

# Regular Meeting Agenda - Revised Visalia City Council



Mayor: Bob Link  
Vice Mayor: Amy Shuklian  
Council Member: Warren Gubler  
Council Member: Mike Lane  
Council Member: Steve Nelsen

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Monday, March 15, 2010

**VISALIA CONVENTION CENTER, 303 E. ACEQUIA, VISALIA CA 93291**

Work Session 4:00 p.m.; Closed Session immediately following Work Session  
Regular Session 7:00 p.m.

## **4:00 p.m. WORK SESSION AND ACTION ITEMS (as described)**

1. Annual Report of the Visalia Parks and Recreation Foundation by Carol Lefson, Foundation Executive Director. **Receive public comment.**
- 4:10 p.m. 2. Presentation of the 2009 Visalia Convention and Visitors Bureau (VCVB) Annual Report. **Receive public comment.**
- 4:40 p.m. 3. Receive the Mid-Year Financial Report and provide direction to staff as appropriate. **Receive public comment.**
- 5:00 p.m. 4. Discussion of possible economic stimulus actions the City of Visalia might take. **Receive public comment.**

*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**

## **6:00 p.m. CLOSED SESSION (immediately following Work Session)**

5. Conference with Legal Counsel – Existing Litigation (Subdivision (a) of G.C. §54956.9)  
Name of Case: Kuehn v. City of Visalia, TCSC #09-231447
6. *Item removed at the request of staff*

7. Conference With Real Property Negotiators (G.C. §54956.8)  
Property: 3.43 acres located at the northeast corner of Road 68 and Caldwell Avenue, 6832 Avenue 280, APN 118-020-033  
Under Negotiation: Potential Tenant  
Negotiating Parties for City: Steve Salomon, Mike Olmos, Andy Benelli, Chris Tavarez  
Negotiating Parties for Tenant: Nancy Salmon, Robert Linderman, Reverend Vartan Kasparian
  
8. Conference With Real Property Negotiators (G.C. §54956.8)  
Property: Portions of APN: 119-010-021 and 118-020-037 (No Site Address Available)  
Under Negotiation: Authority to negotiate rates, terms and conditions of potential lease  
Negotiating Parties: Steve Salomon, Andrew Benelli, Jim Ross, Sue Shannon, Gary Birdsong, John Jones

7:00 p.m.

## **REGULAR SESSION**

### **CALL TO ORDER**

### **PLEDGE OF ALLEGIANCE**

**INVOCATION** – Reverend Tom Buratovich, Visalia United Methodist Church

### **SPECIAL PRESENTATIONS/RECOGNITION**

- Present Resolution of Commendation to Pastor Rich Hansen, First Presbyterian Church
- Presentation of donation to the City of Visalia by the Visalia Parks and Recreation Foundation (Vince A. Elizondo, Director of Parks and Recreation, and Carol Lefson, Foundation Executive Director)

**PUBLIC COMMENTS** - *This is the time for citizens to comment on subject matters that are not on the agenda that are within the jurisdiction of the Visalia City Council.*

*This is also the time for citizens to comment on items listed on the Consent Calendar or to request an item from the Consent Calendar be pulled for discussion purposes. Comments related to Regular or Public Hearing Items that are listed on this agenda will be heard at the time that item is discussed or at the time the Public Hearing is opened for comment.*

*In fairness to all who wish to speak tonight, each speaker from the public will be allowed three minutes (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.*

### **9. INFORMATION ITEMS** – (No action required)

- a) Receive Planning Commission Action Agenda for the meeting of March 8, 2010.

**10. CONSENT CALENDAR** - *Consent Calendar items are considered routine and will be enacted in one motion. There will be no separate discussion of these matters unless a request is made and then the item will be removed from the Consent Calendar to be discussed and voted upon by a separate motion.*

- a) Authorization to read ordinances by title only.

- b) Approve the Waterways and Trails Master Plan and adopt the Mitigated Negative Declaration. **Resolution 2010-11 required.**
- c) Authorize the purchase of 43 copiers with maintenance contract to replace the leased copiers at various departments throughout the City.
- d) Authorization to lease two 30-foot hybrid-electric buses from the Livermore/ Amador Valley Transit Authority (LAVTA) for use in the Sequoia Shuttle internal route for the 2010 season (May 1 through September 30) at a total cost of \$44,000 which will be funded through the Cooperative and Task Agreements with the National Park Service.
- e) Authorization to remove the informational item of the Planning Commission Action Agenda from future Council meeting agendas.
- f) Approve the recommended appointments of Debbie Bowen, Steve Sanders, Ray Bullick, Ryan Wullschleger and alternate David Shelburne to the Waterways and Trails Committee.
- g) Approve request by MSJ Partners to initiate a second amendment to the Pre-Annexation Agreement pertaining to the 480 acre Vargas annexation, located along Plaza Drive north of Riggin Avenue.

**REGULAR ITEMS AND PUBLIC HEARINGS** - *Comments related to Regular Items and Public Hearing Items are limited to three minutes per speaker, for a maximum of 30 minutes per item, unless otherwise extended by the Mayor.*

- 11. Approval of the 2010-15 Mobile Home Park Master Lease and Memorandum of Understanding (MOU).

**12. PUBLIC HEARING**

- a) Adoption of Negative Declaration No. 2009-91, for the 2009 Housing Element Update (GPA 2009-03). **Resolution No. 2010-12 required.**
- b) Adoption of the 2009 Housing Element Update, General Plan Amendment GPA 2009-03. **Resolution No. 2010-13 required.**

- 13. *Approve request from staff to cancel the public hearing until further notice (Continued from 2/16/10 and 3/1/10)*

**PUBLIC HEARING** - Introduction of Ordinance for a Development Agreement for Tentative Parcel Map No. 2006-09: A request by Di Mello Toscana Inc. to enter into a Development Agreement with the City of Visalia related to the required infrastructure improvements for Tentative Parcel Map No. 2006-09, which divides 9.76 acres into nine parcels. The site is located on the north side of Goshen Avenue, approximately 850 ft. east of Shirk St. APNs: 077-720-001 thru 007, 077-730-001 and 077-730-002.

**COUNCIL ITEMS** – Update from Mayor Bob Link and Vice Mayor Amy Shuklian on recent lobbying trip to Washington DC

## CLOSED SESSION REPORT (if any)

### Upcoming Council Meetings

- Monday, April 5, 2010, 3:00 p.m. Joint Meeting with Planning Commission, Visalia Convention Center, 303 E. Acequia
- Monday, April 5, 2010, Work Session 5:00 p.m.; Regular Session 7:00 p.m., Visalia Convention Center, 303 E. Acequia
- Monday, April 19, 2010, 4:00 p.m. Work Session; Regular Session 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.*

The City's newsletter, *Inside City Hall*, is published after all regular City Council meetings. To self-subscribe, go to [http://www.ci.visalia.ca.us/about/inside\\_city\\_hall\\_newsletter.asp](http://www.ci.visalia.ca.us/about/inside_city_hall_newsletter.asp). For more information, contact Community Relations Manager Nancy Loliva at [nloliva@ci.visalia.ca.us](mailto:nloliva@ci.visalia.ca.us).

*A quote from  
Visalia's past:*

*"There was something doing at the Santa Fe depot this morning. The agent, the warehouse man, all of the telegraph operators, and even the baggage man, were jumping around and ejecting excited and incoherent sentences in a manner that would make the wooden actors in a puppet show ashamed of themselves. All the excitement was caused by the unexpected discovery of a young alligator in a refrigerator car." Visalia's Tulare County Times, April 18, 1912*



## City of Visalia Agenda Item Transmittal

**Meeting Date:** March 15, 2010

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

**Agenda Item Wording:** Discussion of possible stimulus actions the City of Visalia might take.

**Deadline for Action:**

**Submitting Department:** Administrative Services

**Contact Name and Phone Number:** Eric Frost, x4474

**Department Recommendation:** That the City Council:

- 1) Consider six staff recommendations for a local stimulus program at tonight's meeting;
- 2) Consider three Chamber of Commerce proposals for additional actions discussed on page 3 (Additional Chamber materials are attached as appendix #1);
- 3) Have staff follow-up on any items that arise out of the Council discussion or present additional staff recommendations;
- 4) Ask the Citizens' Advisory Committee to call a special meeting to review the stimulus options and provide Council feedback by the April 5, 2010 Council meeting; and,
- 5) Schedule this item for potential action on April 5, 2010.

**Summary/background:**

The City is in fiscal distress. Over the last several years, the City's financial stress has increased as Sales Tax has declined by more than \$5 million a year and other resources have declined. Add to these problems cost pressures ranging from retiree health-benefits lawsuits, probable increased pension costs due to stock market losses, and unknown but potential State budget take-aways, the City faces challenging fiscal times.

The City Council has directed staff to prepare a list of potential stimulus activities the City could enact to improve the local economy. Potential actions might be designed to:

- Encourage more jobs for those unemployed;
- Spur business investment which in turn produces jobs;
- Encourage individuals to spend locally; and,
- Not burden other ongoing City operations.

**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.

The positive effect of any stimulus package is hotly debated. Historians of the great depression do not point to the stimulus package of that day, the Works Progress Administration, as resolving the depression. Rather, they point to World War II as being the event that brought America out of the depression.

The most recent experiment in stimulus packages has been the TARP funding of \$800 billion in the United States' \$14.2 billion Gross Domestic Product (GDP). In other words, the U.S. government's stimulus effort was to spend 5.6% of GDP in an effort to improve economic activity.

Likewise, the City's local economy is substantial. Taxable Sales as reported by the Board of Equalization for Visalia in 2008, the last year reported, were \$1.98 billion dollars. If the City were to produce some program on the magnitude of the Federal Government locally, the City's program would be over \$100 million, something beyond the City's fiscal capacity.

Local government has much less financial capacity than the Federal Government to develop a stimulus program. Further, the City of Visalia is battling its own economic difficulties, having its General Fund revenues decline from \$60 to \$50 million a year. However, there are several types of things that the City can do, such as:

- **Revise regulations** which appropriately removes barriers to business activity and tends to foster a business-friendly environment;
- **Market** efforts which coordinate resources to highlight and encourage businesses;
- **Provide limited financial incentives** which encourage and helps businesses on the margin to succeed; and,
- **Increase activities designed to create jobs.**

The value of any of these actions should:

- **Have lasting effect;**
- **Be traceable to the actions taken;**
- **Provide more benefit than the activity's cost;** and,
- **Have immediate effect.**

#### **Staff Recommended Actions**

The simplest and most cost-effective actions Council can take are to make sure the regulatory actions of the City are done efficiently and with the least intrusion into business. As a result, **staff recommends that the following actions** designed to improve the development environment be implemented:

- **Put building permits and business licenses on-line** so that permits not requiring multi-page plan submittals may be processed on-line, including an opportunity to make payments for such permits. This upgrade will cost approximately \$100,000 but will decrease the effort required by builders to submit plans and process required paperwork. This enhancement should allow builders the opportunity to focus on building and not permit processing.
- **Provide an on-line tracking of permit processing**, informing the individual submitting a building permit application as to the status of their submittal. Again, this will provide

developers a tool to better use their time for building rather than tracking paperwork. The additional cost of this enhancement is estimated at \$15,000.

- ***Expedite large commercial buildings or residential unit plan checks*** with individual valuations in excess of \$1,000,000 by out-sourcing the projects, reducing the normal six week processing time for these projects. The City would give up revenues which would otherwise be earned by staff in reviewing projects, but this might reduce the wait for builders in receiving their plan submittals back.
- ***Do not increase developer impact fees for 2010/11***, this would be the second year in a row that fees would not be raised. As of March, 2010, the ENRCCI was running at a 1.6% rate. The 2009/10 6.5% impact fee increase waiver was set to expire this year. The 2009/10 waiver will save developers \$400,000 this fiscal year.
- Continue to ***defer impact fees for up to five years*** for industrial projects and ***expand the program to include office and commercial developments for building permits issued from April to October, 2010.***
- ***Defer the payment of impact fees on new development until the close of escrow*** for building permits issued from April 1 to October 31, 2010. The City would need to lien the property so that upon sale, impact fees are paid. This item has the very real benefit of allowing the builder to pay these fees when he or she get paid. At the sale of the property, the new owner effectively pays toe impact fees, reducing the builders borrowing needs. For a typical home, this allows the developer to not have to pay this fee; rather, the owner pays \$10,000 in deferred impact fees.

Excluding the deferred impact fee increase, the additional costs of these actions are probably less than \$150,000 for this and next fiscal year but should provide an improved environment for development. City staff stopped short of recommending other items out of a concern for the City's General Fund.

### ***Alternatives Not Recommended – Chamber of Commerce Proposals***

In considering other options, staff reviewed what other cities have done. One of the most comprehensive action plans was taken by the City of Lancaster. In Lancaster, their redevelopment agency took a number of actions and used \$500,000 in Redevelopment Money to create their own local stimulus program. Visalia already does a number of the things Lancaster promoted with their local stimulus package such as:

- Regional marketing;
- Wayfinding Campaigns;
- Established a Convention and Visitors Bureau;
- Created New Events promotions;
- Accelerated Capital Projects (note that this last fiscal year governmental capital projects increased from \$25 million to \$48 million in Visalia);
- Removed foreclosed homes from the market;
- Prepared potential On the Shelf Projects (note that because Visalia prepared itself, the City received \$11.6 million in Federal Stimulus grants);
- Deferred Impact Fees; and,
- Streamline permit processing.

Three additional components of the Lancaster plan are proposed by the Visalia Chamber of Commerce for the City's consideration, namely:

- Except for Police, Fire and School facility fees, waving impact fees for residential, commercial, and industrial projects which are initiated during the next twelve months;
- rewarding consumers who frequent local merchants with a "shoppers reward" rebate;
- rewarding consumers who purchase a new vehicle from a Visalia dealer with a "shoppers reward" rebate.

A letter and flyer from the Chamber of Commerce provides a general discussion of potential ways the City could implement these programs. It should be noted, however, that these programs will cost much more than the program implemented by the City of Lancaster, most aggressive program that staff has reviewed in the State.

Although staff does not recommend these programs, if the Council decided to implement the programs, staff would recommend that the following restraints be used:

- A fixed budget as well as a time limit be developed to limit the financial costs to the City; and,
- To the extent possible, provide incentives after performance. In other words, waiving fees only after a development is completed.

***Impact Fee Waivers.*** The Chamber's recommendation is to waive all impact fees except for Police, Fire and School fees. The typical house in Visalia pays almost \$12,000 in City impact fees, as shown in Table I, Typical Residential Impact Fees. The Chamber's proposal is that all of these fees be waived except the police, fire and school facility fees, lowering impact fee costs by over \$10,000 a house.

Staff's concerns about this proposal are the following:

- Generally, impact fees cannot be waived without either paying the fees from another source or lowering the expected level of infrastructure improvements.
- All the proposed fees to be waived, except the Transportation Impact Fee, are proportional fees; in other words, the fees are designed to maintain the current level of infrastructure which exists in the community today. To waive those fees is to accept a lower level of park development or treatment plant capacity. Staff believes this type of decision should only be made after great consideration about long term impacts; therefore, waiving these fees is not recommended.
- The Transportation Impact Fee is designed to implement a plan. The plan contains certain assumptions that if reevaluated may provide an ability to change the fee. This item is discussed below.

Table I

City of Visalia				
Typical Residential Impact Fees				
Assume July 2009 fee schedule, 2000 sq. ft.				
				Chamber Proposed
		Current Fees		
Bldg Permit and Insp.		\$ 2,420		\$ 2,420
<b>Impact Fees</b>				
Transportation	4,803			
Trunkline Capacity	647			
Treatment Plant	641			
Storm Drainage	616			
Park Acq. And Dev.	3,215			
Waterways Acq.	566			
Groundwater Mit.	243			
Fire Facilities	681		681	
Police Facilities	467		467	
		11,879		1,148
School Facility fees		6,740		6,740
Building Permit Fees		\$ 21,039		\$ 10,308

Staff believes that unless the Council uses General Fund dollars to pay for waived fees, the only fee that might be quickly lowered is the Transportation Impact Fee.

Transportation Impact Fees. One-half of the City's impact fees come from the Transportation Impact Fee. An important assumption in this fee is the amount of land that will bear the cost of the development. Normally, an individual would believe that all the land should bear the development cost. However, the City's model was devised so that 80% of the land to be developed would pay for the infrastructure.

The rationale for 80% of the land development paying for 100% of the infrastructure were for the following reasons:

- 1) The required streets are needed prior to the full development of the land. The community committee and staff struggled to determine at what point is it necessary that the street infrastructure be present to service the developed land. Five areas of more developed portions of the community were studied. The range of undeveloped and underdeveloped land ranged from 34% to 18% in those areas. The committee settled upon a lower end vacancy assumption of 20%. This assumption is somewhat consistent with the planning growth rings the City relies upon before allowing growth to cross over into a new growth area. The three part threshold criteria to move to the next growth boundary is as follows:

- i. 1988 Urban Improvement Boundary, 85% developed;
- ii. 98,700 population boundary, 80% developed; and,
- iii. 129,000 population boundary, 70% developed.

2) The City has estimated what infrastructure will cost. Until recently, the City's estimates have tended to be much lower than the actual cost. As a result, if additional revenues were to be generated, projection shortfalls would be covered.

As an immediate action, the City could revise the Transportation Impact Fee allowance for undeveloped property from 20% to 19%. This change would mean that the City's time horizon for the circulation element to be fully built out will take six months longer than anticipated.

This change in the time horizon would mean that the City will receive additional, non-impact fee monies (Gas Tax, Discretionary Measure R, CDBG, Prop 42 monies) that could be used to either maintain streets or implement the circulation element. After deducting monies that are normally directed towards maintenance, the Council would have \$1.3 million of Council discretionary transportation funds.

Council could put the \$1.3 million back into the plan and generally reduce all fees. Conversely, the Council has the discretion to put those monies back into the plan in a specific way.

Council could direct that some of these additional revenues be used to pay transportation impact fees with the caveat that such payment by the City will not be used to generate a transportation impact fee fund reimbursements for those benefiting from the City payment of impact fees.

If Council decided to pursue this aggressive program, staff would recommend that developers may voluntarily participate in a program by which ***projects pulling building permits be given a 1 year fee deferral, with the City presenting a lien against the proposed development for those fees. If the development completes the project within one year, the amount of money set-aside by Council from these \$1.3 million of additional transportation fees would be applied against those projects which are completed in a timely manner. The monies would be applied on a first come, first serve basis based upon issuance of building occupancy.***

At the same time, this fund does have substantial demands upon its resources. At the beginning of the fiscal year, the fund had \$3 million in cash. The City is about to embark on widening projects at Whitendale and Mooney; and at Walnut and Mooney; each will cost approximately \$2 million. The City has set-aside \$4 million for developer reimbursements this year and the City's \$3.5 million participation in the Betty Drive extension project on to Highway 99 will greatly tax the fund's resources. If all these projects and the other smaller projects are completed timely and revenues in the fund do not improve, the General Fund will have to advance \$5 million or more to this fund.

Rewarding Shoppers and Car Buyers. These two programs are variations of each other which provide some type of financial incentive based upon a purchase here in Visalia. For shoppers, the proposal would be to provide a gift card of \$30 for anyone who spends \$300 in Visalia. If the Council wished to pursue such an idea, Staff would recommend that:

- Gift cards be limited to one per household;
- A merchant panel who wished to be included in the gift cards be formed;
- An individual would be able to choose a gift card from the approved panel; and,

- A total budget be set for the gift cards. When the budget has been exhausted, the shoppers gift card program end.

Funding for this program would mostly come from the General Fund; however, some of the funding could come from the Mooney Redevelopment District for those stores, which are within the district. Thus, the two malls and stores North of Caldwell would be included. By so doing, up to half of the cost of the program might be funded from Redevelopment. Although this program is not recommended, staff would suggest that no more than \$100,000 be allocated to such a program.

A \$100,000 budget would allow about 3,000 gift cards to be issued. The Chamber has indicated that it might be able to administer such a program at a cost of approximately \$1.50 a gift card. Downtown Visalians may also be able to administer such a program.

For car buyers, the size of the gift card would be larger. The City's sales tax on the typical new car is about \$250. Again, gift cards could be given with the same restrictions as the "Shop Visalia" program. Again, staff would recommend that if the program was adopted, the number of gift cards be limited to a total \$100,000 or less. At \$250 each, 400 gift cards equals \$100,000. Table II, Chamber Proposals, estimates the costs of these several programs.

Table II  
Chamber Proposals

Half of Newly Available Transportation Impact Fees	\$650,000
"Shop Visalia" Reward Program	100,000
"Buy Visalia" Cars Program	<u>100,000</u>
Total Alternative Program Costs	\$850,000

This program would be more than 1.5 times Lancaster's program budget of \$500,000 and one of the most aggressive programs in the State. Adding in the recommended actions, the program would be twice the size of Lancaster's. At the same time, \$1 million out of the \$1.98 billion spent in the local taxable sales economy of Visalia is less than 0.05% of Taxable Sales. One must ask the question, "How much difference will this make?"

**Summary.**

The City Council is struggling with a General Fund budget which has already cut staff including public safety officers. Next year's budget looks as if another \$2.5 million must be cut. The State of California is also struggling with their budget and has impacted the City's budget in the past. Now, the Council must decide if it should conduct a local stimulus program. Given the options available to Council, the question will always be: Was this effective? The problem with stimulus actions is that the true impact will never be known because a controlled experiment checking both courses of actions can not be conducted.

The best the Council can do is to budget its efforts in whatever area it decides to pursue, balancing the desire to implement a stimulus program against the other demands upon the City's resources.

**Prior Council/Board Actions:**

**Committee/Commission Review and Actions:**

**Alternatives:**

**Attachments:** #1 Chamber Letter requesting stimulus program  
#2 Wall Street Journal Economy Graphs

**Recommended Motion (and Alternative Motions if expected):** That the City Council:

- 1) Consider six staff recommendations for a local stimulus program at tonight's meeting;
- 2) Consider three Chamber of Commerce proposals for additional actions discussed on page 3 (Additional Chamber materials are attached as appendix #1);
- 3) Have staff follow-up on any items that arise out of the Council discussion or present additional staff recommendations;
- 4) Ask the Citizens' Advisory Committee to call a special meeting to review the stimulus options and provide Council feedback by the April 5, 2010 Council meeting; and,
- 5) Schedule this item for potential action on April 5, 2010.

***Environmental Assessment Status***

**CEQA Review:**

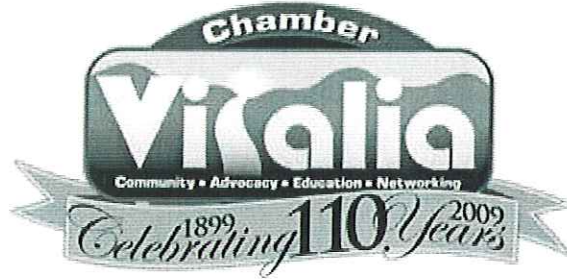
**NEPA Review:**

**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:



**From:** Glenn Morris [mailto:Glenn@visaliachamber.org]  
**Sent:** Monday, March 08, 2010 3:14 PM  
**To:** Bob Link (bplink@sbcglobal.net); Bob Link; Steve Salomon  
**Cc:** Amy Shuklian (Amyshuklian@sbcglobal.net); collect@thecalifornialawyers.com; Mike Lane; Steve Nelson (snelsen@valhallasales.com); jim@visaliaidea.com; mseals@seals-biehle.com; 'Steve Peck'; nlockwood@thelockwoodagency.net; craig@manganoltd.com; Linda@manganoltd.com; biabob@biatk.com; raymond.macareno@tkhcc.com; Eric Frost; Colleen Mestas; Mark Nelson; scarrizosa@visalia.k12.ca.us  
**Subject:** Local Economic Stimulus Program



8 March 2010

Bob Link, Mayor  
Steve Salomon, City Manager  
City of Visalia  
425 E Oak Street  
Visalia, CA 93291

Gentlemen:

Recently, the Mayor called for the City to develop and institute a local economic stimulus program that would create jobs in our community and increase economic activity for local businesses. The Chamber of Commerce, in partnership with a number of other local business organizations (see brochure for full list of supporters), endorses this initiative and its goals and would be pleased to work with the City Council and Staff in putting together a program that generates real results.

After researching economic stimulus models that have been tried in other California cities, we are pleased to present a simple, direct program that we believe will maximize results, while protecting core services in our community. Our plan includes three simple strategies, including:

- ? waving non-essential fees for residential, commercial, and industrial projects which are initiated during the next twelve months;

- ? rewarding consumers who frequent local merchants with a “shoppers reward” rebate;
- ? rewarding consumers who purchase a new vehicle from a Visalia dealer with a “shoppers reward” rebate.

We believe that these strategies will be effective because they are simple, easy to participate in, and targeted at the key business sectors which will lead our community into an economic recovery. Additionally, these strategies will lead ultimately to improved revenue streams for the City as they will increase sales tax revenues, increase the property tax base, and encourage the creation of jobs within our community. Finally, these programs not only protect core services such as police, fire, and schools, but should actually benefit them due to increased fees generated by new building projects and increased sales tax revenues.

#### Funding this Program

Strategy 1, the waiver of non-essential fees, should essentially be a wash for the City. The largest fee included in this recommendation is the Transportation Impact Fee, which was designed with a substantial cushion built-in. By simply delaying any projects funded by the waived fees, the city should be able to avoid any large direct expenditure associated with this strategy.

Strategies 2 and 3, which provide shopper rewards for consumers, can be funded using a variety of strategies which will help to minimize the impact on the City’s general fund. To the extent possible, the City’s Redevelopment Zones should be used to fund activity within their boundaries. Additionally, by adopting some basic criteria for these strategies, e.g. limiting gift cards to one per household, establishing a fixed window of time or a maximum budget, etc., the City can determine the maximum size of the program. We would encourage the City to give serious consideration to re-assigning one-time funds that fall under the discretion of the Council to cover part or all of the cost of this program.

#### Managing the Program

Strategy 1 would be simple to administer and can be coordinated by the City working with involved developers.

Strategies 2 and 3 would be administered by the Chamber and its partners. The Chamber would be responsible for enlisting local business participants, developing and implementing a community-wide promotional plan, and managing the card exchange and redemption process.

#### Other Potential Strategies

We recognize that there will be any number of ideas presented to the Council for their consideration. We are open to discussing any ideas that meet the test we have set for our own recommendations, namely that they are simple, targeted at

real economic activity, and can be implemented quickly and without major expense to the City or to business.

In particular, we endorse the idea raised by the Council during its recent retreat to find ways of streamlining the permit process and to, ultimately, move as much of this process as possible online. We would love to be part of a team tasked with looking at this issue.

At the end of the day, our key message to the Council is this ... it is important to act; doing nothing is not an option. Our community continues to struggle in shaking off the effects of the recession. People continue to have a hard time finding jobs. They also struggle each month to stretch their income as far as possible. The strategies we have outlined will address these issues.

We strongly believe that the program we have outlined, particularly Strategy 1, represents the best chance the City has for making a real impact on our local economy. The impact of the Council's decision to adopt this approach may just be the difference between projects moving forward – or staying on the shelf. Obviously, projects sitting on a shelf create no jobs, no fees, and no economic stimulus. Adopting and implementing a comprehensive stimulus program quickly says we have leaders who are trying to make a difference and tells the rest of the world that Visalia is open for business.

We stand ready to work with the Council and Staff to finalize a program that we can move forward with very soon.

Sincerely,

**Glenn Morris**

President & CEO  
Visalia Chamber of Commerce

phone: 559.734.5876 | cell: 559.909.1012 | [glenn@visaliachamber.org](mailto:glenn@visaliachamber.org)

**Get Instant Updates from the Chamber ... Follow us on Twitter at [www.twitter.com/VisaliaBiz](http://www.twitter.com/VisaliaBiz)**

#1

3 of 5

11



# 3 Strategies

## Drive Visalia!

This program would credit back to the consumer all or a portion of the city's sales tax or VLF fees. The credit would be in the form of a gift card or voucher valid in the City of Visalia only.



### Potential impact

- Average new car purchase price: \$26,500
- Potential new sales: 2,000
- Total new revenue: \$53 million
- New sales tax revenues for general fund: \$530,000

### PROGRAM ADMINISTRATION AND MARKETING

**Strategy 1:** Administered directly by the Community Development, Planning and other related City departments.

**Strategy 2 and 3:** Administered by the Chamber of Commerce and coalition partners. The Chamber would be responsible for enlisting businesses, marketing the program and overseeing the card exchange and redemption process.

The Chamber will serve as the lead agency in developing and implementing the marketing for Buy Local to ensure its recognition, acceptance and success.

Marketing strategies include the websites of the Chamber and its partners; the Chamber's monthly newsletter; e-newsletters of partners; inserts in California Water billings; and fliers distributed by participating businesses. Cooperative advertising through participating businesses is also expected.

### WORKING TOGETHER WE CAN GET VISALIA WORKING!

#### Supported by:

- Visalia Unified School District
- Visalia Chamber of Commerce
- Visalia Economic Development Corporation
- Tulare-Kings Hispanic Chamber of Commerce
- Industrial Roundtable
- Home Builders Association of Tulare/Kings Counties
- Tulare County Association of Realtors
- Visalia auto dealers



## BUY LOCAL ... BY VISALIA

### A LOCAL PLAN TO GET VISALIA WORKING

**The best local stimulus program is one designed and embraced by Visalians.**

The Visalia Chamber of Commerce, in conjunction with the Visalia Economic Development Corporation, Downtown Visalians and our coalition of partners, has developed a program to:

- Create jobs
- Increase sales tax revenues
- Increase the property tax base
- Encourage job-creating economic development

**... Without harming funding for police, fire or schools.**

This important initiative is a win-win for all – businesses, employees, schools and families. And, it can be rolled out in 60 days.

The Visalia Plan includes three (3) strategies, targeting the key sectors of our economy over the next 12 months.





# Strategy 1

## Build Visalia!

Waive non-essential fees for residential, commercial and industrial projects initiated in the next 12 months. Municipal projects scheduled to be funded by these fees would be delayed until funding is available. VUSD has already agreed to delay collection of school fees on residential projects until final inspection. Public safety and VUSD fees would continue to be collected.

Fees to be waived include:

- Transportation impact fees
- Park fees
- Sewer fees
- Storm drain fees
- Waterways acquisition fees
- Parking in lieu fees
- Public facility fees



### Potential impact

The cost of non-essential fees on a typical home in Visalia is approximately \$6,100. If 100 homes are built as a result of this stimulus program, the suspension of fees by the City – the incentive to the builder/homebuyer – would total \$610,000.

The positive impacts to our community would include:

- \$105,000 in additional police/fire funds
- \$660,000 in additional school funds
- \$20,000,000 in new property valuation
- 700+ new jobs
- 100 families in new homes



**Commercial, industrial and office development is key to short- and long-term economic impact, job creation, enhanced property tax revenues and taxable retail sales.** While it is difficult to quantify these impacts, current employers International Paper and VF Outdoor are impressive examples, with 350 and 450 employees, respectively.

Because these developments garner higher fees, their impact is greater and essential to this Buy Local campaign.

# Strategy 2

## Buy Visalia!

Shoppers who support local businesses would be rewarded with gift cards for meeting minimum purchase levels. These gift cards would be redeemable at local participating businesses. For example, consumers who show proof of purchases of \$300 or more from local businesses would receive a gift card worth \$30 to be used on future local purchases.

### Potential impact

- 5,300 cards distributed (based on other communities' experience)
- Represents \$1.59 million in purchases
- Which generate \$265,000 in new sales
- Which means \$18,550 in new general fund revenues
- \$4,638 in Measure T revenues (local public safety)
- \$13,913 in Measure R revenues (local road projects)



## TRANSPORTATION IMPACT FEE AND STIMULUS FUNDING

When the new traffic fee was adopted there was an intentional effort, with the concurrence of the development community and staff, to collect fees at an accelerated rate. The final nexus report stated that 100 percent of all road construction costs were to be levied on only 80 percent of total future development so that roads could be built before full build-out of the general plan. This would mean that although an area may not be completely developed, a fully developed street system would be required to serve it. Development that would occur after this 80 percent build-out represents about 7,000 dwelling units, 2,225,000 square feet of retail and office space, and 6,750,000 square feet of industrial space.

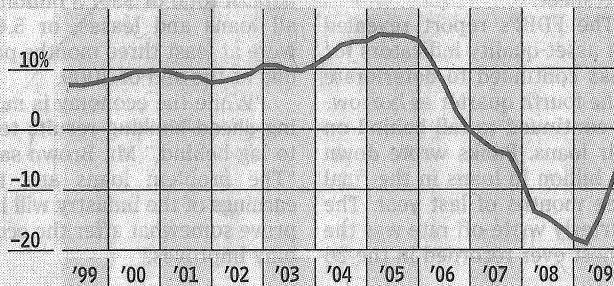
The purpose of this acceleration was to enable the City to construct, or to allow the development community to be reimbursed for, street oversizing that might be desired. However, development fees were never added to the assumed revenue streams and revenues from development beyond the 80 percent build-out threshold representing \$50 million-\$75 million worth of revenue that will eventually go into the transportation fund over and above the projected road costs that are to be allocated to development.

Put another way, the City could completely waive traffic fees for up to five years over the next 20 years, and still collect adequate funds to construct needed improvements.

over the next two years. B5

## Vital Signs

S&P/Case-Shiller U.S. National Home Price Index, change from a year earlier



Source: Standard & Poor's

■ **Housing prices have stabilized, at least for now.**

Prices in the fourth quarter were 2.5% below their year-earlier level, according to S&P Case/Shiller, and 5.3% above the low hit in the first quarter of 2009. But waves of foreclosures continue pouring more houses onto the market, which should keep prices in check for some time, and some economists think this excess supply will actually push prices lower again. A8

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# Wall Street Journal

January 20, 2010

**Vital Signs**

Housing market index



Source: National Association of Home Builders

■ **Home builders are feeling hobbled.** The National Association of Home Builders' housing market index fell to 15 this month, from 16 in December; anything under 50 shows that more builders say sales conditions are poor than that they are good. Builders reported that foot traffic from potential buyers was down, as were sales, but they expected business to improve over the next six months. **B3**

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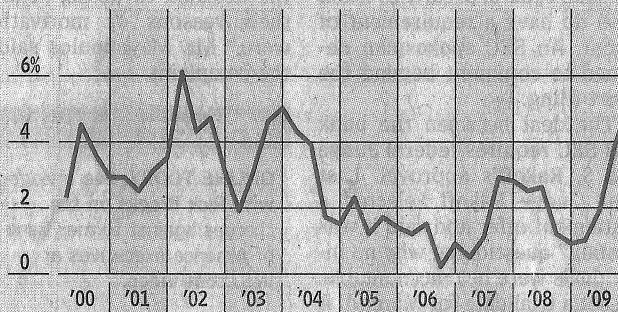
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**Wall Street Journal**

February 5, 2010

### Vital Signs

Productivity, change from a year earlier



Source: Labor Department

■ **Firms are getting more out of their workers.** Productivity, as measured by workers' output per hour, was 5.1% above its year-ago level in the fourth quarter. That is because as business began to recover, companies cut payrolls, leaving the workers who remained to do that much more. The question now is how much longer this can go on before companies have to start hiring to meet demand. **A9**

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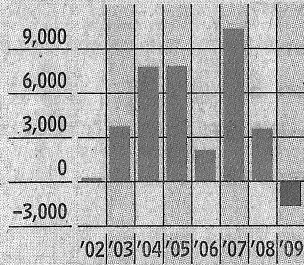
Wall Street Journal



# February 8, 2010

## Vital Signs

Annual change in the number of restaurants operating in the U.S.



Source: NPD Group

### ■ Restaurant row has gotten a little bit shorter.

There were 578,353 restaurants open for business last fall, according to an NPD Group tally, 1,652 fewer than a year earlier. But that 0.3% drop is small in comparison to the drop-off in sales restaurants have experienced. The Commerce Department reports that over the same period, spending at restaurants, bars and the like fell an inflation-adjusted 3.1%.

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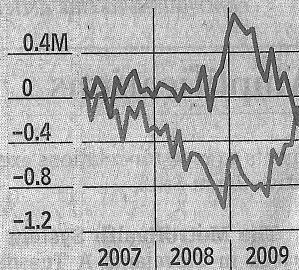
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# Wall Street Journal

# February 10, 2010

## Vital Signs

Change from a year earlier in:  
— Layoffs and discharges  
— Hires



Source: Labor Department

■ Firms may not be firing workers like before, but they're still slow to hire.

In December, employers let go a seasonally adjusted 2.08 million workers, 281,000 below the year-earlier level. They made 4.01 million hires—435,000 fewer than a year earlier, and not enough to fill the gap left by layoffs and workers leaving their jobs for other reasons, like quitting or retiring. **A2**

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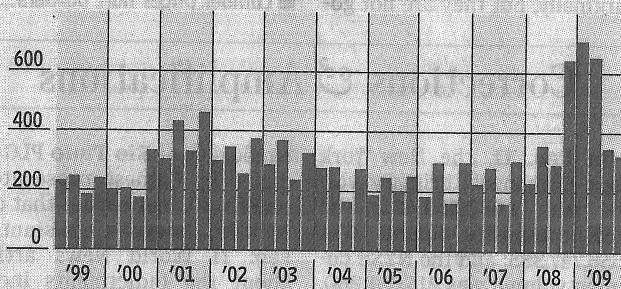
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# Wall Street Journal

# February 16, 2010

## Vital Signs

Number of workers who lost their jobs in large, long-term layoffs (in thousands)



Source: Labor Department

■ **Large-scale job cuts have eased.** Layoffs of 50 or more employees lasting for at least a month put 321,569 people out of work in last year's fourth quarter, according to the Labor Department. That was down from a peak of 705,138 in the first quarter of 2009. Over 2 million jobs were shed in such layoffs in 2009.

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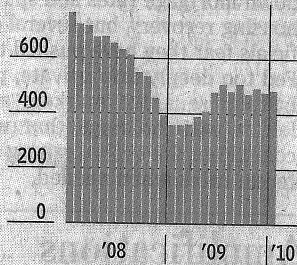
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# Wall Street Journal

# February 18, 2010

## Vital Signs

Single-family housing starts, seasonally adjusted at an annual rate (in thousands)



Source: Commerce Department

■ **Housing construction continued its slow recovery.** Ground was broken on a seasonally adjusted 484,000 single-family homes in January, at an annual rate. That was 35.6% above the year-earlier level, but within the same monthly range that's held since June. After past downturns, construction rebounded far more strongly, but tight credit and a glut of unsold homes have hampered the revival. A7

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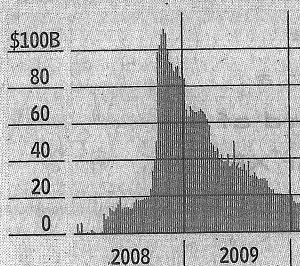
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# Wall Street Journal

February 22, 2010

**Vital Signs**

**Borrowing by commercial banks through the Federal Reserve's discount window**



Source: Federal Reserve

■ **Emergency lending to banks has been declining.** Commercial-bank borrowing through the Fed's discount window fell to \$14.16 billion last week from a November 2008 high of \$108.6 billion. That means last week's increase in the discount rate charged to banks for these emergency loans to 0.75% from 0.5% won't have much bottom-line impact on banks now that the financial crisis has ebbed.

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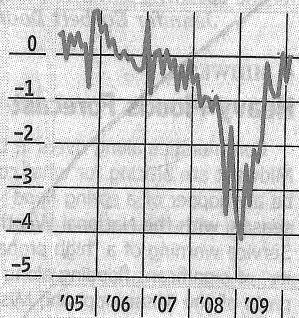
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**Wall Street Journal**

# February 23, 2010

## Vital Signs

National activity index



Source: Fed. Reserve Bank of Chicago

■ **The economy is expanding** at close to its historical average, but not fast enough to undo the damage done by the Great Recession. The Federal Reserve Bank of Chicago's national activity index, a composite of 85 economic indicators, rose to 0.2 in January from a negative 0.58 in December. Anything above zero indicates that the overall pace of economic activity is faster than usual.

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