



**CITY OF CORNING
CITY COUNCIL AGENDA**

**TUESDAY, FEBRUARY 23, 2010
CITY COUNCIL CHAMBERS
794 THIRD STREET**

A. CALL TO ORDER: 7:00 p.m.

B. ROLL CALL:

Council:

**Becky Hill
Ross Turner
Toni Parkins
John Leach
Gary Strack**

Mayor:

C. PLEDGE OF ALLEGIANCE:

D. PROCLAMATIONS, RECOGNITION'S, APPOINTMENTS:

E. BUSINESS FROM THE FLOOR:

F. CONSENT AGENDA: It is recommended that items listed on the Consent Agenda be acted on simultaneously unless a Councilmember or members of the audience requests separate discussion and/or action.

- 1. Waive reading, except by title, of any Ordinance under consideration at this meeting for either introduction or passage, per Government Code Section 36934.**
- 2. February 17, 2010 Claim Warrant - \$205,471.32.**
- 3. Business License Report – February 17, 2010.**
- 4. Request for Development Impact Fee Credit for Sewer Trunkline Extension – Edith Avenue; California Department of Transportation (Caltrans).**
- 5. Accept Proposal and Agreement from North Valley Tree Service to Trim Ornamental Pear Trees for \$3,800.**
- 6. Approve Recommendation of Khrystie Shoemaker for Appointment to the City Recreation Commission.**

G. ITEMS REMOVED FROM THE CONSENT AGENDA:

H. PUBLIC HEARINGS AND MEETINGS: Any person may speak on items scheduled for hearing at the time the Mayor declares the Hearing open. ALL LEGAL NOTICES PUBLISHED IN ACCORDANCE WITH LAW.

I. REGULAR AGENDA:

- 7. Presentation by Tehama County/Red Bluff Landfill Management Agency and California Product Stewardship Council and Recommendation to Adopt Resolution 02-23-10-01 Supporting an Extended Producer Responsibility System for Managing Waste Products.**
- 8. Presentation and Acceptance of Annual City Audit for Fiscal Year 2008-2009.**
- 9. Mid-Year Budget Review and General Discussion.**

THE CITY OF CORNING IS AN EQUAL OPPORTUNITY EMPLOYER

J. **ITEMS PLACED ON THE AGENDA FROM THE FLOOR:**

K. **COMMUNICATIONS, CORRESPONDENCE AND INFORMATION:**

L. **REPORTS FROM MAYOR AND COUNCIL MEMBERS:**

10. Hill:

11. Turner:

12. Parkins:

13. Leach:

14. Strack:

M. **ADJOURNMENT!:**

POSTED: FRIDAY, FEBRUARY 19, 2010

THE CITY OF CORNING IS AN EQUAL OPPORTUNITY EMPLOYER



MEMORANDUM

TO: HONORABLE MAYOR AND COUNCIL MEMBERS

FROM: LORI SIMS
ACCOUNTING TECHNICIAN

DATE: February 17, 2010

SUBJECT: Cash Disbursement Detail Report for the
Tuesday, February 23, 2010 Council Meeting

PROPOSED CASH DISBURSEMENTS FOR YOUR APPROVAL CONSIST OF THE FOLLOWING:

A.	Cash Disbursements	Ending	02-17-10	\$	159,443.78
B.	Payroll Disbursements	Ending	02-09-10	\$	46,027.54
GRAND TOTAL				\$	<u>205,471.32</u>

REPORT.: Feb 17 10 Wednesday
 RUN...: Feb 17 10 Time: 14:21
 Run By.: LORI

CITY OF CORNING
 Cash Disbursement Detail Report
 Check Listing for 02-10 Bank Account.: 1020

PAGE: 001
 ID #: PY-DP
 CTL.: COR

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Description	Payment Information
010042	02/17/10	SCH03	SCHUTTER, CARLA	-558.80	.00	-558.80	100128u	CK# 010042 Reversed	
010113	02/04/10	MOO01	MOORES AWARD CENTER	102.84	.00	102.84	100204	MAT & SUPPLIES-CITY COUNC	
010114	02/08/10	ACC00	ACCESS INFORMATION	40.00	.00	40.00	55693	EQUIP MAINT-GEN CITY	
010115	02/08/10	BAS01	BASIC LABORATORY, INC	86.00	.00	86.00	1001195	ProfServices Water Dept	
010116	02/08/10	LIN02	LINNETS TIRE SHOP	105.56	.00	105.56	51702	Veh Opr/Maint-POLICE	
			Check Total.....	652.12	.00	652.12	51773	Veh Opr/Maint-WTR	
010117	02/08/10	MCC01	MCCOY'S HARDWARE & SUPPLY	145.82	.00	145.82	100125	MAT & SUPPLIES-	
010118	02/08/10	NAT03	NAT'L ANIMAL CONTROL ASSN	35.00	.00	35.00	100205	TRAINING/ED-ACO	
010119	02/08/10	PGE04	PGE&E	637.90	.00	637.90	100129	TranspFacility-	
010120	02/08/10	PGE05	PGE&E	1680.76	.00	1680.76	100129	FIRE-ELECT & GAS	
010121	02/08/10	PGE2A	PGE&E	111.46	.00	111.46	100129	ELECT-MARTINI,MCDONALD &	
010122	02/08/10	TBS01	TBS PETROLEUM L.L.C.	68.00	.00	68.00	01000019	MAT & SUPPLIES-WTR	
			Check Total.....	247.92	.00	247.92	01000079	MAT & SUPPLIES-	
			Check Total.....	315.92	.00	315.92			
010123	02/09/10	COM01	COMPUTER LOGISTICS, INC	24.00	.00	24.00	47711	COMMUNICATIONS-	
010124	02/09/10	CPS01	CPS HUMAN RESOURCE SVCS	543.40	.00	543.40	SOP28158	MAT & SUPPLIES-FIRE	
010125	02/09/10	DEP12	DEPT OF JUSTICE	64.00	.00	64.00	774903	REC INSTRUC-T-REC	
010126	02/09/10	HAT10	HATFIELD'S	164.22	.00	164.22	100125	Mat/Supplies-	
010127	02/09/10	JES10	JESSEE HEATING & AIR, INC	472.00	.00	472.00	49225	MAT & SUPPLIES-BLD MAINT	
010128	02/09/10	KNI00	KNIFE RIVER CONSTRUCTION	776.81	.00	776.81	105008	MAT & SUPPLIES-STR	
010129	02/09/10	PGE01	PGE&E	2674.70	.00	2674.70	100127A	WATER-PUMPS	
010130	02/09/10	PGE03	PGE&E	24.57	.00	24.57	100201	Mat/Supplies PoliceServic	
010131	02/09/10	PGE2A	PGE&E	26.04	.00	26.04	100201	ELECT-CLELAND PROP	
010132	02/09/10	PGE2C	PGE&E	1407.48	.00	1407.48	100203	RUNWAY CONSTR-AIRPORT	
010133	02/09/10	RED01	RED BLUFF DAILY NEWS	50.60	.00	50.60	100131	PROF SVCS-PW ADMIN	

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010134	02/09/10	TRI02	TRI-COUNTY NEWSPAPERS	421.88	.00	421.88	90526	Print/Advert. City Clerk
				67.86	.00	67.86	90527	Print/Advert. City Clerk
			Check Total.....:	489.74	.00	489.74		
010135	02/09/10	AND04	ANDERSON, IAN MATTHEW	353.40	.00	353.40	100209	TRAINING/EDUCATION-POLICE
010136	02/10/10	TEI00	TEICHERT CONSTRUCTION	46332.00	.00	46332.00	100210	RUNWAY CONSTRUCT-AIRPORT
010137	02/10/10	FIT03	FITZPATRICK, MICHAEL C.	46790.18	.00	46790.18	100210	EE PERS-LEGAL
010138	02/16/10	AIR00	AIRGAS NCN	44.63	.00	44.63	102056344	MAT & SUPPLIES-FIRE
010139	02/16/10	ARA02	ARAMARK UNIFORM SRV. INC.	31.42	.00	31.42	0418370	Mat/Supplies-
				31.42	.00	31.42	0428281	Mat/Supplies-
				33.46	.00	33.46	0438254	Mat/Supplies-
				67.42	.00	67.42	0448729	Mat/Supplies-
			Check Total.....:	163.72	.00	163.72		
010140	02/16/10	ATT09	AT&T	64.68	.00	64.68	100207	MAT & SUPPLIES-WTR
010141	02/16/10	BAS01	BASIC LABORATORY, INC	86.00	.00	86.00	1001455	ProfServices Water Dept
010142	02/16/10	CAW02	CAMELLIA VALLEY SUPPLY	268.99	.00	268.99	0734550	MAT & SUPPLIES-WTR
010143	02/16/10	HOL04	HOLIDAY MARKET #32	29.94	.00	29.94	34546	Mat/Supplies BuildingMain
010144	02/16/10	LIN01	LINCOLN EQUIPMENT, INC.	1510.45	.00	1510.45	SI131705	MAT & SUPPLIES-PARKS
010145	02/16/10	NAP01	NAPA AUTO PARTS	2996.70	.00	2996.70	021686	CLEANING CONTRACT/STR PRO
010146	02/16/10	SAF05	SAFARILAND, LLC	107.59	.00	107.59	I10006131	MAT & SUPPLIES-POLICE
010147	02/16/10	SWW00	SWWC SERVICES, INC.	44156.20	.00	44156.20	17062	PROF SVCS-WWTP
				2640.67	.00	2640.67	17063	PRETREATMENT PROG-SWR
			Check Total.....:	46796.87	.00	46796.87		
010148	02/16/10	USA01	USA BLUE BOOK	930.57	.00	930.57	987325	MAT & SUPPLIES-WTR
010149	02/16/10	JOB02	JOB, WAYNE	181.86	.00	181.86	100216	MAT & SUPPLIES-BLD MAINT
010150	02/17/10	ALL01	ALLISON, MELVIN	77.48	.00	77.48	100217	MAT & SUPPLIES-POLICE
010151	02/17/10	COM01	COMPUTER LOGISTICS, INC	24.00	.00	24.00	47712	COMMUNICATIONS-FIRE
				19.00	.00	19.00	47774	Equip.Maint.-GEN CITY
				28.00	.00	28.00	47775	COMMUNICATIONS-POLICE

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			Check Total.....	71.00	.00	71.00			
010152	02/17/10	CON07	CONEXIS	30.00	.00	30.00	01100R348	MEDICAL INS-COBRA	
010153	02/17/10	COR20	CORNING ELECTRONICS	11.89	.00	11.89	10086352	K-9 PROGRAM-POLICE	
				13.73	.00	13.73	10086357	K-9 PROGRAM-POLICE	
			Check Total.....	25.62	.00	25.62			
010154	02/17/10	LIN02	LINNETS TIRE SHOP	152.40	.00	152.40	51700	Veh Opr/Maint-POLICE	
010155	02/17/10	NEX02	NEXTEL	319.02	.00	319.02	086319099	COMMUNICATIONS-POLICE	
010156	02/17/10	OFF01	OFFICE DEPOT	95.15	.00	95.15	508571909	Office Supplies Policedis	
				3.42	.00	3.42	508572057	Office Supplies Policedis	
			Check Total.....	98.57	.00	98.57			
010157	02/17/10	PAT02	PATTERSON ELECTRIC,	681.12	.00	681.12	1851	BLD MAINT-FIRE	
				347.41	.00	347.41	1858	BLD MAINT-TRANS FAC	
			Check Total.....	1028.53	.00	1028.53			
010158	02/17/10	SCH03	SCHUTTER, CARLA	279.40	.00	279.40	100217	Training/Educ.-DISPATCH	
010159	02/17/10	WAR05	WARREN, DANA KARL	387.60	.00	387.60	100216	REC INSTRUCT-REC	
010160	02/17/10	FIR03	1ST CHOICE REALTY	350.00	.00	350.00	17	MAT & SUPPLIES-AIRPORT	
			Cash Account Total.....	159443.78	.00	159443.78			
			Total Disbursements.....	159443.78	.00	159443.78			
			Cash Account Total.....	.00	.00	.00			

Check Number	Check Date	Vendor Number	Vendor Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
4369	02/09/10	BAN03	POLICE OFFICER ASSOC.	350.00	.00	350.00	B00209	POLICE OFFICER ASSOC
4370	02/09/10	CAL37	CALIFORNIA STATE DISBURSE	138.46	.00	138.46	B00209	WITHHOLDING ORDER
4371	02/09/10	EDD01	EMPLOYMENT DEVELOPMENT	4064.41	.00	4064.41	B00209	STATE INCOME TAX
				1129.34	.00	1129.34	1B00209	SDI
			Check Total.....	5193.75	.00	5193.75		
4372	02/09/10	ICM01	ICMA RETIREMENT TRUST-457	275.00	.00	275.00	B00209	ICMA DEF. COMP
4373	02/09/10	OEU03	OPERATING ENGINEERS	625.00	.00	625.00	B00209	CREDIT UNION SAVINGS
4374	02/09/10	PERS1	PUBLIC EMPLOYEES RETIRE	28021.68	.00	28021.68	B00209	PERS PAYROLL REMITTANCE
4375	02/09/10	PERS4	Cal Pers 457 Def. Comp	345.25	.00	345.25	B00209	PERS DEF. COMP.
4376	02/09/10	PRE03	PREMIER WEST BANK	9503.40	.00	9503.40	B00209	HSA DEDUCTIBLE
4377	02/09/10	STA04	STATE OF CALIFORNIA	550.00	.00	550.00	B00209	WAGEASN 1107012828
4378	02/09/10	VAL06	VALIC	1025.00	.00	1025.00	B00209	AIG VALIC P TAX

Cash Account Total.....: 46027.54
 Total Disbursements.....: 46027.54
 =====

Date.: Feb 17, 2010
 Time.: 2:20 pm
 Run by: PALA CANTRELL

CITY OF CORNING
 NEW BUSINESSES FOR CITY COUNCIL

Page.: 1
 List.: NEWB
 Group: WTFMB

Business Name	Address	CITY/STATE/ZIP	Contact Name	Business Desc. #1	Business Start Date	Primary Teleph
AMERICAN TRANSMISSIO	1113 SOLANO ST	CORNING, CA 96021	RALLS	TRANSMISSION REPAIRS & AUTO REPAIR	02/10/10	(916) 541-8537
CENTRAL STRIPING SER	3489 LUYUNG DRIVE	RANCHO CORDOVA, CA 95742	LESNIEWSKI	CONTRACTOR	02/10/10	(916) 635-5175
HARBAUGH'S LAWN LEAF	967 FAIRVIEW AVE	CORNING, CA 96021	HARBAUGH	MAINTENANCE OF LAWN & GARDEN. GUTTER CLE	02/10/10	(530) 737-3064
HOUSE OF BREWS SPECI	615 FOURTH ST	CORNING, CA 96021	HOLDEN	ESPRESSO COFFEES/BLENDED DRINKS PASTRIES	02/11/10	(530) 824-9000
NORCAL UNDERGROUND	D 1204 FIFTH AVE	CORNING, CA 96021	TURNER	FREELANCE ARTIST, DRAWINGS, DESIGN, GRAP	02/11/10	(530) 327-2996
PEACE, JERRY (HANDYM	25433 SOUTH AVE	CORNING, CA 96021	PEACE	HANDYMAN	02/10/10	(530) 370-8252
VALLADAREZ CLEANING	25433 SOUTH AVE	CORNING, CA 96021	VALLADAREZ	HERNAN HOUSE CLEANING	02/11/10	(530) 839-9960

ITEM NO. F-4
REQUEST FOR DEVELOPMENT IMPACT FEE
CREDIT FOR SEWER TRUNKLINE EXTENSION-
EDITH AVENUE; CALIFORNIA DEPT. OF
TRANSPORTATION (CALTRANS)

FEBRUARY 23, 2010

TO: CITY COUNCIL OF THE CITY OF CORNING, CALIFORNIA
FROM: STEPHEN J. KIMBROUGH, CITY MANAGER
JOHN L. BREWER, AICP; PUBLIC WORKS DIRECTOR



SUMMARY:

In 2005, the Corning City Council authorized Caltrans to connect and extend City sewer and water services to the Interstate 5 Rest Stops that are located north of the City. Though Council approved the work (April 12, 2005), the state did not fund the project, due to budget constraints. Caltrans now wishes to complete the utility connections and extensions.

Staff recommends City Council approve a \$20,000.00 credit to the Development Impact Fees related to connection of the I-5 Rest Areas to the City's Sanitary Sewer and Water Systems.

BACKGROUND:

Caltrans operates and maintains two Safety Rest Areas on Interstate 5 that are located about 1.2 miles north of the Solano Street overpass. The rest areas currently utilize a conventional onsite septic tank and leachline system to treat sewage, and a water well as a source of potable water.

Caltrans Engineer Mike Mogen and Project Manager Eric Akana contacted the City last July and advised that Caltrans wished to proceed with the project. The 400 foot long section of 8" sewer trunk line required within Edith Avenue is part of the backbone sewer system and eligible for credit against the total amount of DIF.

Caltrans estimates the cost of that segment will increase their overall project cost about \$20,000.00 and has offered cost projections. Staff recommends that Caltrans DIF be credited for those costs.

RECOMMENDATION:

That the City Council:

- Approve a \$20,000.00 Development Impact Fee credit for the Caltrans connection to City Water and Sewer utilities to serve the I-5 Rest Stops, due to unanticipated cost of installation of approximately 400 feet of 8" sewerline to be installed within Edith Avenue, thereby reducing the DIF from \$30,180.00 to 10,180.00.

CITY OF CORNING-DEPT. OF PUBLIC WORKS

NON-RESIDENTIAL PROJECT FEES WORKSHEET

TYPE ONLY IN GRAY SHADED CELLS-SAVE AS SHEET BY ADDRESS

Applicant	Galtrans	APN:	None	SPECIFIC PLAN AREA?
Site Address	Freeway Rest Stop Connections to Water 7 Sewer	Date:	13-Jul-09	
Project		Site Area	N/A	

FEES SUMMARY BY FUND		
FUND NO.	DESCRIPTION	AMOUNT
SWR 02	SEWER CAP IMP	\$ 1,926.00
SWR 06	SEWER PLANT EXP	\$ 24,000.00
WTR 07	WATER CAP IMP	\$ 4,254.00
DRA 01	DRAINAGE	\$ -
PLA 08	PARKLAND DEV	\$ -
TRA 04	TRAFFIC MITIGATION	\$ -
	99-W SPEC PLAN	\$ -
ENC 01	ENC. PERMIT	\$ 15.00
	Total:	\$ 30,195.00

JB

EXHIBIT "B"

ITEM NO. : F-5
**ACCEPT PROPOSAL AND AGREEMENT
FROM NORTH VALLEY TREE SERVICE
TO TRIM ORNAMENTAL PEAR TREES
FOR \$3,800.**

FEBRUARY 23, 2010

**TO: HONORABLE MAYOR AND COUNCILMEMBERS
OF THE CITY OF CORNING**

**FROM: STEPHEN J. KIMBROUGH, CITY MANAGER
JOHN L. BREWER, AICP; DIRECTOR OF PUBLIC WORKS**

Steve
JB

SUMMARY:

Staff sought proposals for the trimming and maintenance of the 135 City-owned Ornamental Pear street trees located along Solano Street and adjoining side streets. The trees require annual trimming in order to avoid fire blight and to keep stray branches from obstructing pedestrians and vehicles.

Fire blight is a disease that without proper trimming and spraying will quickly spread from tree to tree and will eventually destroy each tree. Specific precautions must be taken during the trimming process. Only a certified arborist will provide the necessary precautions to ensure that disease is prevented. Larry's Pest Control is under contract with the City and will spray the Ornamental Pear trees once they have been properly trimmed.

Assistant Public Works Director Carl Crain contacted seven (7) local tree trimming companies about completing this work. However, only one turned out to be a certified arborist and is qualified to complete this work. North Valley Tree Service of Chico, CA has provided a proposed quote of \$3,800.

Budget line item number 114-8002-3001 Tree Pruning/Street Projects will provide funding for this project.

BACKGROUND:

In the past, the trees have been trimmed, cleaned and shaped. The cost has been between \$1,800 and \$2,000. This year's cost increase is due to the fact that the trees are now in need of height shaping that requires the use of a boom truck to complete the project.

RECOMMENDATION:

Mayor and Council accept proposal and agreement from North Valley Tree Service to trim Ornamental Pear trees for \$3,800.



824-6949

Yes we are!



PROPOSAL & AGREEMENT

DATE: 2/11/2010

Certified Arborists and Tree Workers
3882 Esplanade, Chico, CA 95973
(530) 893-9649 (530) 893-9650 FAX

Contractor License #864421

City of Corning 794 Third Street Corning, CA 96021 Mobile 530-824-8935 Carl Phone 530-824-7035 Carl ofo	JOB LOCATION: Misc Job Sites DIRECTIONS: 3rd - 6th streets and side streets
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North Valley Tree Service is accredited through the Tree Care Industry Association. This is one of the highest achievements possible. We operate under strict ANSI Z133.1 pruning standards and all crew members are trained and certified.

Trim about 135 Pear trees

street trees

thin and clean, raise and balance
(No boom needed) = 2000⁰⁰

Trim same trees, also tip them
back and shape add = 1800⁰⁰

(this would include using a boom truck
and blocking off parking, some traffic
control needed)

(All work by Certified Arborists
and certified tree workers)

RECEIVED

FEB 16 2010

CITY OF CORNING

Prevailing Wage

Amount Due Upon Completion of Project \$ 3800⁰⁰

North Valley Tree Service, Inc. agrees to perform all tree work in accordance with the above Proposal and the General Terms and Conditions described on reverse side of Proposal. If this agreement is not accepted within 90 days, the offer to perform the above-mentioned services is withdrawn and shall be null and void.

Tom Date 2-12-10

North Valley Tree Service, Inc. - State Contractors License # 864421.
The person signing this Proposal on behalf of North Valley Tree Service, Inc. hereby represent and warrant to Customer that this Proposal is duly authorized, signed, and delivered by North Valley Tree Service, Inc.

Field Use Only: Crew: Med ET: _____ Tools: _____

Equipment: Boom Small Med Large Grinder Chipper Other: _____ SC

Firewood: Cut 18" Rounds Haul Away Stump(s): Yes No How Many? _____ Clean Up: Excellent Good Med None

**ITEM NO.: F-6
APPROVE RECOMMENDATION OF
KHYSTIE SHOEMAKER FOR
APPOINTMENT TO THE CITY
RECREATION COMMISSION
FEBRUARY 23, 2010**

TO: HONORABLE MAYOR AND COUNCILMEMBERS
OF THE CITY OF CORNING

FROM: GARY R. STRACK, MAYOR

SUMMARY:

Following an interview with Ms. Shoemaker, Mayor Strack recommends her appointment to the Corning Recreation Commission.

BACKGROUND:

On February 2, 2010 the City received a letter of resignation from Shannon Boles, Chairperson of the Recreation Commission. This resignation creates one vacancy on the Commission.

Local resident, Khrystie Shoemaker submitted an application for appointment to the Corning Recreation Commission on January 21, 2010. Ms. Shoemaker is an active member of the Community and along with her two children, has been involved with the Recreation Department Activities.

After careful consideration, Mayor Strack recommends that the Council appoint Khrystie Shoemaker to the Recreation Commission believing Mrs. Shoemaker's community involvement and interests in the City's recreation programs would be beneficial to the Recreation Commission and the City.

RECOMMENDATION:

MAYOR AND CITY COUNCIL REVIEW THE ATTACHED APPLICATION AND APPOINT KHYSTIE SHOEMAKER TO THE RECREATION COMMISSION TO COMPLETE THE TERM (TERM ENDS JUNE 30, 2013) OF FORMER COMMISSIONER SHANNON BOLES EFFECTIVELY IMMEDIATELY.



CITY OF CORNING

JAN 21 2010
CITY OF CORNING

APPLICATION FOR COMMISSION APPOINTMENT

Date: 1-21-10

- Commission: Planning Commission
 Recreation Commission
 Library Commission
 Airport Commission

Name: Khrystie Shoemaker

Home Address: 23670 Loleta Ave.
Corning CA 96021

Phone No.: 824-6984

Business Address: 1166 Marguerite Ave.
Corning CA 96021

Phone No.: 824-7730

Occupation: Secretary/Bookkeeper

Do you reside within the City of Corning? Yes No

What qualifications do you have that will assist the Commission of your choice in fulfilling its functions? I am an active member of the community. I have an 11 + 13 year old that is very involved with the Corning Rec. activities. I work at a middle school and see and hear what Corning kids want for activities. I believe I am a good listener and level headed and I like to communicate and share ideas.

Have you served on other Boards, Committees, or Commissions? Yes No

If so, please list them:
Safety Committee at Blue Shield of CA; Site Council Board, Uniform Committee, and Gear Up Committee at Maywood Middle School

Have you researched the time and travel commitments associated with serving on this Commission? Yes No

Can you meet those commitments? Yes No

Please comment on your reasons for seeking this appointment.
I want to be more involved with the activities for the city of Corning. Thank you.
Khrystie Shoemaker
Signature

STATE LAW REQUIRES THAT APPOINTMENTS TO BOARDS AND COMMISSIONS BE CONSIDERED BY THE CITY COUNCIL IN OPEN SESSION AND YOU MAY BE ASKED TO BE PRESENT FOR AN INTERVIEW.



**CITY OF CORNING
COMMISSIONS
2-16-2010**

<u>Commissions</u>	<u>First Appointed</u>	<u>Present Term</u>	<u>Term Expires</u>
<u>Planning Commission</u>			
Chairman: Jessie Lopez	2/14/06	4 Yrs.	Exp. 6/30/2011
Diana Robertson	1/11/95	4 Yrs.	Exp. 6/30/2013
Ryan Reilly	11/22/05	4 Yrs.	Exp. 6/30/2013
Frank Barron	1/12/10	4 Yrs.	Exp. 6/30/2011
Doug Hatley	6/26/07	4 Yrs.	Exp. 6/30/2011
<u>Recreation Commission</u>			
Vacant		4 Yrs.	Exp. 6/30/2013
Allen Turner	4-14-09	4 Yrs.	Exp. 6/30/2011
Loretta Price	7/1/07	4 Yrs.	Exp. 6/30/2011
Kyle Lauderdale	7/1/97	4 Yrs.	Exp. 6/30/2013
Larry Johnson	2/12/08	4 Yrs.	Exp. 6/30/2013
<u>Library Commission</u>			
Chairman: Patricia Rasmussen	2003	4 Yrs,	Exp. 6/30/2011
Dean Blankenship	1/22/08	4 Yrs.	Exp. 6/30/2011
Vacant		4 Yrs.	Exp. 6/30/2013
Marilyn Bright	9-26-06	4 Yrs.	Exp. 6/30/2013
Vacant		4 Yrs.	Exp. 6/30/2013
<u>Airport Commission</u>			
Barbara Boot	1985	4 Yrs.	Exp. 6/30/2013
Louis Davies	8-25-09	4 Yrs.	Exp. 6/30/2011
Ed Pitman	8-25-09	4 Yrs.	Exp. 6/30/2011
R.J. "Tony" Miller	3/10/09	4 Yrs.	Exp. 6/30/2013
Daniel Solado	2/27/07	4 Yrs.	Exp. 6/30/2013

ITEM NO.: I-7
ADOPT RESOLUTION 02-23-10-01
SUPPORTING AN EXTENDED PRODUCER
RESPONSIBILITY SYSTEM FOR
MANAGING WASTE PRODUCTS
FEBRUARY 23, 2010

TO: HONORABLE MAYOR AND COUNCILMEMBERS
OF THE CITY OF CORNING

FROM: STEPHEN J. KIMBROUGH, CITY MANAGER
LISA M. LINNET, ADMINISTRATIVE ASSISTANT

Steve

SUMMARY:

Our Tehama County/Red Bluff Landfill Management Agency recommends that the City Council hear this presentation by the **California Product Stewardship Council** and consider joining with other Cities and Counties to support holding product producers responsible for the recycling of their products and packaging when the product reaches it's end of useful life.

BACKGROUND:

The United States Environmental Protection Agency (EPA) estimates that approximately 75% of today's waste stream comes from manufactured products, from common household items (TV's, cell phones, batteries, etc.) and household hazardous waste products (paint, pesticides, etc.). These items can contain such contaminants such as lead, cadmium, and mercury to name a few which pose a threat to public health and the environment when improperly disposed.

In response to legitimate environmental concerns about the landfilling of such products, California has enacted landfill bans such as:

- 2006 "Universal Waste" Landfill ban of such items as fluorescent lights, household batteries, electronics, mercury switches, etc.
- 2008 "Sharps" were banned from landfilling.
- A pharmaceutical waste landfill ban is now anticipated in the near future.

However well-intended the disposal bans are, the responsibility for enforcing these bans has been placed on cash-strapped local governments that lack funding, capacity and resources to properly manage the growing list of landfill banned products. This is an unfunded mandate and the result is a "ban without a plan".

Supporting an "EXTENDED PRODUCER RESPONSIBILITY SYSTEM" offers a solution by engaging producers in the lifecycle management of their products. We need to recognize that the producers have the greatest responsibility, because only they can change the design of products. Producers may utilize and fund existing recycling facilities and programs, capitalize on existing distribution networks to create take-back programs that work as "reverse retail" or mail-back systems, or work with other producers to develop product stewardship organizations.

"EXTENDED PRODUCER RESPONSIBILITY SYSTEM" (EPR) legislation will create a level playing field. In an EPR system, producers of selected products are required to be stewards of that product at the end of life (EOL), which "levels the playing field" as all producers are included, therefore there are no "free riders". Producers will integrate the EOL costs into the purchase price of the product so that the consumer pays for the EOL cost at the time of purchase. Producers with the most cost efficient system will have the least expensive product, allowing the free-market system to work for recycling, not against it.

There is widespread support for product stewardship. The California Integrated Waste Management Board has adopted EPR "framework" legislation as a strategic goal. The League of California Cities, among others, have adopted Resolutions and Policies that support EPR.

Currently twenty-five Counties (such as Butte, Alameda, Sacramento), forty-six Cities (Vacaville, San Jose, Sacramento), and twenty-two local government associations (California Storm Water Quality Assoc., East Bay Municipal Utility Dist.) have joined California Product Stewardship Council.

FISCAL IMPACT:

There will be no direct fiscal impact to the City of Corning resulting from the adoption of an Extended Producer Responsibility (EPR) Resolution; however, the Tehama County/Red Bluff Landfill Management Agency and the Tehama County Sanitary Landfill Agency stand to gain fiscal relief in the future if an EPR policy is passed on a statewide level.

RECOMMENDATION:

MAYOR AND CITY COUNCIL REVIEW INFORMATION PROVIDED, LISTEN TO A PRESENTATION BY THE CALIFORNIA PRODUCT STEWARDSHIP COUNCIL REGARDING EXTENDED PRODUCER RESPONSIBILITY AND:

- **AUTHORIZE THE MAYOR TO SIGN THE CPSC PLEDGE OF SUPPORT; AND**
- **ADOPT RESOLUTION 02-23-10-01 SUPPORTING AN EXTENDED PRODUCER RESPONSIBILITY SYSTEM FOR MANAGING WASTE PRODUCTS.**

RESOLUTION NO. 02-23-10-01
RESOLUTION OF THE CITY OF CORNING
SUPPORTING EXTENDED PRODUCER RESPONSIBILITY

WHEREAS, approximately 42,000 tons of discarded materials and products are currently sent to disposal from the County of Tehama each year at a cost of \$43.22 per ton; and

WHEREAS, on February 8, 2006 California's Universal Waste Rule (CCR, Title 22, Division 4.5, Chapter 23) became effective and banned landfill disposal of certain products that are deemed hazardous, including household batteries, fluorescent bulbs and tubes, thermostats and other items that contain mercury, and electronic devices such as, televisions, cell phones, microwave ovens, printers, and computers; and

WHEREAS, it is anticipated that the list of waste products determined to be hazardous or problematic will continue to grow and will therefore be banned from landfills as demonstrated by the 2007 ban of treated wood and the 2008 ban on sharps; and

WHEREAS, State policies currently make local governments responsible for achieving waste diversion goals and enforcing product disposal bans, both of which are unfunded mandates; and

WHEREAS, the costs to manage Universal Waste and problematic products are currently borne by taxpayers and rate payers and, because of the bans these costs are increasing substantially and will continue to do so unless policy changes are made; and

WHEREAS, data from City and County annual reports show that, statewide, less than ten percent of the household hazardous waste and Universal Waste generated is being collected and local governments do not have the resources to adequately address the rising volume of discarded products; and

WHEREAS, costs paid by local governments to manage products are, in effect, subsidies to the producers of hazardous products and products designed for disposal; and

WHEREAS, in 2009, Tehama County/Red Bluff Landfill Management Agency spent the equivalent of \$1,260 per ton to properly manage household alkaline batteries and \$.17 per foot to manage fluorescent tubes; and

WHEREAS, if Tehama County/Red Bluff Landfill Management Agency were able to collect all of the batteries and fluorescent tubes generated in Tehama County, such a service would greatly exceed the household hazardous waste budget of the Tehama County/Red Bluff Landfill Management Agency; and

WHEREAS, the Corning City Council located in the County of Tehama supports statewide efforts to hold producers responsible for Universal Waste and other products they create; and

WHEREAS, Extended Producer Responsibility (EPR) is a policy approach in which producers have cradle-to-cradle responsibility for the products they create and sell and are responsible for designing and managing effective end-of-life systems for those products; and

WHEREAS, EPR incorporates the cost of disposal and recovery for discarded products, reduces the financial burden on local governments, encourages reuse/recycling, and encourages producers to consider the health and environmental costs associated with the products they create and include those costs in the product price, thereby creating an incentive to design products that are more durable, easier to repair and recycle, and are less toxic; and

WHEREAS, EPR framework legislation is a holistic approach that establishes transparent and fair principles and procedures for applying EPR to categories of products and ensures a level playing field for all producers of those products; and

WHEREAS, the California Product Stewardship Council (CPSC) is a non-profit organization of California local governments working to speak with one voice in advocating for transparent and fair EPR systems in California; and

WHEREAS, the City of Corning wishes to incorporate EPR policies into the City of Red Bluff's procurement practices to reduce costs and protect the environment; and

WHEREAS, in January 2008 the California Integrated Waste Management Board adopted a Framework for an EPR System in California; and

WHEREAS, the California League of Cities adopted a policy statement in support of a framework approach to EPR, the National Association of Counties and the National League of Cities adopted resolutions in support of a framework approach to EPR and the Association of State and Territorial Solid Waste Management Officials adopted a Product Stewardship Framework Policy Document;

NOW, THEREFORE BE IT RESOLVED BY THE City Council of the City of Corning that by adoption of this Resolution the Corning City Council urges the California Legislature to:

- Continue taking timely action to implement the Framework for an EPR System adopted by the California Integrated Waste Management Board in 2008 to manage problematic products, and urge the Department of Toxic Substances Control to implement the Green Chemistry initiative to manage Universal Waste and other toxic products; and
- Enact framework EPR legislation which will give producers the incentive to design products to make them less toxic and easier to reuse and recycle; and

BE IT FURTHER RESOLVED, that the Corning City Council encourages all manufacturers to share responsibility for eliminating waste through minimizing excess packaging, designing products for durability, reusability and the ability to be recycled; using recycled materials in the manufacture of new products; and providing financial support for collection, processing, recycling, or disposal of used materials; and

BE IT FURTHER RESOLVED, that the Corning City Council develop producer responsibility policies such as leasing products rather than purchasing, requiring producers to offer less toxic alternatives and to take responsibility for collecting and recycling their products at the end of their useful life.

PASSED AND ADOPTED by the City Council of the City of Corning on this 23rd day of February 2010 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Gary R. Strack, Mayor

ATTEST:

Lisa M. Linnet, City Clerk
City of Corning



This model document was developed with funding from a grant from the Department of Resources, Recycling and Recovery (CalRecycle)

INTRODUCTION

A Resolution of the City of Corning, California, In Support Of Producer Responsibility.

RECOMMENDATION

The Landfill Agency Manager of the Tehama County/Red Bluff Landfill Management Agency recommends the Corning City Council listen to an informational presentation given by the California Product Stewardship Council regarding Extended Producer Responsibility, the Corning City Council authorize the Mayor to sign the CPSC Pledge of Support, and the Corning City Council adopt the Extended Producer Responsibility resolution as presented.

OUTCOME

The City of Corning would join other California cities, Counties and Local Government Associations in supporting Extended Producer Responsibility (EPR) through support of legislative initiatives and the efforts of the California Product Stewardship Council (CPSC). Statewide EPR legislation will ultimately reduce the financial burden on the Tehama County/Red Bluff Landfill Management Agency for ensuring proper disposal of Household Hazardous Waste, Universal waste and other problematic products and packaging such as ‘Sharps’ and pharmaceutical waste at the end of their useful life. By shifting the financial burden from local government and rate payers to the producers of the products through the purchase price of the product, EPR will also benefit our community by ultimately driving better, healthier product design that reduces the toxicity and volume of the waste stream, and by ensuring convenient collection opportunities. Producers can incorporate the EOL management costs into the purchase price of the product, thus ensuring that the consumer/user pays for the lifecycle cost of the product.

BACKGROUND

The United States Environmental Protection Agency (EPA) estimates that approximately 75 percent of today’s waste stream comes from manufactured products – from common household items such as televisions, cell phones, personal computers, fluorescent lights and batteries to household hazardous waste products like paint and pesticides. Electronics contain lead, cadmium, and other toxic heavy metals that pose a threat to public health and the environment when improperly disposed. Other products also contain toxic constituents, such as the mercury contained in fluorescent lights, or are packaged with problematic materials and excessive packaging. Still other products, such as hypodermic needles and other “Sharps” can injure the public and sanitation workers when improperly disposed.

In response to legitimate environmental concerns about the landfilling of such products, California has enacted landfill bans. In 2006, “Universal Waste” (fluorescent lights, household batteries, electronics, mercury switches, etc.) were banned from landfilling. In 2008, “Sharps” were banned from landfilling. Because of growing concerns about the presence of prescription and non-prescription drug residues in our waterways, it is anticipated that pharmaceutical waste will likely be banned from landfill disposal in the near future. However well-intended the disposal bans are, the responsibility for enforcing these bans has been placed on cash-strapped local governments, which lack the funding, capacity or resources to properly manage the

growing list of products banned from landfills. This is an unfunded mandate and the result is a “ban without a plan.”

Under today’s waste management system, the responsibility for managing the end-of-life (EOL) of these product wastes falls on local governments. Many products today are actually designed for disposal, rather than reuse or recycling. It is both the toxicity of the waste stream and the volume of waste that is of concern to local governments. Ratepayers and taxpayers are financing costly collection infrastructure and programs which, in effect, amount to a subsidy for the product manufacturers.

Residents of the City of Corning request “free” and convenient disposal options for these common products that can no longer be landfilled, but the Tehama County/Red Bluff Landfill Management Agency can not afford to develop more collection programs as more products are identified as universal or household hazardous waste. Currently, the Tehama County/Red Bluff Landfill Management Agency and the Tehama County Sanitary Landfill Agency operate two household hazardous waste facilities, a medical waste sharps collection program, a fluorescent light recycling program, a curbside alkaline battery recycling program, and a latex paint recycling program that is funded by garbage rate payers to the tune of \$60,000 per year, not including personnel time managing the programs.

Statistics vary, but it is estimated that the statewide percentage of households using local government-sponsored Household Hazardous waste programs is no more than 5 percent.¹ This means that *approximately 95% of the residentially-generated household hazardous waste in California is unaccounted for.* Clearly, the current system is not working and local governments cannot afford to offer expanded services.

EPR offers a solution by engaging producers in the lifecycle management of their products. EPR recognizes that all stakeholders share some responsibility, but the producer has the greatest responsibility because only producers can change the design of products. EPR does not stipulate *how* producers must take responsibility, but rather that they *must*. This gives producers the flexibility to design programs that work for their product and business model. Producers may utilize and fund existing recycling facilities and programs, capitalize on existing distribution networks to create take-back programs that work as “reverse retail” or mail-back systems, or work with other producers to develop product stewardship organizations.

Many of the world’s largest businesses already operate EPR systems elsewhere: Canada, British Columbia, Europe, Japan, Korea, and the Netherlands to name a few. These are the same companies that are not practicing product stewardship in the U.S. because they don’t have to.

EPR legislation will create a level playing field. Voluntary take-back programs are not fair and put the “good actors” in a position of having products that are more expensive in a competitive market place. In an EPR system, producers of selected products are required to be stewards of that product at the end of life, which “levels the playing field” as all producers are included and there are no “free riders.” Producers will integrate the EOL cost into the purchase price of the product so that the consumer pays for the EOL cost at the time of purchase. Producers with the most cost-efficient system will have the least expensive product. EPR allows the free-market system to work *for* recycling, not against it.

¹ Based on conversations with Dept. of Toxic Substance Control staff and Annual Form 303 Reports

Finally, EPR will drive better product design. When producers are responsible for the EOL management of their products, there is a financial incentive to design products that have fewer toxic constituents, that are longer lasting, and that encourage recycling and reuse. Businesses do not want to pay for expensive collection programs for hazardous waste any more than local governments do, so if they have to take-it-back, there is an economic incentive for them to re-think the materials being used to manufacture the product.

There is widespread support for product stewardship. The California Integrated Waste Management Board adopted EPR “framework” legislation as a strategic goal. The framework concept allows multiple products to be regulated under one law, as opposed to the costly and time consuming product-by-product legislation of the past. The League of California Cities, the California State Association of Counties (CSAC), the National League of Cities, the National Association of Counties and the Regional Council of Rural Counties (RCRC) have adopted resolutions and policies that support EPR.

More than twenty-five Counties, forty-six cities and twenty-two local government associations (check <http://www.calpsc.org/about/participants.html> for recent updates) have joined CPSC, including: the Counties of Alameda, Butte, Los Angeles, Sacramento, San Francisco, San Joaquin and Santa Clara; the cities of Cupertino, Chula Vista, Elk Grove, Oakland, Sacramento, Santa Cruz, San Jose and Vacaville; and local government associations, including the Association of Bay Area Governments (ABAG), East Bay Municipal Utility District (EBMUD), Humboldt Waste Management Authority, Monterey Regional Waste Management District, the California Council of Directors of Environmental Health, and the California Storm Water Quality Association.

FISCAL IMPACT

There will be no direct fiscal impact to the Corning City Council resulting from the adoption of an Extended Producer Responsibility resolution; however, the Tehama County/Red Bluff Landfill Management Agency and the Tehama County Sanitary Landfill Agency stand to gain fiscal relief in the future if EPR policy is passed on a statewide level.

This model document was created with funding from a grant from the California Integrated Waste Management Board.
Zero waste – you make it happen!





CPSC

California Product Stewardship Council SM

P.O. Box 216381
Sacramento, CA 95821
916-480-9010

www.CalPSC.org

PLEDGE OF SUPPORT

The California Product Stewardship Council (CPSC) is a coalition of local government, their associations and organizations related to solid waste, recycling, resource conservation, environmental protection, water quality, and other cross-media issues (Associates). Together with non-government organizations (NGOs) individuals, and businesses (Partners) across California they form a network supporting product stewardship and extended producer responsibility (EPR). CPSC is a federally recognized 501(c)(3) non-profit public benefit California corporation that exists by means of your monetary and in-kind contributions in addition to private and public grant funding.

CPSC MISSION: To shift California's product waste management system from one focused on government funded and ratepayer financed waste diversion to one that relies on producer responsibility in order to reduce public costs and drive improvements in product design that promote environmental sustainability.

CPSC FUNCTIONS:

1. Build relationships among local government and other stakeholders to increase capacity and knowledge in order to bring about producer financed and managed systems for life cycle and end of life management of their products.
2. Develop practical local and statewide EPR policy and educational tools such as model ordinances, legislation, newsletters, articles, policy briefings, PowerPoint presentations, etc.

The undersigned supports the mission and functions of the California Product Stewardship Council, has reviewed, understands and endorses the Framework Principles for Product Stewardship Policy, and will advocate in support of product stewardship and EPR.

Affiliation (check one): **Associate - Local Government (City, County, Local Government Association)**

Partner - Individual, Business, NGO, Other Organization

Signature **Date**

Name (print) **Title**

City of Corning

Organization/Jurisdiction (city, county, regional agency) **Department/Agency**

794 3rd St. Corning, CA 96021

Mailing Address (street address or P.O. Box, City, State, zip)

(530) 824-7033

Telephone (with area code)

Email

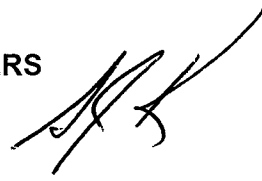
Check here if you are including or will provide a financial contribution to CPSC

Please sign, include contribution, and mail to CPSC, P.O. Box 216381, Sacramento, CA 95821

Mission: To shift California's product waste management system from one focused on government funded and ratepayer financed waste diversion to one that relies on producer responsibility in order to reduce public costs and drive improvements in product design that promote environmental sustainability.

ITEM NO: I-8
PRESENTATION AND ACCEPTANCE OF
ANNUAL CITY AUDIT FOR FISCAL YEAR
2008-2009
February 23, 2010

TO: HONORABLE MAYOR AND COUNCIL MEMBERS
FROM: STEPHEN J. KIMBROUGH, CITY MANAGER



SUMMARY:

Each year, the City Auditor, Donald Reynolds, CPA, who is accountable directly to the City Council, presents the results of his Annual Audit of Corning financial records. He will be present at the Council Meeting to explain to the City Council the results of the Audit for the past fiscal year 2008-2009.

The Auditor will report that the City remains in sound financial condition. A copy of the Audit is on file for public review in the City Hall, and a copy has been distributed to each City Council Member.

AUDIT OVERVIEW:

The Audit report begins with the “**Management’s Discussion and Analysis**” (MD&A) to provide Management’s introduction to the annual audit. There is an explanation of the components of the audit and summaries of the Revenues and Expenditures which highlight the city finances and provides a guide for the reader.

Unless you are a financial analyst or the City’s banker, you can ignore the Balance Sheets and go directly to the “**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**” (Exhibit A-2) for the important information.

GENERAL FUND:

The General Fund of the City is the only fund that is discretionary in nature; the Council has the freedom to determine the priorities and establish the uses of the General Fund. All of the other funds are restricted to specific purposes either by City Code or by State Law; though the funds are restricted, the City Council still sets the priorities for use of these funds.

The “Financial Analysis of the City’s Funds” is found on page 6 of the MD&A; it provides a clear view of the General Fund, the key operating Fund of the City. By January 2009, the Staff had a warning that Sales Tax was dropping by one-third for the last two quarters paid in this fiscal year. At that point, Staff began cutting back on capital purchases and seeking ways to save money. The official notice of the Sales tax drop did not occur until March 25, 2009 when the City received the report on the fourth quarter of 2008. Fuel and Auto sales had dropped even further than expected.

After reviewing the MD&A, the reader can skip straight to **Exhibit A-2** where the “**Comparative Statement of Revenues, Expenditures and Changes in Fund Balance**” are found. These pages provide the best information for the reader on the General Fund and compares budgeted to actual income and expense.

The City had set aside an \$800,000 General Fund Operating Reserve to cover fluctuations in normal cash flow during the year. The Operating Reserve represents 18% of total expenditures; its purpose is to cover normal operating expenses until the arrival of specific tax income and State Subventions. Once the current economic recession ends, the Operating Reserve should be slowly increased until it reaches \$1 million.

The Operating Reserve is a savings account; it is not current revenue in excess of current budgeted expenses. The City must spend all the General Fund revenue each year to maintain approved service levels.

Some City departments or functions show negative year end balances in General Fund **Exhibit A-3**.

For example the Fire Department shows an over expenditure of \$8,497; this is due to under-budgeting Overtime for Dispatch coverage materials and small equipment replacement. The Fire Department budget was also made responsible all of its electricity, natural gas and communications expenses in order to determine their actual cost for more accurate budgeting.

Parks and Recreation went over budget by \$8,345. Staff under-budgeted Overtime and Materials and Supplies in Recreation; in Parks, Salaries, Materials and Supplies were also under-budgeted. However, **Recreation brought in \$11,791 in Program Fees up 141% from \$4,890 the previous year. Parks, through the swimming pool, earned \$20,498, up 27% from the prior year!**

The Budget is a financial representation of the Annual Plan of Service, and like any plan, circumstances change during the year leaving some costs lower than estimated and some costs higher. Rather than amending the budget during the year, the over expenditures are left for all to see in order to learn and improve on the next budget.

The attached "General Fund Summary" shows how the reserve has been applied to projects and Operating Reserve.

OTHER FUNDS:

The other specialized Funds such as the road funds are listed in **Exhibit B-2** on page 50 through page 55. Included in this exhibit are the development impact funds Traffic Mitigation Fund 116, and Drainage Fund 345. For an easier to read presentation of all road funds refer to the Mid-Year Budget report spread sheet titled "**STREET MAINTENANCE FUNDS STATUS: February 23, 2010**". The City spent \$1,094,461 on Streets which includes only \$239,958 in State Gas Taxes!

Exhibit B-2 and C-2 show the **Capital Replacement and the Capital Improvement Funds**, including development fee related funds are shown. The Department **Equipment Replacement Funds** are also here.

Page 86, **Exhibit E-2**, shows the three **Trust Funds**, J.T. Levy scholarship fund (balance \$27,913), Rodgers Theatre Trust (balance \$22,513), and the Riddell Library fund (balance \$257,151).

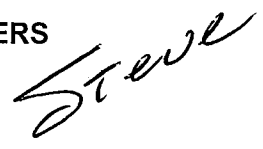
The **Sewer Fund 610** is summarized on page 84; be cautious; Depreciation and Amortization are included and distort the net income and do not include principal payments on long-term debt. Retained Earnings include the total cost of all fixed assets less any accumulated depreciation and any long term debt, and this gives a distorted view of the net income for a reader with a non-financial background; **a clear picture is provided on the "SEWER ENTERPRISE SYSTEM" spreadsheets contained in the February 23, 2010, Mid-year Budget.** The **Water Fund 630** is summarized on page 84; again be cautious. This is the reason the Staff's spreadsheet in the Mid-year Budget is so important.

RECOMMENDATION:

MAYOR AND COUNCIL MEMBERS RECEIVE AND ACCEPT THE ANNUAL AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2009.

ITEM NO: I-9
MID-YEAR BUDGET REVIEW
AND GENERAL DISCUSSION
FEBRUARY 23, 2010

TO: HONORABLE MAYOR AND COUNCIL MEMBERS
FROM: STEPHEN J. KIMBROUGH, CITY MANAGER



SUMMARY:

The City has been fortunate in past years to have maintained strong retail sales in the traveler services market which made up for the decline in auto sales. The three large travel centers, Flying J, Petro and Travel Centers of America along with three freeway sited service stations and four local fuel and food marts gave the City a huge income from fuel and fuel related sales, more than 50% of the total sales tax income. In addition the City is fortunate to be a regional auto and truck sales center providing another huge income source. Corning Ford and now Dodge and Corning Chevrolet attract buyers from all over the State.

In this past year, overall sales dropped; 2008-2009 total Corning Sales Tax dropped dramatically to \$2,144,780 from the prior year 2008-2009 which totaled \$2,706,898. This includes the adjustments through the State "triple flip" mentioned later in this analysis. Even with this decline in sales, Corning has one of, if not, the highest per capita sales tax incomes in the north state. In other words, Corning has more sales tax income per resident to spend on services.

GENERAL FUND:

This of course reads well, but the revenue projections in the July 2009 Adopted Budget indicated that the General Fund would be short by \$731,976 even after the Staff made serious cuts in proposed operations and the street rehabilitation program. With the latest information and reasonable guesses, the shortfall for year end, June 30, 2010, is revised to \$823,076. Projected revenues have been revised down by an estimated \$85,000, and the approved expenditures are increased by \$6,100. For now, the City is fortunate to have started the year with a total General Fund Reserve of \$1,447,165. See the page titled "**General Fund Summary**".

The General Fund revenues received so far are expected to be \$156,000 lower than projected in July 2009. After identifying several areas where savings can be anticipated, the net decrease should be \$85,000. **Transient Occupancy Tax** was lower than usual last summer and is expected to be \$35,000 down. "VLF" (**Vehicle License Fees**) are now determined by a State formula; very little still comes from the actual License fees paid, but now comes from the State mandated "ERAF" property tax fund; that "tax game" is a story in itself! Now that the City has received the first of two equal payments of the VLF, we can be certain that the VLF revenue will be lower by \$101,000. The Governor is keeping all the **State Gaming Funds** (collected from Indian casinos) normally distributed to cities and counties, costing Corning \$20,000.

It is too early to reach conclusions on the success of the **Furlough Plan**. The City will most certainly require another full year of personnel cost reductions through the "Furlough" of all City Employees one day per two week pay period. Capital Improvements, routinely funded from the City General Fund in the past, must continue to be postponed.

Here is a summary of the **General Fund** for the first seven months of the current and four past fiscal years.

REVENUE	through 1-31-06	through 1-31-07	through 1-31-08	through 1-31-09	through 1-31-10	Annual Budget
Sales Tax	\$1,100,366	\$1,423,993	\$1,454,814	\$1,128,471	\$916,164	\$1,800,000
TOT	\$ 143,848	\$ 213,943	\$ 346,368	\$ 200,911	\$165,419	\$ 270,000
Property Tax	-0-	\$ 298,753	\$309,457	\$ 314,004	\$276,918	\$564,400
VLF	\$ 361,997	\$ 276,544	\$ 293,661	\$ 14,737	\$237,849	\$ 575,000
General Fund Total	\$2,177,512	\$2,623,741	\$2,760,518	\$1,939,726	\$1,838,619	\$3,738,050
Total Gen. Fund Expenditures	\$2,252,522	\$2,451,858	\$2,910,718	\$3,168,593	\$2,658,079	\$4,470,026

Take a good look at the “**General Fund Summary**” report. Under the heading “Current 2009-2010 Annual Budget” note the Proposed Operating Expenditures line. This year the City needed \$4,476,126 to provide the “Minimum Essential Funding”. \$823,076 in General Fund reserve was needed to balance, even with three vacant positions.

Current 2009 - 2010 Annual Budget (updated from the July 2009 Report)

Projected Revenue Revised	\$ 3,653,050
Current Adopted Expenditures	\$ (4,476,126)
New Revenues Needed	\$ (823,076)

To fully recover from the recession, the City must grow the current projected annual revenues from the above noted \$3,653,050 by at least another \$1,100,000, before restoring the prior service levels.

The current budget objective is still to survive the economic recession without lay-offs.

Projected Revenue Revised		\$3,653,050
Plus Available Reserve	<i>total</i>	620,148
Total General Funds Available		\$4,273,198
Less Recommended Operating Expenditures		\$4,476,126
Less savings from 9 month Furlough Plan		\$ <u>213,650</u>
Total General Fund Expenditures		4,262,476
Remaining Unreserved General Funds		
Available for future periods		\$ 10,722
(without using the \$800,000 Operating Reserve)		

“TOT” or **Transient Occupancy Tax** was inflated for the last two year by the recovery of delinquent tax plus penalties and interest. The City Attorney is pursuing the debt owed by the former owners of the Comfort Inn. There may be no chance to recover since the property was foreclosed and taken by the lender.

PERSONNEL AND STAFFING

There are only 47 full time City Employees and the City has a huge investment in them. This makes the Employees the greatest asset of the City, a Service Company, and well worth retaining by maintaining stable employment. A Police Officer, for example costs the City between \$150,000 and \$200,000 in training and on the job experience.

To reduce the current operating budget below the minimal essential funding, the City would be required to layoff employees. There is no excess spending in the operating budget. The City continues to follow the same budget practices it has since 1993 by holding the department budgets tightly. The City is also fortunate because the past and current Department Heads work as a team and do not attempt to pad their budgets.

Status of Staffing:

- Police Department fully staffed
- Fire Department in process of hiring one Fire Dispatcher in order to be fully staffed.
- Public Works Department operating with three positions frozen and current recruitment to replace retiree has been suspended until future funding can be confirmed. The department is now four employees short.

On Thursday February 18th, the City tested 56 candidates for the vacant Public Works Maintenance Worker position. On that same date, Staff confirmed from County Transportation Commission Staff that the City will probably not receive any Local Transportation Funds (LTF) next year. Also, this year's allocation of LTF has been reduced for the second time to only \$58,850. We budgeted \$64,000. Last year the City received \$131,892. LTF funds go to our Fund 114 and support street weed and tree spraying, supplies and tree trimming. Both are contracted services that must be carried out. Staff believes it would be unethical to full the position with the current uncertainty of funding. We suggest the completion of recruitment be postponed until at least the April 27, City Council meeting when the Council reviews the revenues again.

What about the costs of CalPERS Retirement? The current 2009-2010 Rate is down for the second year in a row. We have received the "Miscellaneous" rates for next year, 2010-2011; the rate rises by 0.12%, only a tenth of a percent of payroll. Then in 2011-2012 is expected to rise again by another 1.2% of payroll. "Safety" Retirement costs go down next year by 1.39% of payroll and are scheduled to drop by another 0.26% of payroll. The overall effect of the rate changes is to cancel the impact.

CalPERS uses a "smoothing formula" to prevent big rate jumps. The loss from one year is overcome by the returns in future years. The city receives eight months notice of any rate increases. The current scary talk in Sacramento newspapers includes the expectation of large increases; however, that remains to be proven.

BUDGETARY CUTS MADE AND CONTINUING

Last year, the City Management Team moved quickly to reduce spending as soon as the lower Sales Tax figures were revealed in January 2009. Three Public Works vacancies were left unfilled. By June, the City Council and management were reviewing reductions in personnel costs through a cycle of one day per pay period layoffs of all city employees. These "Furloughs", as people like to call them, began in October 2009 as soon as the City had firm financial information to share with the City Employees who all agreed to the Plan to reduce employee costs by 10%.

Most people do not realize the City of Corning operates with very little overhead. The Police Department leads through the Chief and Three Sergeants; there are no Captains or Lieutenants. The Fire Department, an ISO Class 4 rated agency, is Volunteer with no full time

firefighters, saving the City over \$1 million per year. The entire Public Works Department has seven Maintenance Workers and a field supervisor. Only the Director and the Public Works Secretary are in the office. All City Employees have direct service contact with the public.

OTHER CITY FUNDS

Other City Funds and operations remain in good financial shape.

The impact of the recession also hits **Street Maintenance** which is funded by State gas taxes and the City General Fund. Street rehabilitation through overlays has been curtailed until the City once again has sufficient funds. The "**STREET MAINTENANCE FUND STATUS**" spread sheet reflects the actual revenue and expenditures for the past fiscal year and February 2010 estimates for this year. Gas Taxes are collected by the State and apportioned on the basis of population to the cities.

For Street Maintenance, the State should provide Corning

- \$246,194, down from \$319,740, **in all fuel Taxes (that's it; \$34 per resident per year¹)**;
- this includes \$58,850 (half of last year) from the County Local Transportation Fund representing the City share of "LTF" money not needed for county-wide regional transit), and
- **\$65,063** in State Traffic Congestion Relief funds (**Prop. 42 sales tax** from fuel sales).

The City has added \$162,503 from the General Fund to support maintenance this current year, and another \$68,750 comes from the General Fund to pay for all street lighting and signals.

The Proposition 42 funds come from voter enacted legislation that requires the state to use the Sales Tax collected on motor vehicle fuel for transportation purposes only. The City's annual share is not large and is subject to the whims of the State Legislature and the Governor. The street maintenance and rehabilitation uses are very restricted and the City will lose the current and future funds if we do not meet a "maintenance of effort" standard requiring the City to expend at least \$164,337 each year from the City General Fund for specific street maintenance. Things like the recent commercial sidewalk replacement do not count!

All of the Park Improvement Funds are shown in "**City Park Development Funds**" page which also explains the specific purpose and use for the restricted funds. Even in these economic times, the City is pursuing an **aggressive Park development program** and planning for the future. The City Council and Staff are deeply involved in seeking State Proposition 84 Grant funds for a major new park in the southeast "quadrant" of the City. If the grant process is successful, the city will add 17 new acres of developed parks. Should the City not receive the grant, the City is positioning itself to at least purchase the land for future development in order to meet the needs of future population growth. A skateboard park and new playing fields are key elements of the design.

Back in Fiscal Year 2004-2005 the City **Sewer "Enterprise"** lost the sewer treatment income from Bell Carter Olive Company after the Company developed its own waste water treatment capability. The impact on the Sewer Enterprise Fund from the withdrawal of Bell Carter from City wastewater treatment forced the City to incrementally increase the monthly Sewer Service Charge over several years to make up for the loss. The Sewer Enterprise earned its first positive balance last year; The City can now start to grow the operating reserve. The Sewer Rates are increased annually on April 1, for four more years through 2013.

¹ Population estimate from state is 7,220

This long term plan of sewer rate increases and the creation of a "Sewer Rate Stabilization Fund" currently totaling \$438,374, made it possible for the City to still qualify for a \$4 million bond issue to expand the Waste Water Treatment Plant in order to provide sufficient capacity for 20 years (about 1,700 more homes by 2025). The Sewer Enterprise is setting aside net revenues to fund future repairs and facility replacement.

The decline in home building leaves the Sewer Capital Fund short of funds for debt service on the plant expansion bonds, but sufficient reserves currently exist to handle that problem. Staff will need to look closely at these reserves to provide a recommendation in June to the Council for the future.

The **Water Enterprise Fund** spread sheet shows the history and future projections of income and expense. The water revenues and expenditures are in-line with our plan to only project the increase in revenues annually by a nominal inflation rate of 3% and to limit expenditures to 3%.

City Staff and the City Engineer are now preparing the USDA Rural Development application for financing of one new water well at an estimated cost of \$600,000. Presently the USDA Rural Development has much better terms than the State-wide bond pool. The **Water Enterprise** is earning enough net revenue to invest in one new well in 2010-2011 and possibly another well the following year. City Council enacted a five year series of annual rate increases effective April 1, of each year through 2014, intended to maintain a stable cash flow and to assure investors of the stability of the City.

STATE'S CONTINUED FAILURE TO RESOLVE STATE FINANCES

As noted last year and the prior year, the State of California's continued budget problems impact local revenue growth. Lingering State revenue/expenditure imbalances will continue to adversely affect the City.

Since 1992, the State has diverted \$2,065,428 in City of Corning property tax through "ERAF" to other State purposes; the rate of loss now is about \$180,500 per year taken by the State and redistributed.

While the passage of Proposition 1A in November 2007 constitutionally protects local government revenues better from future State revenue raids, the State still takes one quarter of the City share of Sales Tax, this past year about \$665,000 per year and replaces it with previously taken Property Tax. This infamous deal is called the "Triple Flip".

The state also reduced the "Motor Vehicle in lieu Tax" also known as Vehicle License Fees, a traditional local tax. Fortunately local governments pressured the State into making up this loss and the State established a formula to provide local government a share of the previously taken Property Tax equal to the loss.

All of these flips and replacements of funds have made it difficult for the citizen to understand the sources of revenues. It also requires the cities in California to be forever vigilant of the State Legislature.

RECOMMENDATION:

MAYOR AND CITY COUNCIL RECEIVE THE MID-YEAR BUDGET REPORT FOR INFORMATION AND DISCUSSION.

General Fund Summary

February 23, 2010

(updated from the July 2009 Report)

Here is the year end **2008 - 2009 Budget** as amended during the year.

	Approved Budget	June 9 Actual	June 2009 Year End "Guess"	Final
Budgeted Revenue	\$4,788,047	\$3,731,791	\$4,697,612	\$4,769,834
Budgeted Expenditures	<u>5,165,736</u>	<u>4,459,138</u>	<u>4,740,296</u>	<u>4,796,852</u>
Budget Net	\$ (377,689)	\$ (704,553)	\$ (43,129)	\$ (27,018)
General Fund <u>Beginning</u> Balance July 1, 2008 ¹		\$1,447,165		
Less expected net revenue for Year End			Guess was \$ (43,129)	final is \$ (27,018)

Less Operating Reserve set by Policy \$800,000 = \$ (800,000)
*The Operating Reserve insures sufficient cash flow for operations.
 \$800,000 only represents 18% of the Proposed Minimum Essential
 Funding.*

Uncommitted General Fund Reserve Available for next year **\$ 604,036** increases to \$620,147

Current 2009 - 2010 Annual Budget

Projected Revenue <i>Revised</i>	\$ 3,653,050
Current Adopted Expenditures	\$ (4,476,126)
New Revenues Needed	\$ (823,076)

To fully recover from the recession, the City must grow the current projected annual revenues from the above noted \$3,653,050 by at least another \$1,100,000, before restoring the prior service levels.

Projected Revenue	<i>Revised</i>	\$3,653,050
Plus Available Reserve	<i>total</i>	620,148
Total General Funds Available		\$4,273,198
Less Budgeted Operating Expenditures		\$4,476,126
Less savings from 9 month Furlough Plan		\$ <u>213,650</u>
Total General Fund Expenditures		\$4,262,476
Remaining Unreserved General Funds		
Available for future periods		\$ 10,722
(without using the \$800,000 Operating Reserve)		

¹ Source: Annual Audit

STREET MAINTENANCE FUNDS STATUS: June 3, 2009; updated February 23, 2010

FUND	GAS TAX	Last Year 2008-2009 (1)			Current Year 2009-2010			Next Year 10-11				
		Audited Balance 06/30/2008	Actual (9) Revenues	Actual Expenditures	Audited Balance 06/30/2009	Expected (10) Revenues	Approved Expenditures	Projected Balance 6/30/2010	Expected Revenues	Expenses	Projected Balances 6/30/2011	
109	2105	\$55,055	\$39,729	\$53,646	\$41,138	\$38,528	\$61,534	\$18,132	\$38,355	\$0	\$0	
110	2106	\$33,820	\$30,913	\$26,434	\$38,299	\$30,227	\$51,932	\$16,594	\$30,092	\$0	\$0	
111	2107	\$87,270	\$53,531	\$34,298	\$106,503	\$51,326	\$127,693	\$30,136	\$51,096	\$0	\$0	
112	2107.5	\$51	\$2,000	\$2,020	\$31	\$2,200	\$2,200	\$31	\$2,000	\$0	\$0	
114	LTF (2)	\$34,852	\$131,892	\$85,193	\$81,551	\$58,850	\$79,500	\$60,901	\$0	\$0	\$0	
115	State Traffic Con. Relief (3)	\$217	\$61,675	\$38,367	\$23,525	\$65,063	\$68,400	\$20,188	\$71,959	\$0	\$0	
							Sub Total	\$145,982				
SPECIAL PURPOSE FUNDS												
105	Rural Planning-Roads (5)	\$16,050	\$29,338	\$26,651	\$18,737	\$31,000	\$29,871	\$19,866	\$0	\$0	\$0	
107	Prop 1B	\$60,648	\$1,245	\$9,764	\$52,129	\$1,152	\$53,000	\$281	\$0	\$0	\$0	
108	Fed. TEA & RSTP (6)	\$61,259	\$1,277	\$0	\$62,536	\$500	\$28,250	\$34,786	\$0	\$0	\$0	
118	Safe Routes to School	\$0	\$281,340	\$281,340	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
120	Fed. TEA for Downtown (7)	\$622	\$9,000	\$9,622	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
365	Curb & Gutter Revolving (4)	\$17,838	\$396	\$18,000	\$234	\$0	\$0	\$234	\$0	\$0	\$0	
345	Drainage Improvements	\$114,963	\$14,243	\$1,117	\$128,089	\$13,000	\$4,059	\$137,030	\$0	\$0	\$0	
116	Traffic Mitigation	\$477,505	\$78,401	\$132,691	\$423,215	\$77,000	\$5,101	\$495,114	\$0	\$0	\$0	
001	Gen Fund Spt. of Maint. (8)	\$0	\$308,318	\$308,318	\$0	\$162,503	\$162,503	\$0	\$0	\$0	\$0	
001	Gen Fund Spt. of Street & Traffic Lights	\$0	\$67,000	\$67,000	\$0	\$68,750	\$68,750	\$0	\$0	\$0	\$0	
								Approved				
								Actual				
								\$1,094,461	\$600,099	\$742,793	\$193,502	\$0

1- State no longer provides early projections; City must use prior year's estimates
2- Local Transportation Funds come to the City through the County; they are generated by a Statewide transportation sales tax (special quarter cent gas tax) approved by the Voters as the Transportation Development Act or TDA. Est. 08-09 \$126,189 (5-8-09 Moses) Cut to \$64,000 in 09-10, due to State TAKING of Statewide transit funds.
3- Prop.42 Gas Sales Tax Monies for Maintenance. State Budget includes funding for 09-10 and 10-11, BUT state wants to take all.
4- Curb & Gutter Revolving Fund makes loans to property owners who install curb & gutter where there were none. Fund balance exceeds needs and \$18238 will be returned to the General Fund in FY 2008-2009.
5- Restricted for Transportation Planning Activities. OWP monies: for FY 07-08; 10-16-07 est. R/STIP \$20,000; Aviation \$8,000; GIS \$3,000. For 06-07 \$18,000; \$8,000;\$3,000
6- RSTP and TEA funding ended 6-30-02, \$15,181 R/STIP & \$20,323 TEA received per TCTC Final Budget 02/03 Total \$35,504; Received from County in FY 07-08 \$30,240.54 special though no future funds are projected, the TCTC distributed an additional \$35,530.04 to Corning from its funds.
7- Revenue includes \$1012 transfer from the General fund to make up the deficit fund balance. The City received approval for funding of the downtown streetscape and lighting improvements from Federal Transportation Enhancement Act restricted to this type of project and not available for street maintenance. The initial funding is for the project study and engineering report called a "PS&E".
8- State Traffic Congestion Relief Act requires a General Fund Maintenance of Effort in the amount of \$164,337. Includes General Fund support in Streets, Street Projects, Street Projects, Public Works Administration and Engineering including Development.
9-State withheld 25% of Gas Tax Revenue in FY 07-08 and is repaying it in September 2008 (FY 08-09). Revenue = annual expected + 25% more in repayment.
10-2-1-200 Estimate California City Finance

City Park Development Funds

Park Acquisition Fund # 341 **Fund Balance** **\$197,449**

The annual Audit p. 77 shows a year end balance of \$302,978. Park Acquisition Fees collected along with interest earned to date is \$18,097 less expenditures to date of \$35,606 (less a transfer of \$88,021, held in trust for the Salado Garden Apt. Wall).

Established in 1970, through Ordinance 320, City Code Chapter 3.32 "RESIDENTIAL CONSTRUCTION TAX" (page 41) requires all residential dwelling units including mobile home lots to pay a tax to fund the "acquisition, improvement and expansion of public parks, playgrounds and recreational facilities" in the City. The proceeds of the tax "may also be used for the development of recreational facilities on public school grounds which provide a desirable site and immediate access to the public from the street."

The tax is collected with the issuance of Building Permits:
 \$200 per new mobile home lot or one bedroom dwelling
 \$100 per each additional bedroom

Parkland Development Fund # 355 **Fund Balance** **\$196,636**

The annual Audit p. 77 shows a year end balance of \$184,620 and Bedroom Tax collected along with interest earned to date is \$12,016 less land appraisal costs of \$0.

Established in 1991, through Ordinance 515, City Code Chapter 3.40 "PARKLAND DEVELOPMENT FEE" (page 44-1) imposes a fee on lots in all "newly created" parcel maps and subdivision maps "solely for the purchase and preparation of land for city parks."

The fee is collected with the issuance of Building Permits: \$ 875 per dwelling unit.

Statewide 2002 Park Bond Issue Fund # 354 **Reserved for Theatre** **\$220,000**

The July, 2003 State Procedural Guide states that the funding allocation is "...intended to maintain a high quality of life for California's growing population by providing a continuing investment in parks and recreational facilities. Specifically, it is for the acquisition and development of neighborhood, community, and regional parks and recreation lands and facilities in urban and rural areas." "Capital Projects that will provide lands and facilities for recreational activities and services are eligible. The following types of Capital Projects are eligible for grant funding: Acquisition..., or Development."

Established by City Council to receive and segregate the \$220,000 "per capita" allocation to the City of Corning from the "2002 Resources Bond Act" also known as the "California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002". This "pork barrel" Proposition from the Legislature was meant to have something for everyone and insured that each City received a minimum "per capita allocation" of at least \$220,000. **Projects and all paperwork must be complete by June 30, 2011.**

Park Improvement Fund # 353 **Fund Balance** **\$ 15,838**

Annual Audit page 77 shows a balance of \$15,410. Interest earned to date is \$428.

Established by City Council to segregate those Budget appropriations made by the City Council periodically for the special park improvement and refurbishment projects identified jointly by the Recreation Commission and Park Volunteer Committee. Current Balance exists because extra Recycling Grant funds were placed in it.

Rodgers Theater Trust #402 **Fund balance** **\$ 22,513**

Annual Audit page 66 shows a balance of \$22,972. Add interest to date of \$501, less Marquee work to date of \$960.

SEWER ENTERPRISE SYSTEM

Amended 2-18-10
The Following Table Illustrates the Effects of Bell Carter withdrawing as a Sewer Service Customer. A Nominal 3% inflation rate is built into both Revenue & Expenditures of the Sewer Enterprise System.

	HISTORICAL (ACTUAL)										PROJECTED		
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Sewer System Revenues													
Service Charges (1)	980,023	1,018,176	1,036,819	1,051,670	932,698	1,054,360	1,169,717	1,257,948	1,385,313	1,406,390	1,448,582	1,492,039	1,536,800
Annual Rate Change	3%	3%	3%	3%	9%	9%	9%	9%	9%	3%	3%	3%	3%
Connection Fees	2,620	2,965	5,020	13,861	26,449	2,620	8,030	1,952	2,620	3,000	3,000	3,000	3,000
Interest Income	14,857	4,099	6,019	3,266	2,159	0	0	0	0	0	0	0	0
Other Revenues	6,807	7,000	3,676	4,912	11,037	0	7,154	0	20,555	3,600	3,600	3,600	3,600
Total Revenues	1,004,300	1,039,813	1,051,534	1,073,709	972,343	1,056,980	1,184,901	1,259,900	1,408,488	1,412,990	1,460,182	1,503,639	1,548,400
Sewer System Operation and Maintenance Expenses (2) (Exclusive of Capital Expenditures and Depreciation)	823,537	909,055	856,642	939,926	971,199	1,005,577	1,113,426	1,105,433	1,018,652 (7)	1,125,790	1,182,080	1,241,183	1,303,243
Net Revenues from Sewer Enterprise System (Total Net Revenues Available for Installment Payments)	180,763	130,758	194,892	133,783	1,144	51,403	71,475	154,467	389,836	287,200	278,102	262,455	245,157
1997 COP (3)	39,617	40,234	39,810	39,370	39,370	Paid Off							
1999 COP - USDA (4)	98,804	98,779	98,804	98,749	98,742	98,696	98,694	99,220	98,644	99,211	99,220	99,195	99,211
2005 COP - SERIES A (&) Wedbush Estimated Installment Payments						47,443	37,820	37,435	37,994	38,482	37,922	37,322	37,653
Sewer & Equip Replacement Trnsfr (5)		0	0	0	15,800	16,300	16,800	17,300	18,300	18,300	18,800	19,400	20,000
WWTP Repl. Fund Transfer	30,000	30,000	35,000	35,000	40,000	40,000	45,000	45,000	50,000	50,000	55,000	55,000	60,000
Annual Net Income * Required Adjustments (6)	12,342	(38,255)	21,278	(39,336)	(192,768)	(151,036)	(89,019)	(44,488)	184,898	81,207	67,160	51,538	28,294
Net Operating Reserve **	417,409	366,820	365,504	313,758	149,950	(7,098)	(72,567)	(159,592)	5,928	(15,909)	51,250	102,789	131,082
Sewer Stabilization Fund Reserve	71,916	73,734	75,101	76,146	403,500	417,444	438,374						
Sewer Capital Improvement	4,921	10,303	11,255	55,742	82,845	107,978	132,279	185,647	207,420				
WWTP Expansion Fund (Net of Loan)	199,398	94,202	67,227	53,245	42,173	59,876	49,753	53,447	67,972				
WWTP Capital Replacement Fund	384,225	428,496	245,736	85,282	(17,194)	(33,200)	145,051	194,020	90,443				
New WWTP Expansion Project	247,770	237,590	171,756	206,547	246,138	271,199	327,375	364,142	352,053				

1) First rate change funding the sewer line Replacement Project occurred 04/01/97 (decrease by 5%) and appeared in the 1996-97 column and continues through 4/1/03 (+3%) in seven year rate plan ending in the 2002-2003 column. Three percent (3%) inflationary rate increases are forecasted beginning 4/1/04 and continuing. First yr of Bell Carter Withdrawal is 2004-2005; loss will be \$240,000 per yr; Revenue - 1,068,000 - 240,000 X 1.09= 902,250 income after loss.
Beginning with Council approval, add 6%(total 9%) will offset the loss of Bell-Carter as a customer and implemented an 11 yr series of rate increases.
2) Operation & Maintenance is projected to increase at an inflationary rate of 5% per year
3) 1997 COP for 3,500,000 Wedbush Morgan through the City of Corning Public Finance Corporation funded Phase 1 of the Water and Sewer Line Replacement 80% Water - 20% Sewer
4) Total Debt \$2,042,000 including H99 Sewer (322,000) at 4.375% interest
5) Sewer & Equipment Replacement is funded this year for the first time. Set aside for Equipment Replacement was suspended until the first 7 year series of rate increases was done.
6) Adjustment required to bring reserves to its modified balance due to prior period adjustments, and interfund activity.
7) Treatment Plant - 13 payments in 07/08; 11 payments in 08/09. Note this \$ is 45,000 low; one SWWC payment went in prior year.

* Net income per General Ledger less principal loan payments
** Net Operating Reserve will not equal Fund Balance. Consists of Operating Fund (610) Cash and Accounts Receivable
Less Accounts Payable and Interest Payable only. All other Assets and Liabilities not included.

WATER ENTERPRISE SYSTEM

(With rate increase beginning April 1, 2010)

The Following Table Illustrates the History and the Revenue, Expenditures and Coverage of the Debt Service for the Water Enterprise System

	HISTORICAL (ACTUAL)										CURRENT B					PROJECTED		
	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13					
Water System Revenues	824,812	926,781	953,811	1,051,970	1,061,576	1,119,836	1,084,370	1,208,862	1,283,521	1,223,675	1,322,027	1,361,687	1,402,538					
Service Charges (1)	8.75%	8.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%					
Annual Rate Change	2,496	2,067	3,380	9,608	7,658	2,408	1,742	4,238	1,092	1,000	1,000	1,000	1,000					
Connection Fees	245	14,794	0	1345	1141	1928	2873	6886	1,000	1,000	1,000	1,000	1,000					
Interest Income	2,334	4,338	3,930	3,585	1,106	1,654	1,061	1,992	4,748	2,000	2,000	2,000	2,000					
Other Revenues	829,887	947,980	961,121	1,065,163	1,071,685	1,125,039	1,089,101	1,217,965	1,296,247	1,227,675	1,326,027	1,365,687	1,406,538					
Total Revenues	528,774	593,836	582,071	699,302	719,214	691,667	748,376	745,004	784,707	836,810	878,651	922,563	968,712					
Water System Operation & Maintenance Expenses																		
Exclusive of Capital Expen. & Depreciation (2A)	301,113	354,144	379,050	366,861	352,471	433,372	340,725	472,961	511,540	390,865	447,376	443,104	437,826					
Net Revenues from Water Enterprise System	158,464	158,464	159,238	157,478	159,538	61,247	0	0	0	0	0	0	0					
(Total Net Revenues Avail. for Installment Payments)	130,973	130,973	130,972	129,249	130,891	130,829	130,828	131,525	131,491	131,512	131,512	131,512	131,512					
1997 COP (2)																		
Est. Installment Pmts. 1999 COP's USDA (3)																		
Est. Installment Pmts 2005 Series A (2)																		
Est. Installment Pmts. 2005 Series B																		
Est. Installment Pmts. Water Well Debt Service																		
Water & Equipment Replacement Transfer	10,000	35,000		20,000	25,000	25,000	51,500	53,045	100,000	28,000	70,000	73,500	77,175					
Annual Net Income * Required Adjustments (4)	11,676	54,707	53,840	60,134	37,042	17,068	7,118	138,652	128,075	7,427	62,678	57,131	46,670					
	(10,938)	(10,825)	(54,496)	(17,204)	105,162	(16,195)	42,776	27,150	1,467									
Cum. Net Operating Reserve **	(54,488)	(10,607)	(11,263)	31,667	142,204	143,077	192,971	358,773	486,315	425,074	389,401	308,519	176,327					
Water Stabilization Balance (5)	302,011	311,194	316,963	321,370	Released													
Water Capital Improvement Fund	3,906	10,967	13,686	88,287	100,551	114,914	117,461	160,564	185,723									
Water Capital Replacement Fund	3,831	34,617	45,754	41,199	67,315	68,239	84,315	54,154	126,728									

1) First Rate Change Occurred 4/1/97 and continued through 4/1/03

1a) Beginning 2003/04 (April 2004) increase is proposed to be only 3% to cover inflation.

2) "Refunded" 1997 COP on 07-01-05 and replaced with 2005 COP Series A for 3,500,000 by Wedbush Morgan through the City of Corning Public Finance Corporation funded Phase 1 of the Water & Sewer Line Replacement 80% Water - 20% Sewer.

2A) Operation & Maintenance is projected to increase at an inflationary rate of 5% per year

3) Total Debt \$2,280,000 @ 4.375% interest

4) Adjustment required to bring reserves to its modified balance due to prior period adjustments, and interfund activity.

5) Water Stabilization Fund established April 10, 1997 to insure the adequacy of the

Net Revenues pledged to Debt Service. See p.20 of the Official Statement 1997 Series A - Fund Closed June 30, 2005

* Net income per general ledger less principal loan payments

** Net Operating Reserve will not equal Fund Balance. Consists of Operating Fund (630) Cash and Accounts Receivable Less Accounts Payable and Interest Payable only. All other Assets and Liabilities not included.