867 under the approved 2008-09 State Budget, based on the 2006-07 fiscal year's tax increment (information provided by the California Redevelopment Association based on information provided by the State Department of Finance). The ERAF payment will be allocated from the four project areas. Only the East Visalia Project Area will require the Agency to borrow Low/Mod funds to cover its' pro rata share for 2008-09 ERAF and to be repaid by 80 percent funds within ten years.

Table XV – Low and Moderate Redevelopment Districts

EAST LOW/MOD - 1902	2008-09	2009-10
Carryover Funds (Prior Years)	293,621	187,102
Tax Increment	328,340	334,906
Expenditures	(434,859)	(59,343)
Amount Available for Projects	187,102	462,665

MOONEY LOW/MOD - 1912	2008-09	2009-10
Carryover Funds (Prior Years)	503,535	559,051
Tax Increment	549,117	560,099
Expenditures	(493,601)	(647,944)
Amount Available for Projects	559,051	471,206

DOWNTOWN LOW/MOD - 1922	2008-09	2009-10
Carryover Funds (Prior Years)	43,334	62,032
Tax Increment	50,593	51,605
Expenditures	(31,895)	(32,271)
Amount Available for Projects	62,032	81,366

CENTRAL LOW/MOD - 1932	2008-09	2009-10
Carryover Funds (Prior Years)	240,531	(237,232)
Tax Increment	733,922	748,600
Expenditures	(1,211,685)	(797,241)
Amount Available for Projects	(237,232)	(285,873)

Total Available for all Areas		729,364
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Future State General Fund budget deficits could give rise to future ERAF payment legislation affecting redevelopment agencies, which could be material to the Agency and its ability to conduct its redevelopment activities. There is no way to predict whether the State Legislature will, in future years, enact legislation requiring shifts of tax increment revenues to the State or to schools, whether through an arrangement similar to ERAF or by any other arrangement. It is also not known whether any future shifts in revenue would be limited. For example, pre-existing agreements between redevelopment agencies and school districts, community college districts and county superintendents of schools may off-set shifts.

Table XVI – Project Area ERAF Payments

Project Area / Funding	Payment Amount
East (low/mod funds)	\$126,055
Mooney (regular funds)	125,644
Downtown (regular funds)	33,099
Central (regular funds)	162,069
Total ERAF Payment	\$446,867

Management Recommendation #4:

- a) Direct staff to bring back a tax-exempt project for the Central project area to maximize the debt capacity of Central RDA.

- b) Authorize staff to pay the ERAF payment in the amount of \$446,867 to the County by April 15, 2009.

Measure R Evaluation

Measure R, the County-wide ½ cent sales tax, is split into three components:

- Local Program (35%) - Funds are to be used for street improvements/maintenance.
- Transit/Bike/Environmental Projects (14%) – Funds are to be used to enhanced transit services and the environment.
- Regional Projects (50%) – Funds are to be used for specific projects listed in the ballot measure.

Overall, the Measure R sales tax is doing better than the City's sales tax due to growth in other communities. Table XVII – Sales Tax Comparison, shows the sales tax growth or decline for each City within Tulare County. The County sales tax, as a whole, increased for the first 2 quarters by 3.5% and Visalia increased 1.5%.

Table XVII – Sales Tax Comparison

	FY 07/08 Sales Tax (Q1 & Q2)	FY 08/09 Sales Tax (Q1 & Q2)	FY \$ Change	FY % Change
City of Visalia	11,204,768	11,371,795	167,027	1.5%
Tulare County	3,809,251	4,339,309	530,058	12.2%
Tulare	3,800,841	4,120,768	319,927	7.8%
Porterville	2,660,315	2,481,256	(179,059)	-7.2%
Dinuba	1,189,124	1,061,735	(127,389)	-12.0%
Exeter	323,447	362,429	38,982	10.8%
Lindsay	283,612	342,941	59,329	17.3%
Farmersville	234,749	281,243	46,494	16.5%
Woodlake	167,956	158,745	(9,211)	-5.8%
Tulare County Total	23,674,063	24,520,221	846,158	3.5%

Sales Tax information is not available for quarter 3 and 4. Staff is projecting the fiscal year change for these two quarters to be less than quarter 1 and 2 shown above. Measure R, as a total, is projected to grow for FY 2008/09 by 2% and decline in FY 2009/10 by 1%. These projections are higher than the original Measure R Plan prepared in early 2007. All projects funded by Measure R will continue to move forward.

Because TCAG has not seen an overall decline in Sales Tax, TCAG staff continues to project sales tax growth county-wide. Unlike the City, their expectation is that revenues will increase modestly next year.

Recommendation: Monitor activity.

Special Revenue Capital Project Funds

Impact Fees

In the currently adopted 2-year CIP Budget, Impact Fee revenues were projected to decrease in the 2008/09 year by 20-30% and in the 2009/10 year by an additional 10%. The projections were based upon reducing Impact Fee revenues back down to the levels experienced by the City of Visalia in the 2001 year. Since the adoption of the current budget, the housing market and our local and State economy have taken turns for the worse. Impact fee revenues have fallen more than originally projected in the first 7 months of this fiscal year (July 2008 to January 2009). ***Staff has prepared revised projections based upon a 50-60% reduction in impact fee revenue from 2007/08 to 2008/09, with another 10% drop in 2009/10.***

Given the reduced level of housing construction, staff has reviewed the various impact fee funds cash flow. ***At this time, there is one impact fee fund that requires immediate attention, the Transportation Impact Fee fund (1241).*** In the Transportation Impact Fee fund, the projects recommended for delay may be helped indirectly by the approximate \$729,000 in stimulus money coming to Visalia.

The Transportation Impact Fee fund is currently projected to have a shortfall of \$800k by the end of 2009/10. Taking into consideration contractual commitments and the timing of the various projects, staff is recommending all Traffic Signals with more than 50% of their funding coming from transportation impact fees be postponed until 2010/11. This will balance the current 2-year budget. The projects proposed for delay are listed below.

- Install Traffic Signal Demaree & Mill Creek, \$300,000
- Traffic Signal Ben Maddox & Douglas, \$150,000 (09/10) and \$150,000 (10/11)
- Traffic Signal at Houston Ave. & Mooney Blvd, \$270,000
- Portable Traffic Signal, \$120,000

Management Recommendation #5: Postpone projects as outlined above in the Transportation Impact Fee and Waterways Funds, namely:

Transportation Impact Fee

- ***Install Traffic Signal Demaree & Mill Creek (Project #8114), \$300,000***
- ***Traffic Signal Ben Maddox & Douglas (Project #new), \$150,000 (09/10) and \$150,000 (10/11)***
- ***Traffic Signal at Houston Ave. & Mooney Blvd (Project #new), \$270,000***
- ***Portable Traffic Signal (Project #8111), \$120,000***

This will be funded if Federal Stimulus money becomes available.

ENTERPRISE FUND EVALUATIONS

Enterprise Funds have different accounting requirements than the Governmental Funds. Accounting for the General Fund focuses on paying current year's operating expenditures, with totally separate accounting for capital assets and debt service.

However, the accounting for enterprises must:

1. Cover current operating costs, and
2. Pay debt service, and
3. Purchase and replace capital assets.

Therefore, the evaluation of enterprise funds must determine if all of these financial measurements are occurring or if there are financial circumstances that allow the enterprise to overcome these financial necessities. If the first two items are being covered, then an evaluation of the individual fund's cash balance is needed to determine if the fund has adequate resources for purchasing capital assets.

BUILDING SAFETY

<i>Covering operations:</i>	<i>No</i>
<i>Meeting budget objective:</i>	<i>Yes</i>
<i>Meeting debt service:</i>	<i>None</i>
<i>Meeting capital needs:</i>	<i>No</i>
<i>Comment: Requires advance from the General Fund</i>	

The Building Safety division was changed to an enterprise fund at the beginning of fiscal year 2008-09, better enabling the City to monitor Building Safety's self-sufficiency. In prior years, Building Safety was accounted for as part of the General Fund. The activity's accumulated revenues less expenditures were reported as part of the General Fund's fund balance. These accumulated gains or losses are now reported in this fund. Building Safety, as of June 30, 2008, had accumulated a (\$225,816) loss.

Heading in to fiscal year 2008 – 09, the division budgeted an anticipated (\$464,170) loss. This loss is a direct of result of the economic activity. There are fewer permit applications being received than in the past. However, in light of the impact of the current economy, the division implemented cost control measures in fiscal year 2007 – 08 which continue today. From a peak in 2005/2006 of 20 employees, the division now operates with 9.5 employees. Although the allocated positions in this division are 16, only 12 positions are filled, of which, 2.5 have been temporarily assigned to other tasks in the City in a cost saving effort.

The Building Safety revenues are projected down by \$823,000. Expenses are also projected to be down, as shown in Table XVIII, Building Safety. This is a reflection of the continuing downturn in the economy, resulting in lower residential and commercial building permits. With these adjustments, the fund is now expected to operate at essentially the same loss (\$466,000) this fiscal year.

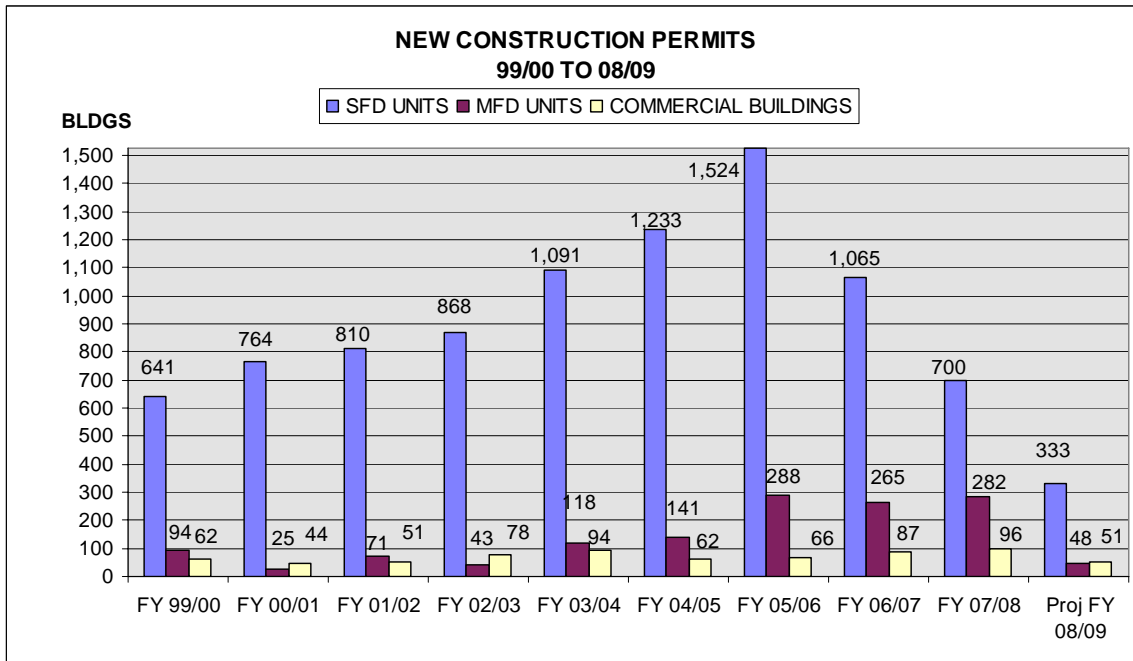
Table XVIII
Building Safety
 FY08-09

Building Safety Division		
<u>OPERATIONS</u>	<u>Budget</u>	<u>Projected</u>
<u>REVENUES</u>		
Operating Revenues	\$ 2,459,890	\$ 1,646,000
Non Operating (Grants, Reimburse., etc.)	21,050	12,000
	2,480,940	1,658,000
<u>EXPENSES:</u>		
Personnel	(1,408,130)	(1,054,000)
Operations & Maintenance	(213,470)	(59,000)
Depreciation	-	(7,000)
Capital Outlay	-	17,000
Allocated Costs	(1,323,510)	(1,021,000)
	(2,945,110)	(2,124,000)
CURRENT YEAR RESOURCES		
AVAILABLE FOR CAPITAL	\$ (464,170)	\$ (466,000)
<u>CASH AVAILABLE FOR CAPITAL ASSETS</u>		
Beg. Capital Asset Cash (Loan)	(225,816)	(226,000)
Add: Curr. Yr. Net Oper. Resources Avail.	(464,170)	(466,000)
Add: Depreciation Transfer	-	7,000
Less: Capital Purchases		
	(689,986)	(685,000)
ENDING CAPITAL ASSET CASH	\$ (689,986)	\$ (685,000)

Of the budgeted \$1.3 million in allocated costs, approximately \$1.0 million is for internal departmental charges for such things as planning assistance, clerical support and engineering review of the building permit process. The bottom-line, however, is that revenues are down and actions have been taken to decrease cost by \$800,000. These changes are traceable to building activity.

Chart IV, New Construction Permits, compares ten years of new construction building permit issuance for single family units, multi-family units and commercial buildings. New commercial buildings peaked at 96 in 2007-08, with single family and multi-family units peaking at 1,524 and 288 permits, respectively, in 2005-06. All new construction is projected to decline this fiscal year. Single family units this year are projected at 333 units or a decline of 48% compared to fiscal year 1999-00, which had 641.

Chart IV



During fiscal year 2005-06, the division had 20 allocated positions, which were all filled. With the decline in permit activity, the allocation has decreased from 20 to 16, of which 12 are currently filled and 2.5 of the 12 are temporarily assigned to other divisions. For comparison, in fiscal year 2000-01, the allocation was 16, with 14 filled. The division is functioning with 4.5 less employees than in 2000-01. Table XIX, Building Safety Division Employee Allocations, provides detail of the changes in personnel over the past ten years.

The division's actions this year include temporarily assigning two and ½ positions to other City functions. The temporary assignments may be for an extended period of time, but it allows skilled individuals to be available to Building Safety when construction activity increases. In addition, one building inspector recently retired and that position is not being replaced. Two vacant positions are currently frozen, including the Assistant Building Official and a Building Inspector. An hourly employee's hours have been reduced to 200. In addition, overtime expenses have been severely reduced.

**Table XIX
Building Safety Division
Employee Allocations**

<u>Fiscal Year</u>	<u>Allocated</u>	<u>Filled</u>	<u>Vacant</u>
2000 - 01	16	14	2
2005 - 06	20	20	0
2008 - 09	16	9.5 *	4

* 2.5 FTEs not shown as filled because temporarily assigned to other divisions

Recommended Action: None

Continue to monitor the fund and its performance measures on a monthly basis to assure that expenses are controlled in light of reduced revenues while the City continues to provide timely inspection services.

CONVENTION CENTER

Covering operations:	No
Meeting budget objective:	Yes
Meeting debt service:	No
Meeting capital needs:	No
Comment: Supported by the General Fund	

Consider Table XX, Convention Center. The Convention Center operation is treated as an enterprise even though the revenues do not cover operating costs, debt service or capital purchases. While it can be argued the operation should not be accounted for in this manner, the fund is accounted for as an enterprise because it supplies a service that is based upon user fees and the City wants the operation to be as self-sufficient as possible.

The financial statement evaluation does not reflect the Convention Center's positive financial impact on other local businesses. Visitors coming to the Center, staying the night in the local hotels, eating in Visalia's restaurants, and shopping with the local merchants benefit the local economy.

With the economy slowing, revenues are projected to be down 3% from budget. With corresponding cuts in labor costs, the Center is projected to meet its budget goals for FY 08-09.

The Center is tied to the economy and as budgets tighten, travel and training will inevitably drop. However, licensing, certifications, and continuing education are often a requirement for doing business so many of these events will continue

Looking forward, it appears some long-time clients may leave the Convention Center as they seek their own facilities. A local church, currently using the Center may hold its last service at the Center in June. A university that rents rooms has also recently entered a one-year lease to use the former upstairs kitchen/pantry as a student resource room. This commitment to stay another year is a good sign of their continued business but their long-term plan is to purchase a facility of their own. A craft show using the Center for 25 years has cancelled for 2009. These 3 clients currently represent approximately \$450,000 or 22% of the operating revenue (excluding ticket sales).

To enhance revenues, the Convention Center and the Convention & Visitors Bureau sales teams have **developed a sales and marketing campaign** focused on California meeting planners which includes a targeted monthly e-mail campaign and direct selling. The Center has also **purchased key search engine words** and phrases from YellowBook.com so the Visalia Convention Center will come up higher when searching Google. **Staff is also pursuing naming rights and facility sponsorship opportunities** as a means to develop new revenue streams. To attract new entertainment events to Visalia, **co-promotion guidelines have been developed to share event risk** along with the reward.

Table XX
Convention Center
FY08-09

Convention Center		
<u>OPERATIONS</u>	<u>Budget</u>	<u>Projected</u>
<u>REVENUES</u>		
Operating Revenues	\$ 3,365,030	\$ 3,253,000
<u>EXPENSES</u>		
Personnel	(2,370,840)	(2,136,000)
Operations & Maintenance	(1,865,700)	(1,942,000)
Allocated Costs	(375,760)	(395,000)
	(4,612,300)	(4,473,000)
OPERATIONS	\$ (1,247,270)	\$ (1,220,000)
<u>OTHER / NON-OPERATING</u>		
Revenues - Interest Income & Misc.	70,190	104,000
Debt Service Expenditures	(1,478,148)	(1,518,000)
General Fund Transfers	2,622,978	2,713,000
	1,215,020	1,299,000
CURRENT YEAR RESOURCES		
AVAILABLE FOR CAPITAL	\$ (32,250)	\$ 79,000
<u>CASH AVAILABLE FOR CAPITAL ASSETS</u>		
Beginning Capital Asset Cash	12,613	12,000
Add: Curr. Yr. Available Resources	(32,250)	79,000
Less: Capital Purch. - Prior Yr. Rollover	(276,548)	(90,000)
ENDING CAPITAL ASSET CASH	\$ (296,185)	\$ 1,000

An indicator of the Center's success is the Center's overall occupancy rate. For FY 07/08 occupancy was 52%, up from 50% the year before as shown in Table XXI, Occupancy By Room Type. The Exhibit Hall saw a 9% increase up to 57%. Within the Convention Center industry, 50%-60% is considered the optimal occupancy range. The Marriott Hotel is having a positive impact on the Center and has raised the profile of Visalia within the meeting industry. Some of the potentially lost business can be replaced with new events. For example, a new church has already booked with the Center beginning in March and staff is confident they can resell the prime November weekend previously used by Soroptimist.

Table XXI
Occupancy By Room Type
FY 06-07 & 07-08

	<u>F.Y.</u>	<u>Mon.</u>	<u>Tues.</u>	<u>Wed.</u>	<u>Thurs.</u>	<u>Fri.</u>	<u>Sat.</u>	<u>Sun.</u>	<u>Total</u>
Charter Oak	06-07	39%	38%	51%	51%	56%	83%	96%	59%
Ballroom	07-08	34%	41%	55%	47%	63%	78%	106%	61%
Meeting Rooms	06-07	33%	44%	44%	53%	33%	58%	80%	49%
Downstairs	07-08	28%	46%	51%	50%	36%	51%	96%	51%
Meeting Rooms	06-07	48%	46%	61%	69%	27%	52%	74%	54%
Upstairs	07-08	54%	77%	69%	73%	24%	40%	65%	57%
Exhibit Hall	06-07	25%	35%	31%	42%	58%	83%	52%	46%
	07-08	39%	53%	58%	56%	44%	59%	91%	57%
TOTAL FACILITY PERCENTAGE								06-07	50%
								07-08	52%

Recommended Action: None

Monitor operations and economize. Coordinate activities with the Convention & Visitor's Bureau and local hotels to maximize revenues.

VALLEY OAK GOLF

Covering operations: Yes
Meeting debt service: Yes
Meeting capital needs: Yes

Comment: CIP rate surcharge is currently paying for some capital assets. Operating income not yet sufficient to meet desired debt service.

Valley Oaks Golf recently presented to Council their operating results for the 2007/2008 fiscal year. The golf course has made good progress for the last several years in paying down their debt, used to add a 9-hole addition to the course. This year, however, golf rounds are expected to decline and operating results will be less than in the past. The question is how much less.

Table XXII, Valley Oaks Golf Course, CourseCo. Operating Results, compares several years of operating results to the projected results for this year. Rounds

are a little better than the rounds played in FY 2005/06 but lower than the last two years. If the remainder of the year continues as it did 2005/06, then the projected results are shown for this year, with net income before debt of approximately \$311,000. This capital contribution is off from the last two years, but still pays something towards debt. Given that the Dinuba has opened a new course and that the economy is poor, such results appear probable and even respectable.

The City has been waiting to see if any stimulus money might be available for the Golf Course's irrigation project. It appears that golf courses are specifically excluded from the stimulus package. As a result, the golf course will be proceeding ahead with the irrigation project without stimulus money, using a Council authorized General Fund advance.

Table XXII
Valley Oaks Golf Course
CourseCo Operating Results
Comparison Summary
2000 Thru 2008
All Amounts in Thousands

Revenue	2005-2006	2006-2007	2007-2008	Projected 2008-2009
Green Fees	\$ 739	\$ 823	\$ 881	\$ 770
Monthly Tickets	222	237	230	223
CIP Surcharge	196	219	270	220
Cart Fees	385	454	495	429
Range	114	151	204	136
Merchandise	137	154	202	184
Food/Beverage	316	365	428	334
Other	<u>15</u>	<u>27</u>	<u>32</u>	<u>22</u>
Total Income	2,124	2,430	2,742	2,318
Cost of Goods Sold	209	270	316	270
Operating Expenses	<u>1,561</u>	<u>1,626</u>	<u>1,825</u>	<u>1,737</u>
Total Expenses	<u>1,770</u>	<u>1,896</u>	<u>2,140</u>	<u>2,007</u>
Monies Available for Debt	<u>\$ 354</u>	<u>\$ 534</u>	<u>\$ 602</u>	<u>\$ 311</u>
CIP Surcharge Debt	196	219	270	220
Remaining Debt	<u>158</u>	<u>315</u>	<u>332</u>	<u>91</u>
Total Debt Payments	\$ 354	\$ 534	\$ 602	\$ 311
Rounds	65,295	73,153	77,120	67,333
Average Income Per Round	\$ 32.70	\$ 33.22	\$ 35.55	\$ 34.43

Recommended Action: None

Continue to monitor debt repayment.

AIRPORT

Covering operations: Yes
Meeting debt service: Yes
Meeting capital needs: Yes

Comment: Capital needs provided by Federal Grants.

The Airport remains fiscally sound because of the Federal grants it receives for capital projects. Without those grants, the fund would not be able to replace its capital assets. Operating revenues are about equal to operating expenses as shown on Table XXIII, Airport. As long as the Airport receives capital grant funding to replace and expand the Airport's capital assets the fund will remain healthy.

Table XXIII
Airport
FY 08/09

OPERATIONS

REVENUES

Operating Revenues

	<u>Budget</u>	<u>Projected</u>
	\$ 2,405,060	\$ 1,943,000

EXPENSES:

Personnel
Operations & Maintenance
Allocated Costs

	(450,740)	(433,000)
	(1,653,800)	(1,416,000)
	(220,830)	(223,000)
	(2,325,370)	(2,072,001)

OPERATIONS \$ 79,690 \$ (129,000)

OTHER / NON-OPERATING

Revenues - Grants and Misc.
Depreciation
Debt Service Expenditures

	1,034,880	922,000
	(676,260)	(676,000)
	(28,948)	(29,000)
	329,672	217,000

CURRENT YEAR RESOURCES

AVAILABLE FOR CAPITAL \$ 409,362 \$ 88,000

CASH AVAILABLE FOR CAPITAL ASSETS

Beg. Capital Asset Cash
Add: Curr. Yr. Net Oper. Resources Avail.
Add: Depreciation Transfer
Add: Grant Funding - Curr. & Prior Yrs. (AIP)
Less: Capital Purch. - Curr. Yr.
Less: Capital Purch. - Prior Yr. Rollover

	116,043	116,000
	409,362	88,000
	676,260	676,000
	2,968,513	752,000
	(878,000)	-
	(2,246,750)	(791,000)

ENDING CAPITAL ASSET CASH \$ 1,045,428 \$ 841,000

Revenues are down this year because the new commercial airline is not fueling at the Airport. The previous air carrier fueled their planes, adding \$500,000 of revenue to the

Airport. Fortunately, the net impact is much smaller, but has decreased the net resources available for projects at the Airport.

The best news from the Airport has been the increased flights from Great Lakes, the Airport's commercial carrier. Their \$160 round trip flights to Ontario continue to grow in popularity, increasing the viability of commercial air service from Visalia to the greater LA area.

Recommended Action: None

Continue to monitor the airport and work with the new carrier to improve essential air service.

TRANSIT

<p>Covering operations: Yes Meeting debt service: Yes Meeting capital needs: Yes</p> <p>Comment: Capital and operational needs are provided by Federal and State funding.</p>

The City's Transit operation remains financially sound because of significant federal and state funding it receives. Without these funds, Transit would not be able to operate or replace its capital assets. Transit receives grants and subsidies which pay approximately 80% of its operating costs. Nevertheless, as long as Transit continues to receive adequate operating and capital funding from state and federal grants, the fund will remain healthy.

Table XXIV, Transit, projects the fund to exceed the budgeted amount for total revenues as both fares were above budget and we are reporting grant revenues for this year for projects that have been budgeted and carried over from a prior year.

Recent actions by the State of California have taken State Transit Assistance money from local agencies. In Visalia's case, this operating revenue was around \$1 million a year for the last two years. No money is lost this year. Next year the revenue will be cut in half and then be cut totally by the following year and thereafter. The cut, then, does not have an immediate impact on Visalia. Rather, Local Transportation Funds (LTF) which we previously available for capital projects will now be used for operations. Capital projects in the future will either take longer to fund or will need to be smaller.

In contrast, the Transit operation is in line to receive approximately \$2.6 million for Transit projects from the Federal stimulus package. These monies will assist the enterprise to continue with their projects, at least in the short-term.

The net outcome of these changes is that Transit should consider the relative benefits of a fare box change. Such increases must be small, but still could help the operation be less dependent upon LTF funds, freeing those funds for capital projects.

Table XXIV
Transit
 FY 08-09

<u>OPERATIONS</u>	<u>Budget</u>	<u>Projected</u>
<u>REVENUES</u>		
Operating Revenues	\$ 2,085,500	\$ 2,311,000
Non Operating (Grants, Reimburse., etc.)	12,280,760	15,676,520
	14,366,260	17,987,520
<u>EXPENSES:</u>		
Personnel	(391,040)	(385,000)
Operations & Maintenance	(6,572,860)	(6,453,000)
Depreciation	(700,300)	(700,000)
Allocated Costs	(630,290)	(555,000)
	(8,294,490)	(8,093,000)

CURRENT YEAR RESOURCES

AVAILABLE FOR CAPITAL \$ 6,071,770 \$ 9,894,520

CASH AVAILABLE FOR CAPITAL ASSETS

Beg. Capital Asset Cash	(28,986)	(29,000)
Add: Curr. Yr. Net Oper. Resources Avail.	6,071,770	9,894,520
Add: Depreciation Transfer	700,300	700,000
Add: Grant Funding - Prior Yr. Capital	4,868,975	-
Less: Capital Purch. - Curr. Yr.	(6,708,590)	(2,097,000)
Less: Capital Purch. - Prior Yr. Rollover	(4,868,975)	(8,449,000)

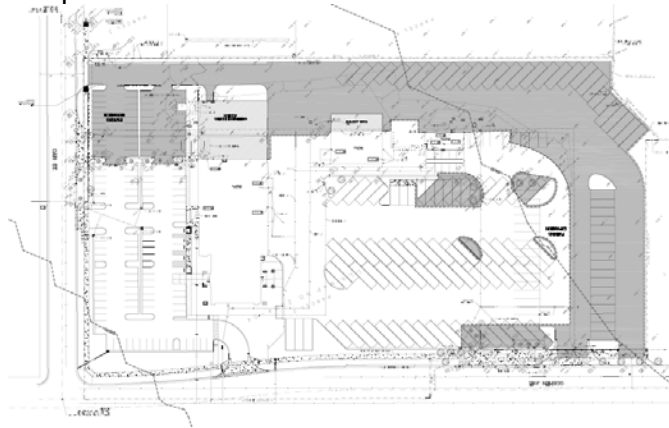
ENDING CAPITAL ASSET CASH \$ 34,494 \$ 19,520

Capital Projects: Transit plans to expand three transit support facilities, two of which (the Visalia Transit Center and the Bus Operations & Maintenance facility) are prior planned expansions. The Sequoia Shuttle Visitor Center is planned as an expansion of the City's downtown Convention Center. The Transit Center recently assigned the last available bus bay and the Maintenance facility is now maintaining more buses than the facility has space for.

The **Transit Center**, constructed in 2003 facilitates travel connections in the City of Visalia's services and between Tulare and Kings County, and Amtrak. In addition several commercial bus services use this facility with the understanding that it would be expanded in future years as demand increased. Recently, a new bus route was added that used the last available of the 16 bays necessitating the current expansion. The expansion consists of 12 additional bus bays, 4 shelters, 2 storage buildings, future office or retail building (2,100 sf) and 18 parking spaces is projected to cost \$4.0 million (including land). Funds currently available are \$1.2 million of LTF funds and \$1.2 million of Measure R funds. \$1.0 million of Prop. 1B funds have been received and \$0.7 million has been applied for. Following is a rendering of the expansion.



Transit's **Operations and Maintenance facility** currently is designed to maintain 66 buses with 12,265 square feet (sf) of shop area. Due to agreements with other agencies we are now maintaining 71 buses. An expansion is planned that will add 7,538 square feet of shop area and will increase the size of the site from 4.7 acres to 7.2 acres also allowing for additional parking to that would in total accommodate 125 buses of mixed sizes and 127 cars. The expansion is projected to cost around \$3.5 million of which \$1.2 million of LTF funds are currently available and we are waiting to see if any stimulus money might be also available. Following is a site plan of the facility including the expansion.



The **Regional Tourism/Sequoia Shuttle Visitor Center** expansion at Convention Center is currently estimated to be between \$2.5 and \$3.0 million and will include an interactive lobby where visitors can learn about the various destinations within Tulare County and include space for related agencies such as the Visitors and Convention Bureau, National Park Service, Sequoia Natural History Association and an agriculture tourism vendor. Funding currently available is \$1.2 million of LTF funds and we are waiting to see if any stimulus money might be available for the project.

Bus Routes: Routes, ridership, and transit needs were evaluated through surveys, on-going comment cards and changing conditions such as new residential or commercial developments or road projects and from TCAG which held a series of Unmet Needs hearings in March 2008. Changes to routes are regularly scheduled during summer

months to minimize the impact on students who make up a significant percentage of bus riders. The following route changes occurred in August 2008 and are being made possible by Measure R funding. Again, the Transit operation will lose State Transit Assistance money starting next year. This loss will be backfilled by Local Transportation Funds which had been programmed for future transportation projects.

1. Route 1 – Mooney Blvd.: Added a bus to this route to maintain the 20-minute schedule during the 16 month Mooney construction project.
2. Route 11x - In partnership with the City of Tulare, this new route is an Express Service between Tulare and Visalia via Highways 99 and 198 with one stop at COS. This is initially a temporary route to assist with operations during the 16 month Mooney construction project.
3. Route 12 – Farmersville / Exeter / Cameron Ave. This new route provides service to new housing developments in southeast Visalia, and provides an option for Farmersville and Exeter residents to go directly to Cameron Ave. and Mooney Blvd.

Bus Purchases: 10 CNG low-floor replacement buses were put into service in this last November. Currently the City has alternative fuel fleet of 17 fixed route buses, 5 Dial-A-Ride buses, 3 CNG trolleys, and 3 hybrid electric trolleys for a total of 28 out of 42 transit vehicles (67%). By 2016, the Transit plans on having a bus fleet comprised 100% of alternative fuel vehicles, if not sooner. Fueling is performed via the CNG fueling station, located next to the Maintenance facility and City Corporation Yard, at a savings of over 30% compared with the cost of diesel fuel.

Management Recommendation #6: Direct staff to return to Council with various fare box alternatives now that State Transit Assistance monies will be taken by the State of California.

UTILITY ENTERPRISES

The City has three utility operations: sewer, storm water and solid waste. These three utilities operate very efficiently and tend to be among the lowest costs in the South San Joaquin Valley. Chart V, Combined Residential Solid Waste and Sewer Rates, compares the combined residential solid waste and sewer rates to other local communities. ***Visalia's combined residential sewer and solid waste rates are among the three lowest in the survey.***

The currently approved rate increases are as follows:

Solid Waste Rates

A five year, 5.5%-per-year Solid Waste rate increase was approved in 2007 and will continue through 2011-12. A four year 2.5% increase for implementing Compressed Natural Gas to the fleet ended in April of last year.

Sewer Rates

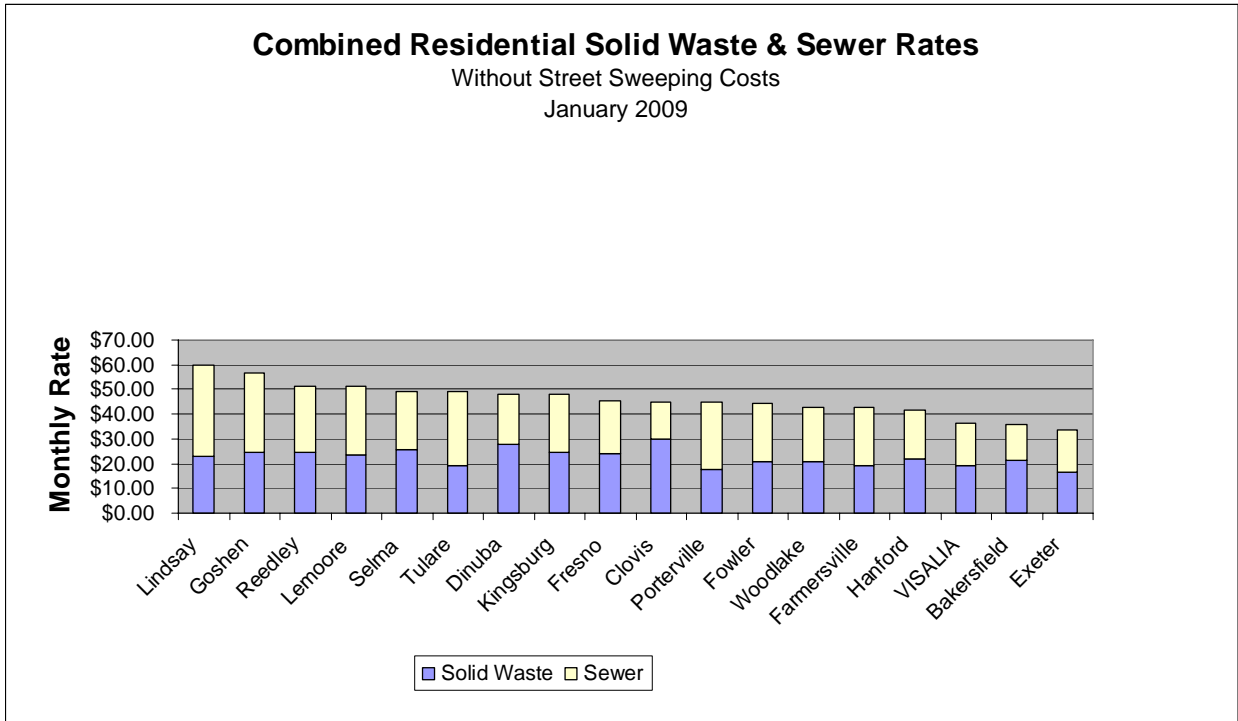
Wastewater rates currently have a 5 year 5.0%-per-year rate increase in place that extends through 2011-12, and while the fund currently is self-supporting, staff is evaluating the cash flow effects of the capital costs needed to accomplish

the required NPDES upgrades and will return after preliminary architect plans and costs estimates are provided later this year.

Storm Water Rates

The Storm Water rate has not been increased since 2004. Currently the revenues are sufficient, if capital or operating costs increase significantly a rate increase may be needed. However, in keeping with small, incremental rate increases, it may be appropriate to seek a cost of living increase. If a rate increase is needed, the City would have to ballot the users

Chart V



Solid Waste

Covering operations: Yes
Meeting debt service: Yes
Meeting capital needs: No

Comment: Need to accumulate working capital and revise commercial recycling rates

Solid Waste is currently projected to meet the objective of covering operating costs as shown on Table XXV Solid Waste for the current year, but cash from operations is currently not sufficient to purchase equipment. Last fiscal year the fund borrowed over \$900k from the general fund for capital purchases. Although it is currently projected to repay it by the end of this fiscal year, this is due to capital purchases budgeted for the current year not occurring until next fiscal year. The fund is projected to have \$510k of cash at year end, but this is only temporary as the fund will probably need to borrow from the general fund as the next year and the following four years have capital

purchases averaging over \$3.4 million. If capital purchases continue to take longer to acquire, the fund may not need a cash advance as it does not this year.

Staff's review of the operating divisions show the fund is operating at a break-even position. This year, revenues are down somewhat from budget due to reduced commercial revenues, mainly in the roll-off division related to decreased construction. Compared to budget, operating costs are up as Solid Waste uses more CNG. At the same time, allocated fuel costs are down compared to budget.

Table XXV
Solid Waste
FY 08-09

<u>OPERATIONS</u>	<u>Budget</u>	<u>Projected</u>
<u>REVENUES</u>		
Charges & Fees	\$ 15,376,580	\$ 14,982,000
<u>EXPENSES</u>		
Personnel	(4,353,670)	(4,141,000)
Tipping Fees	(3,996,000)	(3,789,000)
Operations & Maintenance	(383,530)	(730,000)
Fleet Costs	(2,608,810)	(2,151,000)
Allocated Costs	(2,179,790)	(1,895,000)
	<u>(13,521,800)</u>	<u>(12,706,000)</u>
OPERATIONS	<u>1,854,780</u>	<u>2,276,000</u>
<u>OTHER / NON-OPERATING</u>		
Revenues - Penalties & Misc.	551,190	608,000
Revenues - Grants	123,600	470,000
Expense - Depreciation	(933,000)	(1,097,000)
Expense - Debt Service	-	(35,000)
	<u>(258,210)</u>	<u>(54,000)</u>
CURRENT YEAR RESOURCES		
AVAILABLE FOR CAPITAL	<u>\$ 1,596,570</u>	<u>\$ 2,222,000</u>
<u>CASH AVAILABLE FOR CAPITAL ASSETS</u>		
Beginning Capital Asset Cash (Loan)	0	(910,000)
Add: Curr. Yr. Resources Available	1,596,570	2,222,000
Add: Depreciation Transfer	933,000	1,097,000
Less: Capital Purchases Authorized - Curr. Yr.	(1,620,870)	(748,000)
Less: Capital Purchases Authorized - Prior Yrs.	(1,404,435)	(1,151,000)
ENDING CAPITAL ASSET CASH	<u>\$ (495,735)</u>	<u>\$ 510,000</u>

The concern, however, is that the fund does not have any working capital and must rely on cash advances from the General Fund. A 10 percent working cash reserve would require the fund to repay its current advance of \$1 million and accumulate another \$2

million. Scheduled rate increases will help the fund accumulate cash. One more reason to accumulate cash would be for renovations or expansion of the current Corporation Yard or relocation to a new facility. This is a long-term issue and deserves thoughtful discussion.

Another issue concerns commercial recycling. Currently the City charges for commercial recycling containers. The rates are at a reduced amount to encourage recycling. The private sector has started distributing recycling containers to business without charge (allowed by State law) and has reduced the amount of service being provided by the City. The City is currently reviewing options to determine if Solid Waste should provide commercial recycling containers at a lower or no cost and package those rates with other commercial rates. The alternative is to allow some commercial recyclables to be processed by other parties.

A major factor in determining rates is the costs for tipping fees. As these are approximately 1/3 of the total costs, any significant increase would need to be promptly passed on through to the rate payers via a special rate adjustment. There are no firm proposals to increase tipping fees, only discussions that the County of Tulare might raise its landfill fee. If the County of Tulare's Landfill Division or other tipping fees (e.g. recyclables and green waste) were to increase, staff would return with the effects on operations.

Management Recommendation #7: Direct Staff to recommend Solid Waste rates and fees which:

- 1) **Accumulate sufficient working capital and other capital monies for ongoing operations; and,**
- 2) **Revise commercial recycling rates to encourage more commercial recycling.**

WASTEWATER

<p>Covering operations: Yes Meeting debt service: Yes Meeting capital needs: Current year - Yes Future years - No</p> <p>Comment: Implement a multi-year rate increase to fund the required expansion of the plant.</p>

As shown in Table XXVI Wastewater, total revenues and expenses are slightly above budget as net income is projected to be \$1.5 million. Wastewater currently projects a fiscal year-end cash balance of \$13.5 million. Most of this money is for clean water improvement as required National Pollution Discharge Elimination System (NPDES) permit. Eventually, these improvements may cost as much as \$50 to \$60 million.

Revenues continue to grow as new homes come on line and large businesses use the treatment plant. The major difference in the budget to projected income statement is

debt service payment. When the budget was prepared, one bonded debt service was removed, but a section 108 governmental loan was not included. Thus, the budget was substantially less than what is projected.

**Table XXVI
Wastewater
FY 08-09**

<u>OPERATIONS</u>	<u>Budget</u>	<u>Projected</u>
<u>REVENUES</u>		
Charges & Fees	<u>\$ 11,278,560</u>	<u>\$ 11,800,000</u>
 <u>EXPENSES</u>		
Personnel	(2,428,240)	(2,305,000)
Operations & Maintenance	(3,309,820)	(3,092,000)
Allocated Costs	(1,280,745)	(1,548,000)
	<u>(7,018,805)</u>	<u>(6,945,000)</u>
OPERATIONS	<u>4,259,755</u>	<u>4,855,000</u>
 <u>OTHER / NON-OPERATING</u>		
Walnuts (Net) & Misc. Revenues	798,390	436,000
Depreciation Expense	(2,280,950)	(2,372,000)
Debt Service Expenditures	(776,978)	(1,426,000)
	<u>(2,259,538)</u>	<u>(3,362,000)</u>
 CURRENT YEAR RESOURCES		
AVAILABLE FOR CAPITAL	<u>\$ 2,000,217</u>	<u>\$ 1,493,000</u>
 <u>CASH AVAILABLE FOR CAPITAL ASSETS</u>		
Beginning Capital Asset Cash	10,529,426	10,529,000
Add: Curr. Yr. Resources Available	2,000,217	1,493,000
Add: Depreciation Transfer	2,280,950	2,372,000
Less: Capital Purchases Authorized - Curr. Yr.	(3,588,300)	(878,000)
Less: Capital Purchases Authorized - Prior Yrs.	(9,995,137)	(1,359,000)
	<u>1,227,156</u>	<u>13,516,000</u>
ENDING CAPITAL ASSET CASH	<u>\$ 1,227,156</u>	<u>\$ 13,516,000</u>

Wastewater's major issue is the large capital expenditures required for their NPDES permit, with early estimates ranging between \$50.0 and \$60.0 million. The City is in the process of awarding a design contract within a few weeks of which approximately \$5.0 million is currently estimated to be spent by 2010. Construction would then occur in 2011 and 2012. To prepare for this project, the City needs to adjust its rates to support the appropriate debt service.

The will City utilize Revenue Bonds or a State loan program to the fund the improvements. Either way, the City will be required to maintain a cash flow of 125% of the operating and maintenance costs including debt service. To obtain the bonds, it will be necessary to already have implemented a rate structure sufficient to cover the new debt. Table XXVII, Wastewater's Potential Rate Increase provides two funding

scenarios: a \$60 and a \$50 million project. Since the fund has set aside some \$10 million in cash, the debt issue will be between \$40 and \$50 million in order to meet the typically required rate covenant.

Table XXVII

Wastewater's Potential Revenue / Rate Increase

Debt Issue	(In Millions)	
	\$50.0	\$40.0
Expenses		
Debt Service:		
2003 Bonds	\$ 1.4	\$ 1.4
New Debt (based on 6.0% for 20 years)	4.3	3.4
Total Debt Service	5.7	4.8
Operations	6.9	6.9
Total Expenses Excluding Depreciation	\$ 12.6	\$ 11.7
Rate Covenant (Required)	125%	125%
Revenue		
Required Revenue	15.8	14.7
Current Projected Revenue	11.8	11.8
Additional Revenue Needed - \$	\$ 4.0	\$ 2.9
Additional Revenue Needed - %	33.9%	24.6%
Rate Increase - %		
Required Revenue (New Debt) / Divided by 3 Yrs.	11.3%	8.2%
Existing 5.0% Increase (3 Yrs. Remaining)	5.0%	5.0%
Revised 3 Year Rate Increase - %	16.3%	13.2%

In discussions with the Waste Water Treatment Plant Manager, Jim Ross, he believes that the required cash flows will be as follows:

FY 09/10	\$ 6 million	Mainly for design
FY 10/11	25 million	Begin construction
FY 11/12	\$19 million	Complete construction
Total	\$50 million	

This low end estimate still requires issuing a revenue bond sometime in FY 10/11. As a result, the City needs to put into place a rate structure which will support this amount of debt. **Staff recommends that Council direct staff to bring back a three year rate**

proposal for implementation this July which will assure that the City can support the lower end of the projected capital project cost.

On a side note, Wastewater owns over 850 acres land of which of 600 acres is in walnuts that are contracted out for a set fee. Last fiscal year's crop production was very large and prices were at an all time high resulting in gross revenue of \$2.8 million. This year's gross revenue projection is \$1.2 million resulting in a net of \$250,000 to the fund.

Management Recommendation #8: Bring back to Council a rate proposal designed to support the low end of the projected treatment plant NPDES project, implemented over three years.

Storm Water

Covering operations: Yes
Meeting capital needs: Yes

Comment: Monitor rates to ensure that capital and operating cost are covered.

Storm Water is projected to meet the objective of covering operating and capital costs for the current year, as shown on Table XXVIII, Storm Water for the current year. The financial statements suggest that the fund is operating adequately. Storm Water is currently charging around \$5.00 per month for residential property and has not been increased since 2004. If it is determined that an increase in needed, the City would need to ballot the users.

**Table XXVIII
Storm Water
FY 08-09**

<u>OPERATIONS</u>	<u>Budget</u>	<u>Projected</u>
<u>REVENUES</u>		
Charges & Fees	\$ 1,118,870	\$ 1,122,000
<u>EXPENSES</u>		
Operations & Maintenance	(585,110)	(598,000)
Allocated Costs - Public Works & Wastewater	(352,650)	(372,000)
Allocated Costs	(48,990)	(49,000)
	<u>(986,750)</u>	<u>(1,019,000)</u>
OPERATING	132,120	103,000
<u>OTHER / NON-OPERATING</u>		
Miscellaneous	40,000	57,000
Depreciation Expense	(409,830)	(410,000)
	<u>(369,830)</u>	<u>(353,000)</u>
CURRENT YEAR RESOURCES AVAILABLE FOR CAPITAL	\$ (237,710)	\$ (250,000)
<u>CASH AVAILABLE FOR CAPITAL ASSETS</u>		
Beginning Capital Asset Cash	253,480	253,000
Add: Curr. Yr. Resources Available	(237,710)	(250,000)
Add: Depreciation Transfer	409,830	410,000
Less: Capital Purchases Authorized - Curr. Yr.	(41,700)	-
Less: Capital Purchases Authorized - Prior Yrs.		
ENDING CAPITAL ASSET CASH	\$ 383,900	\$ 413,000

Recommended Action: None

Continue to review operational and capital costs and ensure reserves and rates are adequate.

Summary

The breadth and scope of events in the larger world are impacting Visalia and all local governments. The extent of these recommendations are far reaching. However, Visalia is striving to grapple not with this year's fiscal challenges nor just next year's challenges to be, but long-term issues stretching many years into the future. Because of this effort, Visalia is better able to handle difficult times.

Prior Council/Board Actions:

Committee/Commission Review and Actions:

Alternatives:

Attachments:

<p>Recommended Motion (and Alternative Motions if expected): Receive the budget report and act upon management's recommendations, namely:</p>
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Management Recommendation #1: Reinstate the General Fund retiree health care contribution of \$500,000 for fiscal year 08/09 and 09/10.

Management Recommendation #1a: Consider a policy of directing increased contributions to Retiree Health Care prefunding first before making increased retiree health care premium payments.

Management Recommendation #1b: Set-aside \$600,000 towards the expected increase in PERS costs for FY 2010/11.

Management Recommendation #2: Set a public hearing for April 6, 2009 to consider and select budget saving options in the General Fund.

Management Recommendation #3: Retain all frozen projects frozen and freeze the Miki City Park project, an additional \$274,500.

Management Recommendation #4:

- a) Direct staff to bring back a tax-exempt project for the Central project area to maximize the debt capacity of Central RDA.

- b) Authorize staff to pay the ERAF payment in the amount of \$446,867 to the County by April 15, 2009.

Management Recommendation #5: Postpone projects as outlined above in the Transportation Impact Fee and Waterways Funds, namely:

Transportation Impact Fee

- Install Traffic Signal Demaree & Mill Creek (Project #8114), \$300,000
- Traffic Signal Ben Maddox & Douglas (Project #new), \$150,000 (09/10) and \$150,000 (10/11)
- Traffic Signal at Houston Ave. & Mooney Blvd (Project #new), \$270,000
- Portable Traffic Signal (Project #8111), \$120,000

This will be funded if Federal Stimulus money becomes available.

Management Recommendation #6: Direct staff to return to Council with various fare box alternatives now that State Transit Assistance monies will be taken by the State of California.

Management Recommendation #7: Direct Staff to recommend Solid Waste rates and fees which:

- 1) Accumulate sufficient working capital and other capital monies for ongoing operations; and,
- 2) Revise commercial recycling rates to encourage more commercial recycling.

Management Recommendation #8: Bring back to Council a rate proposal designed to support the low end of the projected treatment plant NPDES project, implemented over three years.

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: