



Visalia City Council Agenda

(Special Meeting and Adjourned Regular Meeting)



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

Monday, June 28, 2010

Convention Center, 303 E. Acequia, Visalia CA 93291

5:00 p.m.

CONVENE SPECIAL MEETING

PUBLIC COMMENTS *(related to items on the agenda only)*

CLOSED SESSION

1. Conference with Legal Counsel – Anticipated Litigations
 Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: Three potential case
2. Conference with Labor Negotiators (G.C. §54957.6)
 Agency designated representatives: Steve Salomon, Eric Frost, Diane Davis, Shelline Bennett
 Employee Organization: All employee groups
3. Conference with Real Property Negotiators (G.C. §54956.8)
Property: 432 N. Ben Maddox Way, APN: 098-142-050 and 139 N. Cain Street, APN 098-142-040 and APN 098-142-039
Under Negotiation: Authority to negotiate price, terms and conditions of potential purchase
Negotiating Parties: Steve Salomon, Andrew Benelli, Richard Fujikawa, Southern California Edison, Brian Hyde, Hyde Commercial Real Estate

Adjourn Special Meeting and Convene Adjourned Regular Meeting

7:00 p.m.

CONVENE ADJOURNED REGULAR MEETING *(adjourned from Monday June 21, 2010)*

4. **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) Second reading and adoption of Ordinance 2010-04 reducing Council salaries for 2010-11 budget year. **Ordinance 2010-04 required.**
 - c) Authorize the City Manager to execute two lease agreements with Urban Tree Foundation. The properties are located at 700 East Murray and 535 North Burke. The lease agreements will allow either party to cancel with a 30-day notice.

- d) Authorization to allow the City of Visalia to place one contested delinquent service charge case on the Miscellaneous Special Assessments of the Tulare County secured property tax roll.

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.*

5. Update on the Visalia Hazardous Materials Program. *Item removed at the request of staff.*

Adjourn as City Council only and convene jointly as the City Council and Redevelopment Agency Board

6. **PUBLIC HEARING** on the 2010/12 Budget.
 - a) Discussion of the budget and answers to Council questions
 - b) Adoption of the City Manager's Recertified Measure T Plan
 - c) Adoption of the Proposition 4 Spending Limit. **Resolution 2010-31 required.**
 - d) Adoption of the City of Visalia and City of Visalia Redevelopment Agency 2010/12 Budget. **Resolution 2010 - 32 required; RDA Resolution 2010 - 03.**

Upcoming Council Meetings

- Monday, July 12, 2010, 4:00 p.m. Work Session, 7:00 p.m. Special Session; City Hall Council Chambers, 707 W. Acequia
- Monday, August 2, 2010, 4:00 p.m. Work Session, 7:00 p.m. Regular Session; City Hall Council Chambers 707 W. Acequia
- Monday, August 16, 2010, 4:00 p.m. Work Session, 7:00 p.m. Regular Session; City Hall 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: June 28, 2010

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

Agenda Item Wording: Second reading of Ordinance 10-04 amending Ordinance 09-04 to reduce Council salaries during the 2010-2011 budget year. **(Second Reading of Ordinance 10- 04 required)**

Deadline for Action: N/A

Submitting Department:

Contact Name and Phone Number: Alex Peltzer, City Attorney, 636-0200; Leslie Caviglia, Deputy City Manager, 713-4317.

Recommendation

It is recommended that the Council hold the second reading of Ordinance 10-04 relating to Council compensation.

Department Discussion

The City of Visalia is in an unprecedented budget situation that has required layoffs, reduction in positions, and use of reserves to close a 3 year, \$11 million general fund gap. Last year, the Council by ordinance, enacted a temporary 4% salary reduction until July 1 2010, at which time the Council salaries would go back to their pre-reduction levels. This proposed action would extend this temporary reduction to July 1, 2011.

Background:

In June 2007, at the recommendation of the Citizens Advisory Committee, the City Council approved the first increase to Council compensation since 1991. The Council salaries were raised from \$500 to \$800, with the elimination of a \$60 stipend. In addition, an automatic inflator that is compounded annually based on the California Consumer Price Index (CPI) was added. Since City Charter prohibits Council Members from raising their own salaries, no Council members will receive any salary increase during the 2010-11 fiscal year unless this ordinance is repealed. If that should occur, the salaries could only revert to the already approved 4% higher figure. Currently, Council Members Link and Shuklian currently receive \$767.99 in compensation (\$800 minus the 4% as established in 2007) and Council Members Lane, Gubler, Nelsen receive \$791.41 (\$800, plus the inflators, minus the 4% as established in 2009)

Prior Council/Board Actions:

May, 2009 – Council adopted Ordinance 09-04 reducing salaries by 4%.
July 16, 2007 – Adopted new Council salary as recommended by the Citizens Advisory Committee.
June 21, 2010 – Council held the first reading of Ordinance 10-04

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 62310

Finance

City Atty

City Mgr

Committee/Commission Review and Actions:

Alternatives:

Attachments:

Proposed Ordinance 2010-04

Recommended Motion (and Alternative Motions if expected):

I move to approve the second reading of Ordinance 2010-04.

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*)

ORDINANCE 2010 – 04
AMENDING SECTION 2.02.080 OF THE ORDINANCE CODE RELATED TO COUNCIL MEMBER COMPENSATION AND PRESCRIBING THE EFFECTIVE DATES THEREOF

WHEREAS the Visalia City Council monthly compensation schedule was amended in 2007; and

WHEREAS the change was based upon a recommendation from the Citizens Advisory Committee which conducted a salary survey, and based on that information, recommended that the proposed increase be adopted; and

WHEREAS the current compensation schedule includes an inflationary factor to keep Council compensation in line with inflation; and

WHEREAS, the Council intends that any increase in monthly compensation be applied only at the commencement of a Council member's term, in conformance with provisions of the Visalia Charter; and

WHEREAS, given the current economic circumstances, the Council has asked City employees to take salary and benefit reductions for 2010-11; and

WHEREAS, the City Council is interested in demonstrating their commitment to the community and its fiscal health by postponing any reversion of the previous 4% reduction enacted by the Council for fiscal year 2009-2010, and to continue the 4% reduction through July 1, 2011;

NOW THEREFORE BE IT ORDAINED BY THE COUNCIL OF THE CITY OF VISALIA:

Section 1: Section 2.04.080 (Council Compensation) of Chapter 2.04 of Title 2 of the Visalia Municipal Code is hereby amended to read:

SECTION 2.04.080 (COUNCIL COMPENSATION)

- A. The compensation amount in effect at the commencement of a Council member's term shall be the maximum compensation amount received by that Council member for the duration of that term (except as provided below), and no increase in monthly compensation shall be applied during a Council member's term.
- B. Effective November 2007, the monthly compensation for Council Members shall be determined at the commencement of each new term, according to the following formula: \$800 multiplied by a fraction equal to the CPI (as defined below) for the month preceding the commencement of the Council Member's term divided by the CPI for December 1, 2007. The CPI shall be the Consumer Price Index for Western Region - All Items, All Urban Consumers (1982-84 = 100), as maintained by U.S. Department of Labor, Bureau of Labor Statistics.
- C. Following the November, 2009, Council Elections, the effective compensation rate for Council Members elected or reelected in that election was calculated as provided in Paragraph B. above, but as a temporary cost saving measure, compensation for all Council Members was reduced by 4%. Such temporary reduction shall continue to be in effect until July 1, 2011, at which time the compensation rate shall revert to the rate as calculated pursuant to Paragraph A and B.

Section 2: Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstances, is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not effect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this Ordinance, or its application to any other person or circumstance. The City Council of the City of Visalia hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof be declared invalid or unenforceable.

Section 3: Effective Date. This Ordinance shall take effect thirty days after its adoption.

Section 4: Certification. The City Clerk shall certify to the passage and adoption of this Ordinance and shall cause the same to be published or posted according to law.

PASSED AND ADOPTED:

**City of Visalia
Agenda Item Transmittal**

Meeting Date: June 28, 2010

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

Agenda Item Wording:

Authorize the City Manager to execute two lease agreements with Urban Tree Foundation. The properties are located at 700 E. Murray and 535 N. Burke. The lease agreements will allow either party to cancel with a 30-day notice.

Deadline for Action: None

Submitting Department: Public Works

Contact Name and Phone Number:

Andrew Benelli, Public Works Director, 713-4340

Department Recommendation and Summary:

Authorize the City Manager to execute two lease agreements with Urban Tree Foundation. The properties are located at 700 E. Murray and 535 N. Burke. The lease agreements will allow either party to cancel with a 30-day notice. The City would not be obligated to pay relocation costs if either lease was canceled.

Background:

The Urban Tree Foundation is a nonprofit corporation that works very closely with City staff to secure grants to plant trees along waterways, in median islands, downtown, and in many other areas. Over the last ten years the Urban Tree Foundation has:

- Planted over 1,200 trees in the downtown and 10,000 trees citywide.
- Planted trees and helped build trails along Mill Creek, Packwood Creek, Modoc Ditch, and the St. Johns River.
- Secured over \$4.8 million dollars in grants over the last ten years for projects in the City of Visalia.
- Organized tree planting projects for the last ten Arbor Days and secured grants to pay for the trees.

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.): 10

Review:

Dept. Head AJB
Date 6/23/10

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 Urban Tree Foundation is primarily funded by state and federal grants. The majority of their projects come at little or no cost to the City. The Urban Tree Foundation often teams with CSET to apply for and administer the grants. CSET provides at-risk-youth and young adults to install the landscaping. The CSET employees learn important job skills that will enable them to be competitive in the job market when they leave CSET. Skills that they often learn include installation and design of irrigation systems, tree planting, and concrete forming and finishing.

Two properties that the City owns could be used by the Urban Tree Foundation to help expand and improve their programs to better serve the City. Urban Tree would like to use the office space at the old Caltrans Yard (700 E. Murray) for their staff and also for some of the CSET supervisors that they work with. The other property (535 N. Burke) is across the street on the southwest corner of Murray and Burke. The Burke Property will be used for equipment and materials storage.

Urban Tree has agreed to maintain all of the landscaping around both sites. The Burke property only has street trees but the Caltrans property has a large turf area, several large oaks, and street trees on three sides. The City is currently paying a contractor \$359 per month to maintain the landscaping. The lease rate will be \$1 per month for each property. The leases on both properties will be on a month to month basis with either party able to cancel the lease with 30 days notice. Urban Tree will be responsible for all utilities and building maintenance so the City will not incur additional costs by allowing Urban Tree to use these properties. The City will not be responsible for relocation costs if either of the leases is canceled.

The City purchased the old Caltrans Yard in 2005 with plans to work with the private sector to redevelop the site into offices and high density residential units. At this time, it seems better to wait until the real estate market improves before soliciting proposals to redevelop the site. There are four buildings on the site. The Police Activities League (PAL) is using one of the buildings. The other three buildings are being used for storage of office equipment and road materials. Urban Tree would be leasing the old office building. The other two buildings and the yard area will continue to be used for storage.

The City purchased 535 N. Burke in 2003 to be redeveloped with the East Downtown Master Plan. The property has one old metal building that is suitable for equipment or material storage but not for occupancy. Urban Tree has been using this property for the last few months as a staging area for a downtown tree well project that they are currently working on.

Prior Council/Board Actions:

Committee/Commission Review and Actions: None

Alternatives: Decline to lease one or both of the properties to Urban Tree Foundation.

Attachments: Location Map
Lease Agreement

<p>Recommended Motion (and Alternative Motions if expected):</p> <p>Authorize the City Manager to execute two lease agreements with Urban Tree Foundation for 700 E. Murray and 535 N. Burke.</p>
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Environmental Assessment Status

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: June 28, 2010

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

Agenda Item Wording: Authorization to allow the City of Visalia to place one contested delinquent service charge case on the Miscellaneous Special Assessments of the Tulare County secured property tax roll. The two assessments requested are for 8983 and 8989 Avenue 304, APN #'s 08114004 and 08114005.

Deadline for Action: N/A

Submitting Department: Public Works

Contact Name and Phone Number:

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

Recommendation:

Staff recommends placing uncollected utility bill charges for water, sewer, storm water fees and assessed late payments for 8983 Avenue 304 (APN #081140005) and 8989 Avenue 304 (APN #081140004) on the Miscellaneous Special Assessments of the Tulare County secured property tax roll (also referred to as "tax roll"). Totals to be tax rolled are:

\$122.14 to 8989 Avenue 304 APN # 081140005
\$427.81 to 8983 Avenue 304 APN # 081140004

Mr. Dowdy has requested the City set up a payment plan to allow him to pay his currently delinquent utility bills (totaling \$549.95) directly to the City and avoid rolling the amount onto his property taxes. It is prudent to note that Mr. Dowdy has had his unpaid utility bills tax rolled every year since 2006, and has currently not paid the second half of his 2006 property taxes, nor has he paid any of his 2007 or 2009 taxes. If Council should direct staff to set up a payment plan for Mr. Dowdy's currently delinquent utility bills, an agreement will be set up and signed by Mr. Dowdy where he agrees to pay the City a regular monthly payment for a period of time until his delinquent amount of \$549.95 is paid off (1 year would be best), while at the same time keep his current utility bills paid on time. It is also normal for the City to charge 7% interest on accounts that allow customers to make payments for monies owed the City.

If Council so directs, Staff can track the payments Mr. Dowdy makes on his unpaid utility bills (the 549.95 that is due) along with the payments of Mr. Dowdy's regular monthly utility bills, and If Mr. Dowdy makes both payments each month on time through January 2011, staff can make arrangements to remove the previous year's outstanding City assessments on his property

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.

taxes, and make arrangements for Mr. Dowdy to pay the City directly on a payment plan for those amounts (prior year's tax roll amounts still outstanding is \$2,881.82). This would help Mr. Dowdy meet his obligations to the City, but will not eliminate his prior years delinquent tax bills. Mr. Dowdy will still have a significant amount on his prior year tax bills for his unpaid regular taxes and unpaid County assessed penalties and fees for delinquent taxes.

A consequence of moving forward with setting up an agreement to allow Mr. Dowdy to make payments is that the current tax roll additions are due to the County by July 1st 2010, so if Council directs staff to set up an agreement and Mr. Dowdy refuses to sign, it will be past the County deadline to submit for tax roll this year, and the City will have to wait until next year to roll the unpaid charges.

Discussion:

At the City Council meeting on June 7, 2010 a public hearing for the Miscellaneous Special Assessments of the Tulare County secured property tax was held. One of the items included was \$549.95 for delinquent service charges (refuse, sewer and storm water), to the property at 8983 Avenue 304 owned by Mr. James Dowdy. Mr. Dowdy contested his tax roll at the public hearing and his item was subsequently pulled to be brought back to Council as a separate item after staff met with Mr. Dowdy.

Public Works Manager Earl Nielsen, Public Works Director Andrew Benelli and Assistant City Manager Michael Olmos met with Mr. Dowdy on June 16th. As a result of that meeting and after reviewing the account history for 8989 Avenue 304, staff found the following:

- The delinquent charges were correct and unpaid, and associated City refuse, sewer and storm water services had been provided during the time the charges were assessed.
- The following amounts had been previously tax-rolled for unpaid service charges on properties owned by James Dowdy:

Table 1

Year Charges Incurred	Year Tax Rolled	Unpaid Utility Bill Charges Assessed	Amounts remaining Unpaid to Date
2000 thru 2005 ¹	2006/7	\$3,017.93	\$1,508.96
2006	2007/8	\$578.68	\$578.68
2007	2008/9	\$242.12	\$0.00
2008	2009/10	\$794.18	\$794.18
2009	2010/11	\$549.95 ²	549.95 ²
Totaling:		\$5,182.86	\$3,431.77

1. Unpaid bills from 2000 thru 2005 were sent to collections and never paid. Unpaid collections bills were accumulated and placed on tax roll in 2006.
2. 2010-11 tax roll amount is being requested to tax roll this year, it has not been tax rolled yet. Unpaid utility charges were incurred in 2009.

Mr. Dowdy currently has outstanding as unpaid ½ of his total property tax bill for 2006/7, along with all of his 2007/8 and 2009/10 taxes. As a consequence of not paying his property taxes on time, Mr. Dowdy has also incurred additional penalties and costs from the County totaling over \$1,400.

During the meeting with Mr. Dowdy he asserted that he was not receiving refuse service and so had not paid his bill for the past several years. Mr. Dowdy further explained that his son Raymond lived on his property next door at 8989 Avenue 304, that they had been sharing refuse services and his son used up all the space in the container and he had nowhere to put his refuse. It was determined that there was no refuse service being provided or charged for the 8989 Avenue 304 property, which county records show is also owned by Mr. James Dowdy. His property is on a well so there were no water service charges on his account. After discussing his refuse service, it was determined that the residents at 8983 Avenue 304 mistakenly thought their Green waste refuse service day was Friday, when it was in fact Thursday. Staff and Mr. Dowdy also agreed to start refuse services for 8989 Avenue 304 immediately, and to place all future charges for services at that address in care of Mr. Dowdy's son who resides there.

Assistant City Manager Michael Olmos explained to Mr. Dowdy that his unpaid utility bills were not just for refuse service, but was also for sewer and storm water services. Michael Olmos further emphasized that not paying utility bills results in the City rolling the unpaid charges onto property taxes and that not paying the property taxes will eventually result in the county selling the property in a tax sale. The charges for the contested refuse services only made up 31% of the total unpaid service charges; the remaining unpaid charges were for sewer and storm water services which were not being contested.

The normal monthly utility bill for 8983 Avenue 304 consists of:

Table 2

Monthly Refuse Service:	\$20.85
Monthly sewer Service:	\$37.60 (includes charges for service at both 8983 and 8989 Avenue 304)
Monthly Storm Water Service	<u>\$ 7.34</u>
Total Monthly Utility Bill	\$65.79

A \$10 late fee is also assessed each month for the total past due portion on each bill. Mr. Dowdy has also incurred a \$10 late fee on his utility bill for 8983 Avenue 304 each month. Late fees are included in the total amount tax rolled each year.

Because part of the delinquent charges being assessed to the property at 8983 Avenue 304 belonged to the property at 8989 Avenue 304, all parties agreed that ½ of the delinquent refuse charges and all sewer and storm water charges specifically belonging to the property at 8989 Avenue 304 would be placed on the tax roll for that property. All remaining delinquent charges would be placed on the tax roll for the property at 8983 Avenue 304.

Staff has adjusted the utility billing for each address to ensure that each property is billed separately for its own utility services, has delivered refuse containers to the 8989 Avenue 304 address, and has marked the spots where the containers should be placed on service days. Staff has also reiterated to the residents the service days of the week and that the containers need to be placed curbside for service no later than 6am on service days.

Prior Council/Board Actions:

June 7, 2010 Pulled a delinquent service charge item belonging to address 8983 Avenue 304 from the Miscellaneous Special Assessments of the Tulare County secured property tax roll. Item was directed to be brought back to Council after staff met with the property owner to discuss the contested tax roll.

Committee/Commission Review and Actions:

Alternatives:

Attachments:

Recommended Motion (and Alternative Motions if expected):

Move to authorize staff to place two assessments for 8983 and 8989 Avenue 304, APN #'s 08114004 and 08114005, on the Miscellaneous Special Assessments of the Tulare County secured property tax roll in the amounts specified, OR

Move to direct staff to establish an agreement with Mr. Dowdy to make monthly payments on the delinquent amount for 2009 in addition to making 2010 utility payments current.

Environmental Assessment Status

CEQA Review: N/A

NEPA Review: N/A

**City of Visalia
Agenda Item Transmittal**

Meeting Date: June 28, 2010

Agenda Item Number (Assigned by City Clerk): 6

Agenda Item Wording: Adoption of the City of Visalia 2010-11/2011-12 multi-year budget (**Resolution No. 2010-32 required**) **RDA 2010-03 Resolution**

Deadline for Action: June 30, 2010

Submitting Department: Administration / Finance Division

Contact Name and Phone Number:

Eric Frost, 713-4474
Renee Nagel, 713-4375

Department Recommendation:

That the City Council does the following:

1. Conduct a final public hearing on the proposed budget and receive public input. Then, as appropriate, do the following:
2. Certify the Measure T Spending Plan for FY 2010/11
3. Adopt the City of Visalia Proposition 4 General Fund Appropriation Limit for 2010/11 in the amount of \$108,889,771. General Fund revenues subject to the limit for 2010/11 are \$45,038,200.
4. Adopt the 2010/11 and 2011/12 City of Visalia Budget with following total appropriations:

Fiscal Year 2010/11	\$191,617,670
Fiscal Year 2011/12	\$199,696,500
5. Direct management to seek to implement in the General Fund:
 - o Fire inspections fees for all businesses;
 - o reductions in employee compensation; and,
 - o implementation of a towing franchise fee.

These fees and negotiation items will require further Council action in the form of public hearings for fee changes and negotiation actions for employee compensation.

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.

6. Adopt the 2010/11 and 2011/12 appropriations for the City of Visalia Redevelopment Agency Budget, which is included in the total budget appropriations:

Fiscal Year 2010/11	\$ 7,464,760
Fiscal Year 2011/12	\$ 7,583,700

Discussion:

The proposed budget was distributed on June 21, 2010, public hearings will be held on June 28, 2010, Council reviewed the budget at various work sessions (April 12, May 3, 17, June 7 and 21, 2010) and the budget may now be considered for adoption.

The appropriation breakdown for all the funds is \$191,617,670 for 2010/11 and \$199,696,500 for 2011/12, as shown on Table I, Proposed Appropriations:

<u>Fund Type</u>	<u>2010-11 Appropriation</u>	<u>2011-12 Appropriation</u>
General Fund (<i>Police, Fire, General Government</i>)	\$55,854,740	\$55,930,880
Capital Projects Fund (<i>Transportation, Impact Fees</i>)	10,356,390	12,134,130
Special Revenue Funds (<i>RDA, CDBG, Police & Fire Sales Tax (Measure T)</i>)	25,444,540	36,776,900
Debt Service Funds (<i>RDA debt, 1996A&B debt, Los Rios</i>)*	64,500	65,440
Business-Type Funds (<i>Wastewater, Airport, Golf</i>)	98,893,250	93,361,190
Internal Service Funds (<i>MIS, Fleet, Risk</i>)	1,004,250	1,427,960
Total	<u>\$191,617,670</u>	<u>\$199,696,500</u>

In addition, the Redevelopment Agency proposes to spend the following amounts and are authorized by the City Council sitting as the Redevelopment Agency Board as shown in Table II, Redevelopment Appropriations:

<u>Fund Type</u>	<u>2010-11 Appropriation</u>	<u>2011-12 Appropriation</u>
Special Revenue Funds (<i>East, Mooney, Downtown, Central, Low/Mod. and Revolving Funds</i>)	\$7,464,760	\$7,583,700
Debt Service (<i>East RDA Bond</i>)	0	0
Total	<u>\$7,464,760</u>	<u>\$7,583,700</u>

Corrections to the Document: The draft document has several corrections to be made, namely,

- On the first page of the City Manager's budget transmittal, the totals for the two fiscal years are transposed. The amounts should reflect what is on Table I.
- On the Budget Summary Comparison, 4-1, the Net Sources and Uses line should be zero. Instead, the line is now adding the revenues with the expenditures.

Both these errors do not change the basic proposal.

Adoption of the General Fund Budget: To adopt the General Fund budget, Council will need to make decisions on the following items:

1. **Provide direction on Fire Inspection Fees.** The City has a responsibility to inspect businesses on a periodic basis to ensure fire safety. Annual inspections are the preferred option. However, with 5,000 potential inspections to do each year, Fire has had to revise the inspection process to perform those inspections every two or three years in some cases. There are four types of businesses that are required to be inspected but only two are charged a fee:
 - Hazardous Use Businesses (\$62 permit) – These are businesses that use, sell, or store any hazardous product or material (ex: welding materials, lumber, gas products, bug sprays, paint) and restaurants that can serve 50 or more people at a time.
 - Large Family Residential Day Care Facilities (\$50 permit) – These state registered day care facilities, which are run out of a home and have 8 or more children, are to be inspected annually.
 - Non-Hazardous Use Businesses (No fee) – These are businesses that do not use, sell, or store any hazardous product and are restaurants that serve less than 50 people. These are typically businesses in office buildings, mini marts that do not sell fuel, and small fast food businesses.
 - Apartments (No fee) – The State mandates all R1 and R2 businesses be inspected annually or the City can be fined.

The proposal is two fold: 1) increase the number of inspections; and, 2) levy a \$20 inspection for Non-Hazardous Use Businesses and a \$5 per unit fee for lodging inspections.

To increase inspections, the City needs more inspectors. Inspections are currently performed by one and half employees that are assigned to the program and the engine company. Staff inspects approximately 2,500 businesses a year. Typically, an inspector can accomplish 900 inspections a year. The plan is to hire one fire inspector, augmented with two, half-time hourly employees and some administrative support. Fire believes the work group should be the equivalent of 2 inspectors. Further, with the additional administrative support, the current Fire Inspector should be able to perform

400 more inspections a year. Thus, the group will be assigned an additional 2,200 inspections annually.

An inspector costs \$95,000 a year. Two hourly positions will cost about \$30,000 a year. The administrative help could cost \$40,000 a year. The cost of the group will be \$165,000. Staff is proposing to off-set these costs by implementing additional inspection fees. Staff is proposing to charge the Non Hazardous Use Businesses \$20 per inspection and \$5 per a unit for Apartments (approximately 4,775 units). The estimated revenue from these two fees is \$78,120. In total (new fees + existing fees), the new inspectors will raise between \$136,400 and \$176,000 this next year. These costs are included in the draft budget.

If the work group is successful, the City can greatly improve its inspection process, making the City a safer place, without being a burden on the General Fund. Further, Fire believes they can exceed their revenue targets. ***If the Council approves the budget as recommended, Fire will bring back for public hearing a proposal to levy a \$20 or \$5 per unit fee for all fire inspections which are not paying a fee now.*** In the end, Council may limit, adjust or not impose these fees, as appropriate, at the public hearing.

2. ***Level of Non-profit funding (\$60,000 reduction).*** The proposed budget includes a reduction of non-profit funding from \$160,000 to \$100,000 for FY 2010/11. As an alternative, Council could revise the budget and continue funding the program at the same level and direct staff to look at other revenue options or use of reserves to make up the difference. Council would need to take a specific action on this item to change the budget, if so desired.

3. ***Provide direction on several items and authorize the use of reserves until other budget items are more settled (\$2.54 million).*** Several items in the City's General Fund budget remain unsettled, not the least of which being the potential actions by the State. Staff has recommended closing the General Fund deficit in the following manner:

Deficit

General Fund Deficit, 2010/11	\$2.10	
Allowance for State Take-aways	0.50	
Property Tax Receivable	<u>\$1.20</u>	
Funding Shortfall		\$3.80

Proposed Solutions

Reserves – Property Tax Receivable	\$1.20	
Revenue Options – Towing	0.10	
Non-Profit Grant Reduction	0.06	
Reserves and/or Employee Comp. Changes	<u>\$2.44</u>	
Proposed Solutions		\$3.80

Adoption of the proposed budget would authorize the use of reserves to fund FY 2010/11 unpaid property taxes and Council can decide the level of funding for non-profits. However, the other items will take time to implement or be worked out through the negotiation process. As a result, the remaining items would be funded from reserves until resolved, namely:

Revenue from Towing Franchise	\$0.10
Reduction of Employee Comp./	1.00
Use of Reserves – State-takeaways	0.50
Use of Reserves – operations	<u>\$0.94</u>

Adopted Use of Reserves \$2.54

If Council directed staff to implement the proposed budget, staff would need to bring back the proposed fire inspection fees and towing franchise for final action.

The issue with the towing franchise is that the fee can not be more than the cost of administering the service. Staff needs to examine this more closely and report to Council the limits of the fee which can be charged. Additionally, the fee would need to be adopted as part of a public hearing.

As for employee compensation reductions, that task remains an ongoing effort which has not been brought to a conclusion. The amount of reductions sought are approximately \$1 million, but may change based upon final negotiations.

Further, the actions of the State are also unknown. If the State does not take any money from Visalia, then the \$500,000 allowance will not be needed and only \$944,000 of additional reserves will be needed. Conversely, if nothing works out for the City, all \$2.54 million will come from reserves to balance this year's budget. Although such an outcome is unlikely, the budget has to be adopted in this manner to reflect the worse case scenario.

If the Council decided not to reduce the non-profit grants, the initial action would be to increase the use of reserves this year by \$60,000, increasing the adopted use of reserves from \$2.54 million to \$2.60 million.

Measure T (Attachment #1): The "Recertification of the Measure T Plan", details the recertified plan as recommended by the CAC from their June 2, 2010 meeting. Adopting the budget proposes recertifying the plan also.

Appropriations Limit (Attachment #2): Proposition 4, informally known as the "Gann Initiative", limits the amount of tax proceeds state and local governments can spend each year. The City is required to adopt the limit each year. The proposed appropriations limit for Visalia is much higher than available tax revenues. Therefore, the limit does not affect operations. The proposed limit for 2010/11 is \$108,889,771 and estimated General Fund revenues subject to the limit are only \$45,038,200.

Prior Council Questions: Councilmember Nelson asked if the Towing Franchise fee could be increased to offset other costs in the General Fund, allowing the non-profit grants to be funded at \$150,000 instead of \$160,000. The Towing Franchise fee is limited to cost of service. Management is preparing an analysis which will indicate the maximum fee which the Council can adopt. The current recommendation is that the fee would be \$50 per tow, but that will need to be supported by a cost analysis.

Prior Council Actions: The Council conducted work sessions on part of the budget on April 7, 21, May 5, June 7 and 21. Today, June 28, 2010, the Council hold a public hearing to consider comments on the budget.

Committee/Commission Review and Actions: The CAC approved the Measure T certification on June 2, 2010.

Alternatives: 1) Adopt the proposed budget and freeze authority on parts of the budget the Council wishes to consider further; or, 2) continue the discussion on the City budget to July 12, 2010 but authorize current operating expenditures until further deliberation can be accomplished.

Attachments:

Resolution #2010-32 and RDA Resolution #2010-03 Adopting the 2010/11 and 2011/12 Budget Attachment #1, Recertification of the Measure T Spending Plan for 2010/11
Attachment #2, City of Visalia Proposition 4 Appropriation Limit for 2010/11

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

1. Conduct a final public hearing on the proposed budget and receive public input. Then, as appropriate, do the following:
2. Certify the Measure T Spending Plan for FY 2010/11
3. Adopt the City of Visalia Proposition 4 General Fund Appropriation Limit for 2010/11 in the amount of \$108,889,771. General Fund revenues subject to the limit for 2010/11 are \$45,038,200.
4. Adopt the 2010/11 and 2011/12 City of Visalia Budget with following total appropriations:

Fiscal Year 2010/11	\$191,617,670
Fiscal Year 2011/12	\$199,696,500
5. Direct management to seek to implement in the General Fund:
 - o Fire inspections fees for all businesses;
 - o reductions in employee compensation; and,
 - o implementation of a towing franchise fee.

All these actions will require further Council action later in the form of public hearings for fee changes and negotiation actions for employee compensation.

6. Adopt the 2010/11 and 2011/12 appropriations for the City of Visalia Redevelopment Agency Budget, which is included in the total budget appropriations:

Fiscal Year 2010/11	\$ 7,464,760
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Fiscal Year 2011/12

\$ 7,583,700

Environmental Assessment Status

CEQA Review:

NEPA Review:

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

Copies of this report have been provided to:

CITY OF VISALIA RESOLUTION NO. 2010-32
RDA RESOLUTION NO. 2010-03

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VISALIA AND REDEVELOPMENT AGENCY BOARD ADOPTING THE APPROPRIATION LEVELS FOR ALL FUNDS FOR FISCAL YEARS 2008-09 AND 2009-10 AND RE-APPROPRIATING CERTAIN CAPITAL PROJECTS AND OPERATING FUNDS WHICH DO NOT MEET THE CRITERIA TO BE ENCUMBERED OR DESIGNATED FROM PRIOR YEARS.

WHEREAS, the Visalia City Council held a public hearing on June 28, 2010 on the proposed multi-year budget for the City of Visalia for the 2010-11 and 2011-12 fiscal years, and

WHEREAS, the re-appropriation of certain capital projects and operating funds that are encumbered or designated from prior years is necessary, and

WHEREAS, authorization from City Council and Redevelopment Agency Board is necessary for:

1. The City Manager to transfer appropriations within fund budgets including salary and capital accounts and staff levels, provided, however, that the total appropriations are not increased thereby.
2. The Administrative Services Director to transfer appropriations among the items within departmental budgets, except for salary and capital accounts.
3. Staff to transfer or lend monies from one fund to another as specified in the budget document

WHEREAS, the approval of the Capital Improvement Program for 2010-11 and 2011-12 and in concept out to 2015-2016, as part of the 2010-11/2011-12 multi-year budget is necessary.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Visalia that the budget for the 2010-11 fiscal year totaling \$191,617,670 and for the 2011-12 fiscal year totaling \$199,696,500 be approved.

BE IT FURTHER RESOLVED by the Redevelopment Agency Board of Visalia that the budget for the 2010/11 fiscal year be \$7,464,760 and for Fiscal Year 2011/12 be \$7,583,700 and is hereby approved.

BE IT FURTHER RESOLVED THAT:

1. The City Manager is authorized to transfer appropriations within fund budgets including salary and capital accounts and staff levels, provided, however, that the total appropriations are not increased thereby.
2. The Administrative Services Director is authorized to transfer appropriations among the items within departmental budgets, except for salary and capital accounts.

3. Staff is authorized to transfer or lend monies from one fund to another as specified in the budget document.

BE IT FURTHER RESOLVED by the City Council of the City of Visalia that for all funds, for capital projects and/or operating funds that are encumbered or designated from prior years, be re-appropriated, and

BE IT FURTHER RESOLVED by the City Council of the City of Visalia that any currently active capital projects and operating funds that do not meet the criteria to be encumbered or designated, be re-appropriated.

City of Visalia Agenda Item Transmittal

Meeting Date: June 28, 2010

Agenda Item Number (Assigned by City Clerk): 6 b

Agenda Item Wording: Annual Recertification of the Measure T Plan

Deadline for Action: June 21, 2010

Submitting Department: Administrative Services - Finance

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

Recommendation

That Council recertifies the Measure T plan elements for fiscal year 10/11 by:

- Authorize the use of Police Measure T Uncertainty Funds to balance the Police Measure T plan for FY 20010/11; and,
- Authorize the implementation of the 2010/11 Measure T plan elements

Summary

In March of 2004, the voters of Visalia passed a Sales Tax Override measure to increase public safety in the community. The plan's status is shown in Table I, Measure T Plan Components. The challenge facing the community, however, is that the revenue source which supports Measure T, an override sales tax, has faltered these last several years as the general economy has been in a recession. As the City Council reviews the City Manager's recertified Measure T plan, the sustainability of the plan needs to be evaluated. The Citizens Advisory Committee (CAC) is required to recommend recertification or changes to the plan as appropriate.

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.

Table I
Measure T Plan Components

1. Hire and equip 28 new police officers	Will be completed with the hiring of two new officers in the FY 10/11 budget
2. Use these officers to open both south and north side precincts	Both precincts are operating
3. Improve 911 emergency operations by upgrading the emergency dispatch center.	The feasibility study is nearing completion
4. Hire and equip 18 new fire fighters	Four of the firefighters have been hired. The Measure T plan calls for hiring 14 more firefighters from Measure T in FY 12/13.
5. Utilize those new fire fighters to staff 2 new fire stations in northwest and southeast Visalia.	One Station has been built and staffed. A second station was planned to be in the Southeast, however, with the opening of the Lovers Lane Station, the Council has approved the recommendation that the second station be built in the Southwest. This station would be scheduled to open in FY 12/13 or 13/14.
6. Improve police and fire operations with the construction of a public safety headquarters to house the expanded staff.	This project has been put on hold due to economic challenges the City faces.
7. Build a new fire training facility	This facility is completed.

The Measure T plan components to be implemented in FY 10/11 are:

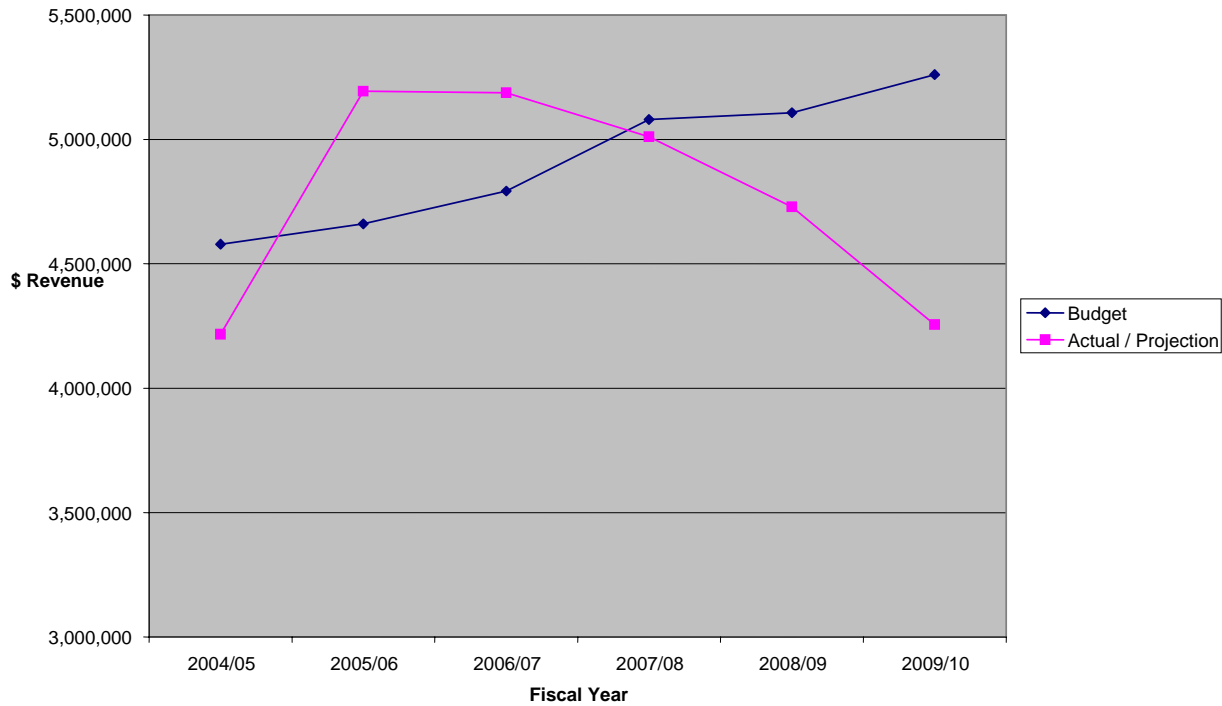
- Hiring of the last two Measure T police officers
- Development of a potential joint dispatch center with other local government jurisdictions
- The acquisition of property and the development of plans for a new Southwest Fire Station, working to bring on a new company by FY 12/13.

DISCUSSION

Revenues

The main concern with this fund is that revenues have fallen off compared to plan as shown in Chart I, Measure T Revenues. Revenues are off almost \$1 million from plan. The economy's downturn continues to impact the sales taxes revenue. As a result, the expenditure plan will need to be adjusted, now or in the future.

**Chart I
Total Measure T Revenue**



To maintain the operating portions of the Police Measure T plan, the City will need to limit monies set-aside for capital to just the dispatch center and use remaining funds for operations. Table II, Police Measure T, illustrates what the City should expect by the end of the two year budget cycle; the fund will need to reduce costs by \$800,000 by FY 12/13 given the projected budget.

Table II

Police - Measure T			
All Amounts in Millions			
	<u>FY 9/10</u>	<u>FY 10/11</u>	<u>FY 11/12</u>
Revenues	2.6	2.7	2.8
Expenditures	(3.2)	(3.5)	(3.6)
Revenues Over/(Under) Expenditures	(0.6)	(0.8)	(0.8)
Fund Balance as of July, 1	2.3	1.7	0.9
Ending Fund Balance, June 30	1.7	0.9	0.1

If Measure T revenues do not recover this next year, Management proposes to bring to Council at their mid-year financial reports options of reducing these deficits to avoid using all the Police Measure T reserves.

Although revenues are also down for Fire, their situation is somewhat different. The Measure T plan calls for building a new Fire Station which Council has approved to be built in the Southwest area of Visalia. Fire's Measure T plan anticipated accumulating sufficient resources to build a new station. Although their revenues have declined, the fund has enough money to build the station. Table III, Fire – Measure T, illustrates Fire's expected financial position by the end of the two year budget cycle.

Table III

Fire - Measure T			
All Amounts in Millions			
	FY 9/10	FY 10/11	FY 11/12
Revenues	1.9	1.9	2.0
Expenditures	(0.6)	(0.6)	(0.6)
Revenues Over/(Under) Expenditures	1.3	1.3	1.4
Fund Balance as of July, 1	6.2	7.5	8.8
Ending Fund Balance, June 30	7.5	8.8	10.2
Note: The Measure T plan called for Fire to accumulate resources during the first 10 years of the plan. In FY 12/13, the plan anticipated that the plan would spend more than the revenue it generated, anticipating \$3 million in expenditures. \$3 million a year is \$1 million more than the plan can now support long-term.			

Fire's plan calls for hiring 14 firefighters in FY 12/13. If Measure T revenues remain down, Management will recommend hiring fewer employees to make sure the fund remains fiscally sound. The minimum number required for a new station is 9 firefighters.

Conclusion

Although the Citizens Advisory Committee supported the Recertified City Manager's Measure T plan, it also noted that the City will need to address its budget issues shortly.

Management proposes to reevaluate Measure T's status at mid-year. If current trends have not improved, management will present a plan to bring expenditures in line with revenues. This may mean leaving some Police Measure T positions open in the future and possibly hiring fewer new firefighters in Fiscal Year 12/13 than the plan envisioned, moving from 14 to possibly 9 new positions.

Prior Council/Board Actions: Council Adoption of the Recertification Plan for Fiscal Year 09/10 on June 15, 2009, declaring a fiscal emergency and setting aside the General Fund Maintenance of Effort requirements for FY 9/10 and FY 10/11.

Committee/Commission Review and Actions:

Alternatives: Recertify the plan with changes to be determined

Attachments: None

Recommended Motion (and Alternative Motions if expected): I move to:

1. Authorize the use of Police Measure T Uncertainty Funds to Balance the Police Measure T plan for FY 20010/11; and,

2. Authorize the implementation of the 2010/11 Measure T plan elements

Department Recommendation:

Summary/background:

Prior Council/Board Actions:

Committee/Commission Review and Actions:

Alternatives:

Attachments:

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: June 28, 2010

Agenda Item Number (Assigned by City Clerk): 6c

Agenda Item Wording: City Council approval of **Resolution 2010-31** adopting the 2010-11 appropriations limit for the City of Visalia's General Fund.

Deadline for Action: June 30, 2010

Submitting Department: Administration / Finance Division

Contact Name and Phone Number:

Eric Frost, 713-4474
Melody Murch, 713-4379

Department Recommendation:

That the City Council adopt Resolution 2010-31 establishing the appropriations limit for the 2010-11 fiscal year in the amount of \$108,889,771 for the General Fund.

Discussion:

The Appropriation Limitation imposed by Propositions 4 and 111 creates a restriction on the amount of tax revenue which can be appropriated in any fiscal year. The limit is based on actual appropriations during the 1978-79 fiscal year and is increased each year by a factor comprised of the change in population combined with the change in California per capita personal income.

The General Fund is the only fund subject to the appropriation limit. Any challenge to the appropriations limit must be brought within 45 days from the effective date of the resolution.

The State of California Department of Finance is mandated to provide the population and California per capita personal income change data for local jurisdictions to calculate their appropriations limit. Based on the following data received from the Department of Finance, a population change of 2.02% and per capita income change of -2.54%, the appropriations limit for 2010-11 is \$108,889,771. The total appropriation subject to limitation for the 2010-11 fiscal year is \$45,038,200 which is well under the appropriations limit as shown in Table 1, Gann Appropriations Limit.

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.

Table 1			
Gann Appropriations Limit			
FY 2010-11			
Appropriations Limit FY 2009-10			\$109,514,001
Adjustment Factors:			
Population Change (2.02+100/100=1.0202)		1.0202	
Per Capita Income Change (-2.54+100/100=.9746)	x	0.9746	
Total Adjustment Factor		0.9943	
Adjustment Amount			-624,230
Appropriations Limit for FY 2010-11			108,889,771
Budgeted Expenditures Subject to Limit FY 2010-11			45,038,200
Amount of Unspent Authorized Appropriation			\$63,851,571

Table 2, Calculation of Proceeds of Taxes, categorizes General Fund revenues. As shown in the table, the amount of taxes is equivalent to the budgeted expenditures subject to the 2010-11 limit.

Table 2			
Calculation of Proceeds of Taxes			
FY 2010-11			
	<u>Tax</u>	<u>Non-Tax</u>	<u>Total</u>
	<u>Proceeds</u>	<u>Proceeds</u>	
General Fund			
Taxes	\$45,038,200	\$0	\$45,038,200
Licenses & Permits	0	229,300	229,300
Fines	0	1,695,600	1,695,600
Revenue From Use of Money & Property	0	45,500	45,500
Revenue From Other Agencies	0	2,088,130	2,088,130
Revenue for Current Services	0	2,086,800	2,086,800
Other Revenue	0	282,900	282,900
Subtotal	45,038,200	6,428,230	51,466,430
Interest	0	970,850	970,850
Total General Fund	\$45,038,200	\$7,399,080	\$52,437,280

Prior Council/Board Actions: June 1, 2009 - Council adoption of Resolution establishing the appropriations limit for the 2009-10 fiscal year.

Committee/Commission Review and Actions: None

Alternatives: None

Attachments:

Attachment 1 – Resolution No. 2010-31

Attachment 2 – CA Department of Finance Letter on Price and Population

Recommended Motion (and Alternative Motions if expected):

I recommend that the City Council adopt Resolution No. 2010-31 establishing the appropriations limit for the 2010-11 fiscal year in the amount of \$108,889,771 for the General Fund.

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

Attachment 1

RESOLUTION NO. 2010-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VISALIA
ESTABLISHING THE 2010-11 APPROPRIATIONS LIMIT

WHEREAS, in 1979, California voters approved Proposition 4 (Article XIII-B of the California State Constitution). Informally known as the "Gann Initiative," Article XIII-B provides limits to the amount of tax proceeds state and local governments can spend each year.

WHEREAS, in 1980, the State Legislature added Section 9710 of the Government Code stating that the governing body of each City must establish, by resolution, an appropriations limit for the following year. The limit for any fiscal year is equal to the previous year's limit, adjusted for population changes and the change in the U.S. Consumer Price Index (or California per capita personal income, if smaller). The necessary statistical information is provided by the California Department of Finance.

WHEREAS, Proposition 111 modified Article XIII-B. A City may choose which annual adjustments to use. The adjustment factors include the growth in the California Per Capita Income, or the growth in the non-residential assessed valuation due to construction within the City and the population growth within the City or county.

AND IT FURTHER provided for the 2010-11 fiscal year, any challenge to the appropriations limit must be brought within 45 days from the effective date of the resolution.

NOW, THEREFORE, BE IT RESOLVED that the appropriations limit as defined by Propositions 4 and 111 is set at \$108,889,771 for 2010-11 fiscal using a percentage change growth factor of 2.02% and change in per capita income of -2.54% as established by the California Department of Finance.



ARNOLD SCHWARZENEGGER, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

May 2010

Dear Fiscal Officer:

Subject: Price and Population Information

Appropriations Limit

The California Revenue and Taxation Code, Section 2227, mandates the Department of Finance (Finance) to transmit an estimate of the percentage change in population to local governments. Each local jurisdiction must use their percentage change in population factor for January 1, 2010, in conjunction with a change in the cost of living, or price factor, to calculate their appropriations limit for fiscal year 2010-2011. Enclosure I provides the change in California's per capita personal income and an example for utilizing the price factor and population percentage change factor to calculate the 2010-2011 appropriations limit. Enclosure II provides city and unincorporated county population percentage changes, and Enclosure IIA provides county's and incorporated area's summed population percentage changes. The population percentage change data excludes federal and state institutionalized populations and military populations.

Population Percent Change for Special Districts

Some special districts must establish an annual appropriations limit. Consult the Revenue and Taxation Code, Section 2228 for further information regarding the appropriation limit. You can access the Code from the following website: "<http://www.leginfo.ca.gov/calaw.htm>" check box: "Revenue and Taxation Code" and enter 2228 for the search term to learn more about the various population change factors available to special districts to calculate their appropriations limit. Article XIII B, Section 9(C), of the State Constitution exempts certain special districts from the appropriations limit calculation mandate. Consult the following website: "http://www.leginfo.ca.gov/const/article_13B" for additional information. Special districts required by law to calculate their appropriations limit must present the calculation as part of their annual audit. Any questions special districts have on this issue should be referred to their respective county for clarification, or to their legal representation, or to the law itself. No State agency reviews the local appropriations limits.

Population Certification

The population certification program applies only to cities and counties. Revenue and Taxation Code Section 11005.6 mandates Finance to automatically certify any population estimate that exceeds the current certified population with the State Controller's Office. **Finance will certify the higher estimate to the State Controller by June 1, 2010.**

Please Note: Prior year's city population estimates may be revised.

If you have any questions regarding this data, please contact the Demographic Research Unit at (916) 323-4086.

Attachment 2

Fiscal Year 2010-2011

May 2010

Enclosure I

- A. **Price Factor:** Article XIII B specifies that local jurisdictions select their cost-of-living factor to compute their appropriation limit by a vote of their governing body. The cost-of-living factor provided here is per capita personal income. If the percentage change in per capita personal income is selected, the percentage change to be used in setting the 2010-2011 appropriation limit is:

Per Capita Personal Income	
Fiscal Year (FY)	Percentage change over prior year
2010-2011	-2.54

- B. Following is an example using sample population change and the change in California per capita personal income as growth factors in computing a 2010-2011 appropriation limit.

2010-2011:

Per Capita Cost of Living Change = -2.54 percent
 Population Change = 1.03 percent

Per Capita Cost of Living converted to a ratio: $\frac{-2.54 + 100}{100} = .9746$

Population converted to a ratio: $\frac{1.03 + 100}{100} = 1.0103$

Calculation of factor for FY 2010-2011: $.9746 \times 1.0103 = .9846$

Attachment 2

Fiscal Year 2010-2011

Enclosure II
Annual Percent Change in Population Minus Exclusions
January 1, 2009 to January 1, 2010 and Total Population, January 1, 2010

County City	<u>Percent Change</u>	<u>Population Minus Exclusions</u>		<u>Total</u>
	2009-2010	1-1-09	1-1-10	1-1-2010
Tulare				
Dinuba	1.59	21,204	21,542	21,542
Exeter	1.00	10,646	10,752	10,752
Farmersville	2.03	10,753	10,971	10,971
Lindsay	1.16	11,665	11,800	11,800
Porterville	1.98	51,353	52,371	52,960
Tulare	1.92	58,414	59,535	59,535
Visalia	2.02	123,473	125,971	125,971
Woodlake	2.19	7,757	7,927	7,927
Unincorporated	1.03	144,783	146,272	146,356
County Total	1.61	440,048	447,141	447,814

(* Exclusions include residents on federal military installations and group quarters residents in state mental institutions, state and federal correctional institutions and veteran homes.