



**CITY OF HUGHSON  
CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
7018 Pine Street, Hughson, CA**

**AGENDA  
MONDAY, OCTOBER 26, 2015 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:** Mayor Matt Beekman  
Mayor Pro Tem Jeramy Young  
Councilmember Jill Silva  
Councilmember George Carr  
Councilmember Harold Hill

**FLAG SALUTE:** Mayor Matt Beekman

**INVOCATION:** Hughson Ministerial Association

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

**2. PRESENTATIONS:** None.

**3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

- 3.1:** Approve the Minutes of the Regular Meeting of October 12, 2015.
- 3.2:** Approve the Warrants Register.
- 3.3:** Review and approve the City of Hughson Treasurer's Report: August 2015.
- 3.4:** Adopt Resolution No. 2015-32, a resolution of the City Council of the City of Hughson accepting the Tully Road Railroad Crossing Project improvements and authorizing the City Clerk to file a Notice of Completion (NOC).

**4. UNFINISHED BUSINESS: None.**

**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING:**

**6. NEW BUSINESS:**

- 6.1:** Consider the use of up to \$63,000 of Community Enhancement funds for a non-budgeted expenditure for additional sidewalk improvements associated with the street improvements as part of the development of the Dollar General retail store.
- 6.2:** Review and discuss the City's potential investment and debt reductions options.

**7. CORRESPONDENCE: None.**

**8. COMMENTS:**

- 8.1:** Staff Reports and Comments: (Information Only – No Action)

**City Manager:**

**City Clerk:**

**Community Development Director:**

**Director of Finance:**

**Police Services:**

**City Attorney:**

**8.2:** Council Comments: (Information Only – No Action)

**8.3:** Mayor’s Comments: (Information Only – No Action)

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING:                      None.**

**ADJOURNMENT:**

**WAIVER WARNING**

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

**UPCOMING EVENTS:**

<b>October 31</b>	▪ Hughson Tent, Trunk or Treat @ Lebright Fields, 5 p.m
<b>November 9</b>	▪ City Council Meeting @ City Hall Chambers, 7:00 p.m.
<b>November 10</b>	▪ Parks and Recreation Commission Meeting @ City Hall Chambers, 6:00 p.m.
<b>November 17</b>	▪ Planning Commission Meeting @ City Hall Chambers, 6:00 p.m.
<b>November 21</b>	▪ Hughson Community Thanksgiving @ Hughson Senior Community Center, TBD
<b>November 21</b>	▪ 20 <sup>th</sup> Century Arts & Crafts Fair @ Hughson High School ,9 a.m – 4 p.m
<b>November 22</b>	▪ 20 <sup>th</sup> Century Arts & Crafts Fair @ Hughson High School ,9 a.m – 4 p.m
<b>November 23</b>	▪ City Council Meeting @ City Hall Chambers, 7:00 p.m.
<b>November 27</b>	▪ Thanksgiving Holiday
<b>November 28</b>	▪ Thanksgiving Holiday
<b>December 5</b>	▪ Hughson Christmas Festival @ Downtown Hughson, 5 p.m

**RULES FOR ADDRESSING CITY COUNCIL**

Members of the audience who wish to address the City Council are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the City Clerk. **Filling out the card is voluntary.**

Any documents produced by the City and distributed to a majority of the City Council regarding any item on this Agenda will be made available at the City Clerk’s counter at City Hall located at 7018 Pine Street, Hughson, CA. 3

**AFFIDAVIT OF POSTING**

**DATE:** October 22, 2015 **TIME:** 5:00 pm  
**NAME:** Marilyn Castaneda **TITLE:** Management Intern

**AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT**  
**NOTIFICATION FOR THE CITY OF HUGHSON**

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

**Disabled or Special needs Accommodation:** In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

**Notice Regarding Non-English Speakers:**

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

**General Information:** The Hughson City Council meets in the Council Chambers on the second and fourth Mondays of each month at 7:00 p.m., unless otherwise noticed.

**Council Agendas:** The City Council agenda is now available for public review at the City's website at [www.hughson.org](http://www.hughson.org) and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.

**Questions:** Contact the City Clerk at (209) 883-4054



## **CITY OF HUGHSON AGENDA ITEM NO. 3.1 SECTION 3: CONSENT CALENDAR**

**Meeting Date:** October 26, 2015  
**Subject:** Approval of the City Council Minutes  
**Presented By:** Marilyn Castaneda, Management Intern

**Approved By:** \_\_\_\_\_

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### **Staff Recommendation:**

Approve the Minutes of the Regular Meeting of October 12, 2015.

### **Background and Overview:**

The draft minutes of the October 12, 2015 meeting are prepared for the Council's review.



**CITY OF HUGHSON  
CITY COUNCIL MEETING  
CITY HALL COUNCIL CHAMBERS  
7018 Pine Street, Hughson, CA**

**Minutes  
MONDAY, OCTOBER 12, 2015 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:** Mayor Matt Beekman  
Mayor Pro Tem Jeramy Young  
Councilmember Jill Silva  
Councilmember George Carr  
Councilmember Harold Hill

Staff Present: Raul L. Mendez, City Manager  
Dan Schroeder, City Attorney  
Jaylen French, Community Development Director  
Shannon Esenwein, Finance Director  
Lisa Whiteside, Finance Manager  
Jaime Velazquez, Utilities Superintendent  
Sam Rush, Public Works Superintendent  
Marilyn Castaneda, Management Intern

**FLAG SALUTE:** Mayor Matt Beekman

A Moment of Silence for Morgan Thornsberry

**INVOCATION:** Mayor Matt Beekman

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

**2. PRESENTATIONS:**

**2.1:** A Proclamation Declaring October 18-24, 2015 As “Freedom From Workplace Bullies Week”

**City Management Intern, Marilyn Castaneda read the Proclamation declaring October 18-24 as “Freedom From Workplace Bullies Week”, out loud to the City Council, City staff and members of the public in the audience.**

- 2.2:** Stanislaus Animal Services Agency Annual Report – Annette Patton, SASA Executive Director

**Annette Patton, SASA Executive Director, presented to the City Council the Stanislaus Animal Services Agency Annual Report.**

### **3. CONSENT CALENDAR:**

**All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.**

- 3.1:** Approve the Minutes of the Regular Meeting of September 28, 2015.
- 3.2:** Approve the Warrants Register.
- 3.3:** Review and approve the City of Hughson Treasurer's Report: Investment Portfolio Report for June 2015.
- 3.4:** Review and approve the City of Hughson Treasurer's Report: Investment Portfolio Report for July 2015.
- 3.5:** Approve the City of Hughson Economic Development Committee's (EDC) recommendation to award \$1,000 in Business Incentive Funds, in the form of a grant, for a new business (The Good Life – Life Coaching) located at 6719 Charles Street.
- 3.6:** Approve the request made by the Hughson Athletic Boosters to have and sell alcohol at the Italian Nite Dinner event, located on Hughson Avenue on November 7, 2015.
- 3.7:** Approve an application period for the current vacancy on the Hughson Planning Commission of October 13<sup>th</sup> to November 12<sup>th</sup> with City Council interviews scheduled for November 23, 2015.
- 3.8:** Waive the second reading of Ordinance No. 2015-11, an Ordinance of the City Council of the City of Hughson adopting the Development Agreement by and between the City of Hughson and DG-Hughson, CA-1-UT, LLC.

(Dollar General / Embree Group) relating to the development of the Dollar General retail store at Hughson Avenue and 4th Street.

**3.9:** Review and approve the Fiscal Year 2014-2015 Year End Adjustments.

**BEEKMAN/YOUNG 5-0 motion passes to approve Consent Calendar.**

**4. UNFINISHED BUSINESS:**

**4.1:** Adoption of the Fiscal Year 2014-2015 Final Budget

**Finance Director Shannon Esenwein presented the staff report on this item.**

**Finance Director Esenwein provided the City Council with additional information on Funds 71 and Fund 88, as well as background information on the Fiscal Year 2014-2015 Final Budget.**

**Mayor Beekman requested more information on the budget for the IT Reserve fund from public facilities fees. Finance Director indicated that she would be contacting the City Auditor to ensure that such a transfer was appropriate.**

**Councilmember Silva indicated that in the County such funds can't be transferred right away and that a specific project needs to be identified before transferring over funds collected from development impact fees.**

**City Manager Mendez also provided clarification to Mayor Beekman request for additional information and questions. He shared that the Capital Improvement Plan in progress would identify projects and address the use of public facilities fees along with other sources of funds.**

**Mayor Beekman opened the Public Hearing at 7:43 P.M. There were no Public Comments. The Public Hearing was closed at 7:44 P.M.**

**BEEKMAN/YOUNG 5-0 motion passes to approve the adoption of the Fiscal Year 2014-2015 final budget.**

**Mayor Beekman directed staff to produce a comprehensive plan for a current and long term (3 year) use of the public facility fees.**

**BEEKMAN/YOUNG 5-0 motion passes to direct staff to produce a comprehensive plan for a current and long term (3 years) use of the public facility fees.**



**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING:**

**6. NEW BUSINESS:**           None.

**7. CORRESPONDENCE:**   None.

**8. COMMENTS:**

**8.1: Staff Reports and Comments: (Information Only – No Action)**

**City Manager:**

**City Manager Mendez announced the quarterly staff meeting is on October 16, 2015 where Mr. Serpa will be coming at 10:30 A.M. to teach a hands only CPR/Automated External Defibrillator Training. City Manager Mendez also announced he will be attending the Southeast Stanislaus FRC Harvest of Promise on October 24, 2015 @ 6 P.M. (St. Anthony Church). He also reminded City Council and City staff the Halloween Tent, Trunk or Treat is fast approaching on October 31, 2015 @ 5 P.M. (Lebright Fields). He also wanted to thank Magnolia Farmhouse Market for supplying the Lime green ribbons in remembrance of Morgan Thornsberry.**

**City Clerk:**

**Community Development Director:**

**Director French updated the City Council on the Tully Road project. There was a line leak early October 8, 2015 from old and corroded pipes. Director French thanked staff for their hard work and long working hours to get the leak under control. He also noted that PG&E called in response to the two damaged Utility Vaults**

within the construction project limits and stated because of safety reasons they won't allow further construction. City staff will move forward with the other 90% of the project and will leave the 10% alone until instructed by PG&E. Director French added that he would work with PG&E to have them cover the expenses related to the delay of the 10% of construction that is paused. Based on discussions with PG&E, Director French indicated that the delay will range from 4-9 months but the 90% of construction will be finished October 22, 2015. Also, it was shared that Dollar General will start their offsite construction on October 13, 2015. Director French will working with the City Engineer to conduct a speed survey to tell whether a 4 way stop light will be necessary at Fox/ Charles and for other sections of the City. Lastly, he reported that Hughson's water usage year to date is currently down by 28.3% from 2013 levels.

**Director of Finance:**

Director of Finance Essenwein announced to the City Council and staff that 246 pink notices accounting for \$47,790 were sent out to residences for past due balances. She shared that this will be a focus for her Department for the upcoming months. Director Essenwein also indicated that she would return back to Council with recommendations on the City's Investment Portfolio based on Council direction to consider paying down debt service rather than

rolling forward investments whose terms expire.

**Police Services:** Chief Larry Seymour provided the City Council with the Crime Statistic Report. He also shared that some of the public safety issues brought to his attention by residents (and the City Manager) on NextDoor, Hughson's social media, are under investigation.

**City Attorney:**

**8.2:** Council Comments: (Information Only – No Action)

Councilmember Carr updated the City Council and staff that due to the high temperatures, citizens are still at risk for West Nile Virus through mosquitos. He recently found a dead bird on October 1, 2015 and called Turlock Mosquito Abatement District for further instructions. He reported that the bird had tested positive for West Nile.

Councilmember Silva shared that she had received an email along with other members of the City Council regarding a house for sale near Hughson High School. She reported that the City Manager would be following up on the email on the City's behalf.

Councilmember Hill reminded the City Council of the City/Fire 2+2 committee meeting on October 14, 2015 @ 5:30pm (Hughson Fire Protection District)

**8.3:** Mayor's Comments: (Information Only – No Action)

Mayor Beekman updated the City Council on his attendance at the Stanislaus Farm Bureau where he sat on a panel on the topic of American Farmland Trust.

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING:**

None.

**ADJOURNMENT:**

Mayor Beekman motion passes to adjourn the meeting at 8:21 P.M.

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**Matt Beekman, Mayor**

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**Dominique Spinale Romo, City Clerk**



## CITY OF HUGHSON AGENDA ITEM NO. 3.2

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** October 26, 2015  
**Subject:** Approval of Warrants Register  
**Enclosure:** Warrants Register  
**Presented By:** Shannon Esenwein, Director of Finance

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Approve the Warrants Register as presented.

#### **Background and Overview:**

The warrants register presented to the City Council is a listing of all expenditures paid from 10/15/15 - 10/21/15.

#### **Fiscal Impact:**

There are reductions in various funds for payment of expenses.

REPORT.: Oct 22 15 Thursday  
 RUN.....: Oct 22 15 Time: 15:40  
 Run By.: Lisa Whiteside

City of Hughson  
 Cash Disbursement Detail Report  
 Check Listing for 10-15 Bank Account.: 0100

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

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
46991	10/15/2015	EMP01	STATE OF CALIFORNIA	\$ 1,291.89	B51015	PAYROLL TAXES
46992	10/15/2015	HAR02	THE HARTFORD	\$ 379.66	B51015	DEFERRED COMPENSATION
46993	10/15/2015	PER01	P.E.R.S.	\$ 6,919.34	B51015	RETIREMENT
46994	10/15/2015	STA23	CaIPERS SUPPLEMENTAL INCO	\$ 685.00	B51015	DEFERRED COMPENSATION
46995	10/15/2015	UNI07	UNITED WAY OF STANISLAUS	\$ 29.00	B51015	UNITED WAY
46996	10/15/2015	ARR00	NESTLE WATERS	\$ 98.13	B51014	BOTTLED WATER
46997	10/15/2015	ATT01	AT&T	\$ 37.52	B51014	PHONE
46998	10/15/2015	ATT03	AT&T	\$ 20.16	7090503	PHONE
46999	10/15/2015	CEN14	CENTRAL JANITOR'S SUPPLY	\$ 131.09	647736	CLEANING SUPPLIES
47000	10/15/2015	CHA01	CHARTER COMMUNICATION	\$ 68.92	B51014	IP ADDRESS-PW SHOP
47001	10/15/2015	CLA03	CLARK'S PEST CONTROL	\$ 57.00	B51014	PEST CONTROL
				\$ 102.00	B51015	PEST CONTROL
			Check Total:	\$ 159.00		
47002	10/15/2015	CON14	CONDOR EARTH TECHNOLOGIES	\$ 3,062.50	72043	MS4 GENERAL PERMIT SUPPORT
47003	10/15/2015	CRA03	CRAFCO, INC.(PMSI)	\$ 53,170.48	10181361	2015 PURCHASE OF NEW CRACK SEAL MACHINE
47004	10/15/2015	DEH01	DEHART PLUMBING HEATING	\$ 1,177.48	W81194	REPAIR & MAINT. ON OPERATIONS BLDG COOLING UNIT
47005	10/15/2015	DEP08	DEPT. OF CONSERVATION	\$ 88.71	B51014	SMIP FEES JUL-SEPT 2015
47006	10/15/2015	EZN00	EZ NETWORK SOLUTIONS	\$ 309.25	30281	OFF SITE DATE STORAGE FOR SEPTEMBER
				\$ 2,554.20	TS30243	IT SERVICE FOR OCTOBER
			Check Total:	\$ 2,863.45		
47007	10/15/2015	FAR03	FARMERS BROTHERS COFFEE	\$ 118.32	62763934	COFFEE
47008	10/15/2015	GIL01	GILTON SOLID WASTE MANAGE	\$ 37,173.30	B51014	SEPTEMBER GARBAGE LESS FRANCHISE FEE
47009	10/15/2015	GRA03	W.W. GRAINGER, INC.	\$ 78.69	847437523	SAFETY SUPPLIES
				\$ 83.02	848922549	SAFETY SUPPLIES
			Check Total:	\$ 161.71		
47010	10/15/2015	HOM01	THE HOME DEPOT CRC	\$ 314.95	B51014	SUPPLIES FOR PWAND BLINDS
47011	10/15/2015	HUG03	HUGHSON CHRONICLE	\$ 89.00	107610	2015 HUGHSON HARVEST FESTIVAL AD
				\$ 278.60	107663	LEGAL #1527 WEEK OF 10/6/15 ARSENIC
				\$ 144.28	107664	LEGAL #1522 WEEK OF 10/6/15
			Check Total:	\$ 511.88		
47012	10/15/2015	HUG11	HUGHSON FARM SUPPLY	\$ 4.30	H153486	MISC. TOOLS & SUPPLIES
				\$ 134.66	H153777	MISC. TOOLS & SUPPLIES
				\$ 7.52	H153822	MISC. TOOLS & SUPPLIES
				\$ 11.81	H153834	MISC. TOOLS & SUPPLIES
			Check Total:	\$ 158.29		
47013	10/15/2015	KEL03	KELLY'S BACKFLOW SERVICES	\$ 465.87	B51014	DEPOSIT REFUND FOR ENCROACHMENT PERMIT B00-003-093
47014	10/15/2015	LEG01	LEGAL SHIELD	\$ 25.90	B51014	LEGAL SERVICES
47015	10/15/2015	MEN20	MENDEZ, RAUL	\$ 1,260.15	B51014	CITY EVENTS & LOCC ANNUAL CONF. REIMBURSEMENTS
47016	10/15/2015	MIS01	MISSION UNIFORM SERVICE	\$ 73.44	500698997	UNIFORM SERVICE
				\$ 95.04	500743178	UNIFORM SERVICE

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
				\$ 78.84	500786321	UNIFORM SERVICE
				\$ 48.59	500791513	UNIFORM SERVICE
				\$ 58.09	500833112	UNIFORM SERVICE
				\$ 15.96	500833113	UNIFORM SERVICE
				\$ 41.89	500877073	UNIFORM SERVICE
				\$ 15.96	500877074	UNIFORM SERVICE
				\$ 41.89	500919448	UNIFORM SERVICE
				\$ 15.96	500919449	UNIFORM SERVICE
				\$ 58.09	500969202	UNIFORM SERVICE
				\$ 15.96	500969203	UNIFORM SERVICE
				\$ 58.09	501010815	UNIFORM SERVICE
				\$ 30.00	501010816	UNIFORM SERVICE
			Check Total:	\$ 647.80		
47017	10/15/2015	NEU01	NEUMILLER & BEARDSLEE	\$ 960.00	271904	LEGAL SERVICES
				\$ 1,200.00	271905	LEGAL SERVICES
				\$ 620.00	271906	LEGAL SERVICES
				\$ 5,893.36	272315	LEGAL SERVICES
			Check Total:	\$ 8,673.36		
47018	10/15/2015	PAC05	PACIFIC PLAN REVIEW	\$ 386.74	H1030-15	CONTRACT SRVCS PLANNING/B
				\$ 95.96	H1051-15	CONTRACT SRVCS PLANNING/B
				\$ 95.96	H1052-15	CONTRACT SRVCS PLANNING/B
				\$ 794.39	H1053-15	CONTRACT SRVCS PLANNING/B
				\$ 433.64	H1054-15	CONTRACT SRVCS PLANNING/B
				\$ 255.00	H1055-55	CONTRACT SRVCS PLANNING/B
				\$ 124.86	H1056-15	CONTRACT SRVCS PLANNING/B
				\$ 3,485.00	INSP1015	CONTRACT SRVCS PLANNING/B
				\$ 1,572.50	ADMIN1015	CONTRACT SRVCS PLANNING/B
			Check Total:	\$ 7,244.05		
47019	10/15/2015	QUI03	QUICK N SAVE	\$ 143.71	1-2246	FUEL
47020	10/15/2015	SAF01	SAFETLITE	\$ 209.87	319014	RENTAL FOR WATER BARRIERS FOR HUGHSON FRUIT&NUT
47021	10/15/2015	SEE02	SEE CLICK FIX	\$ 3,600.00	2015-433	ANNUAL LICENSE (11/1/15 - 10/31/16)
47022	10/15/2015	SHO02	SHORE CHEMICAL COMPANY	\$ 1,146.11	43546	FERRIC CHLORIDE AT WELL#8
				\$ 1,188.37	43720	FERRIC CHLORIDE AT WELL# 8
			Check Total:	\$ 2,334.48		
47023	10/15/2015	STA13	STATE WATER RESOURCES	\$ 230.00	B51014	WASTEWATER GRADE 2 RENEWAL FEE
47024	10/15/2015	SYN02	SYNAGRO WEST, LLC	\$ 6,350.95	30-103641	SLUDGE REMOVAL
47025	10/21/2015	A&A00	A&A PORTABLES, INC	\$ 305.26	1-630645	RESTROOMS & DELIVERY FOR FOOTBALL PROGRAM @ LEBRIG
47026	10/21/2015	ABS00	ABS PRESORT	\$ 913.31	100952	PRINTING OF UTILITY BILLS & ARSENIC NOTICE 10/2015
47027	10/21/2015	ADK00	ADKINS ELECTRIC	\$ 480.00	701	LABOR FOR REPAIRING EUCLID RD LIFT STATION
47028	10/21/2015	ALL04	ALLIANCE	\$ 1,150.00	B51021	15-16 BUSINESS ASSISTANCE PROGRAM
47029	10/21/2015	ALL07	ALLEY INSURANCE SERVICE,	\$ 592.00	1011	HEALTH PLAN CONSULTING 11/15
47030	10/21/2015	AND02	ANDREWS ELECTRIC	\$ 2,447.71	77877	REPAIR OF PUMP MOTOR FOR THE 5TH ST STORM STATION
47031	10/21/2015	ATT01	AT&T	\$ 3,950.52	B51021	PHONE
47032	10/21/2015	AVA00	AVAYA, INC	\$ 101.83	733551057	PHONE
47033	10/21/2015	CEN14	CENTRAL SANITARY SUPPLY	\$ 900.91	644738	MISC. SANITARY SUPPLIES
47034	10/21/2015	ENV02	ENVIRONMENTAL SYSTEMS	\$ 250.00	27247	STREET SWEEPING HUGHSON FRUIT & NUT FESTIVAL
47035	10/21/2015	EWI00	EWING IRRIGATION PRODUCTS	\$ 489.18	375868	MISC. DEPARTMENT SUPPLIES

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Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
				\$ 120.92	397311	SPRINKLER REPAIR
				\$ 71.17	453212	PVC PARTS TO REPAIR ROOF DRAINAGE
			Check Total:	\$ 681.27		
47036	10/21/2015	EXP00	EXPRESS PERSONNEL SERVICE	\$ 1,344.53	163947955	EXTRA HELP WEEK ENDING 10/4/15
47037	10/21/2015	FRA03	FRANTZ WHOLESALE NURSERY	\$ 333.64	541640	2015 STREET TREE REPLACEMENT PROGRAM
47038	10/21/2015	HUG03	HUGHSON CHRONICLE	\$ 59.70	107713	LEGAL #1542 WEEK OF 10/13/15
47039	10/21/2015	HUG11	HUGHSON FARM SUPPLY	\$ 1.48	H152139	MISC. TOOLS AND SUPPLIES
				\$ 99.32	H152393	MISC. TOOLS AND SUPPLIES
			Check Total:	\$ 100.80		
47040	10/21/2015	HUG28	HUGHSON TIRE	\$ 80.00	373365	TIRE REPAIRS
47041	10/21/2015	HUG34	VALLEY PARTS WAREHOUSE, I	\$ 11.27	158356	SMALL MATERIAL NEEDED OR VEHIC. MAINT & REPAIR
				\$ 43.76	159969	SMALL MATERIAL NEEDED FOR VEHIC. MAINT & REPAIR
			Check Total:	\$ 55.03		
47042	10/21/2015	KUB00	KUBWATER RESOURCES, INC	\$ 4,897.31	5174	POLYMER
47043	10/21/2015	MAS01	MASSONE PAINTING	\$ 2,950.00	40	MATERIAL & LABOR TO PAINT THE SHERRIF'S OFFICE
47044	10/21/2015	MCR01	MCR ENGINEERING, INC	\$ 14,556.90	11236	ENGINEERING SERVICES
47045	10/21/2015	MIN00	MINTIERHARNISH PLANNING C	\$ 2,840.00	HUGHHEU10	HUGHSON 5TH CYCLE HOUSING ELEMENT
47046	10/21/2015	PAC14	PACHECO, CYNTHIA	\$ 210.00	B51021	DAMAGE DEPOSIT REFUND 10/17/15
47047	10/21/2015	QUI03	QUICK N SAVE	\$ 96.58	1-2619	DIESEL
				\$ 45.26	1-3327	DIESEL
				\$ 151.35	1-5927	DIESEL
				\$ 64.15	1-5929	DIESEL
			Check Total:	\$ 357.34		
47048	10/21/2015	RAD01	RADZA, ERNIE & CHARLENE	\$ 210.00	B51021	DAMAGE DEPOSIT REFUND 10/10/15
47049	10/21/2015	RIC04	RICOH USA, INC	\$ 1,569.44	95627313	COPIER LEASE
47050	10/21/2015	SHR02	SHRED-IT USA LLC	\$ 135.31	407758842	SHREDDING
47051	10/21/2015	TID01	TURLOCK IRRIGATION DIST.	\$ 31,943.13	B51021	ELECTRIC
47052	10/21/2015	WIL01	CORBIN WILLITS SYSTEM	\$ 571.40	B510151	ENHANCEMENT & SERVICE FEE
			Cash Account Total:	\$ 259,379.56		
			Total Disbursements:	\$ 259,379.56		





## CITY OF HUGHSON AGENDA ITEM NO. 3.3 SECTION 3: CONSENT CALENDAR

**Meeting Date:** October 26, 2015  
**Subject:** Approval of the Treasurer's Reports – August 2015  
**Presented By:** John Padilla, City Treasurer

**Approved By:** \_\_\_\_\_

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### **Staff Recommendation:**

Review and approve the City of Hughson Treasurer's Report for August 2015.

### **Summary:**

The City Treasurer is required to review the City's investment practices and approve the monthly Treasurer's report. Enclosed is the City of Hughson's Treasurer's Report for August 2015. As of August 2015, the City of Hughson's total cash and investment balance is \$13,375,719.89 and is in compliance with the City's investment policy. The City has sufficient cash flow to meet the City's expected expenditures for the next six months.

### **Background and Overview:**

The Treasurer report for August 2015 reflects the most current representation of the City's funds and investments and provides a necessary outlook for both past, present, and future investment and spending habits. While investments and funds differ from time to time, it is the goal of the City to maintain safety and stability with its funds, while additionally promoting prudence and growth.

Enclosed is the City of Hughson Treasurer's Report for August 2015 along with supplementary graphs depicting the percentage of the City's total funds, a breakdown of the August 2015 Developer Impact Fees, and an additional line plot graph further demonstrating the Developer Impact Fees. This graph depicts the Developer Impact Fees' actual balance for the past five years, and continues with a projection based on the average rate of change for each fund over the next few years. After review and evaluation of the report, City staff has researched funds with a significant deficit balance and submit the following detailed explanation:

### ***Public Facilities Development Streets Fund:***

The Public Facilities Development Streets Fund currently reflects a negative balance of (\$214,718.63), reflecting a positive difference of \$246,349.98 or a 53.43% increase from the previous year. The deficit is a result of the Euclid Bridge Project, which was constructed in Fiscal Year 2006/2007, for approximately \$1.3 million. The project was completed in anticipation of funding from Developer Impact Fees collected from new development. Unfortunately, the housing market declined significantly and the new development never materialized. Once the economy strengthens and new building starts again, the City can recognize additional developer impact fees and reduce the deficit more quickly.

### ***Water Developer Impact Fee Fund:***

The Water Developer Impact Fee Fund currently reflects a negative balance of (\$314,930.44), reflecting a positive difference of \$189,143.79 or a 37.52% increase from the previous year. After extensive review, City staff discovered that the remaining deficit is attributable to settlement arrangements that were made in Fiscal Year 2008/2009 and Fiscal Year 2009/2010 for the Water Tank on Fox Road near Charles Street. The Project Cost of the Water Tower Project was \$2,400,000. During that period, the City paid out \$650,000 in settlements. This account will be in a deficit position until additional development occurs and developer impact fees are collected to cover those unanticipated settlement costs.

Based on a staff review of 2012 Water Development and Street funds, the City would need development in the Feathers Glen (42 units) and Euclid South (69 units) subdivisions, or about 110 units to be built to see a positive balance in the Water and Street Development funds. These units reflect the areas that are most likely to see development. Currently, 19 units have been developed in the remaining lots of the Fontana Ranch North subdivision, 10 of which are pending final status.

### ***Transportation Capital and CDBG Street Project Fund:***

The Transportation Capital Project Fund currently reflects a negative balance of (\$186,557.71), reflecting a positive difference of \$186,557.71 or a 49.49% increase from the previous year. The CDBG Street Project Fund currently reflects a negative balance of (\$51,520.56), reflecting a positive difference of 51,520.56 or a 41.04% increase from the previous year. As the City continues to produce transportation and street projects, these funds will likely continue to show a negative balance. Projects such as 5<sup>th</sup> Street, and Tully Road are pending state and grant reimbursement as of this report. As previously reported, City staff has begun an audit of these funds and will present findings and recommendations once completed for Council consideration to correct these negative balances.

**Fiscal Impact:**

As of August 2015, the total cash and investments balance for the City of Hughson is \$13,375,719.89. This compares to August 2014's total cash and investments balance of \$10,885,445.29, demonstrating a \$2,490,274.60 or a 22.88% increase.

**City of Hughson  
Treasurer's Report  
August 2015**

	<b>MONEY MARKET</b>	<b>GENERAL</b>	<b>REDEVELOP MENT**</b>	<b>TOTAL</b>
Bank Statement Totals	\$ 9,648,165.20	\$ 1,210,952.84	\$ -	\$ 10,859,118.04
Adjustment-Direct Deposit Payroll	\$ -	\$ -	\$ -	\$ -
Outstanding Deposits +	\$ -	\$ -	\$ -	\$ -
Outstanding Checks/transfers -	\$ 21,318.33	\$ (58,669.60)	\$ -	\$ (37,351.27)
<b>ADJUSTED TOTAL</b>	<b>\$ 9,669,483.53</b>	<b>\$ 1,152,283.24</b>	<b>\$ -</b>	<b>\$ 10,821,766.77</b>
Investments: Various				\$ 1,032,795.70
Multi-Bank WWTP				\$ 1,442,384.56
Investments: L.A.I.F.		\$ 39,449.16	\$ 39,323.70	\$ 78,772.86

**TOTAL CASH & INVESTMENTS** **\$ 13,375,719.89**

<b>Books - All Funds</b>	<b>August 2014</b>	<b>August 2015</b>	<b>Difference</b>
2 Water/Sewer Deposit	37,321.78	56,799.47	19,477.69
5 AB939 Source Reduction	2,396.28	0.00	-2,396.28
7 Public Safety Augmentation	0.00	0.00	0.00
8 Vehicle Abatement	14,806.24	13,874.55	-931.69
11 Traffic Congestion Fund	91,336.58	151,783.40	60,446.82
13 Redevelopment - Debt Service	40,903.64	-11,362.62	-52,266.26
17 Federal Officer Grant	6,620.00	6,620.00	0.00
18 Public Safety Realignment	32,351.76	28,476.76	-3,875.00
19 Asset Forfeiture	6,995.43	6,995.43	0.00
25 Gas Tax 2106	-10,992.87	-8,688.99	2,303.88
30 Gas Tax 2107	18,961.15	22,628.71	3,667.56
31 Gas Tax 2105	23,732.08	40,883.26	17,151.18
35 Gas Tax 2107.5	3,672.14	3,672.14	0.00
40 General Fund	1,066,887.82	1,582,083.81	515,195.99
401 General Fund Contingency Reserve	672,995.41	674,085.41	1,090.00
43 Trench Cut	75,611.40	75,845.00	233.60
48 Senior Community Center	9,157.94	9,098.06	-59.88
49 IT Reserve	54,476.41	77,048.12	22,571.71
50 U.S.F. Resource Com. Center	-2.44	2,607.31	2,609.75
51 Self-Insurance	73,703.49	73,703.49	0.00
53 SLESF (Supplemental Law Enforcemen	12,159.41	4,054.65	-8,104.76
54 Park Project	472,266.49	554,070.71	81,804.22
60 Sewer O & M	2,494,013.76	2,464,917.38	-29,096.38
61 Sewer Fixed Asset Replacement	2,333,675.13	2,785,383.35	451,708.22
66 WWTP Expansion 2008	198,984.06	10,117.54	-188,866.52
69 LTF Non Motoriz	0.00	5,208.00	5,208.00
70 Local Transportation	205,631.01	259,307.03	53,676.02
71 Transportation	-369,332.05	-186,557.71	182,774.34
100/200 LLD's and BAD's	98,354.47	165,333.42	66,978.95
80 Water O & M	219,641.67	250,113.25	30,471.58
82 Water Fixed Asset Replacement	519,709.31	729,864.57	210,155.26
88 PW CDBG Street Project	-87,381.74	-51,520.56	35,861.18
80 Water Reserve-USDA GRANT	21,524.50	21,524.50	0.00
90 Garbage/Refuse	73,051.12	192,262.51	119,211.39
91 Misc. Grants	0.00	0.00	0.00
92 98-EDBG-605 Small Bus. Loans	93,595.60	93,595.60	0.00
94 96-EDBG-438 Grant	403.43	403.43	0.00
95 94-STBG-799 Grant	158,649.24	160,270.27	1,621.03
96 HOME Program Grant (FTHB)	35,041.19	35,041.19	0.00
97 96-STBG-1013 Grant	137,653.51	195,888.50	58,234.99
98 HOME Rehabilitation Fund	0.00	40,000.00	40,000.00
Developer Impact Fees ***	2,046,870.94	2,840,288.95	793,418.01
<b>TOTAL ALL FUNDS:</b>	<b>10,885,445.29</b>	<b>13,375,719.89</b>	<b>2,490,274.60</b>

I hereby certify that the investment activity for this reporting period conforms with the Investment Policy adopted by the Hughson City Council, and the California Government Code Section 53601. I also certify that there are adequate funds available to meet the City of Hughson's budgeted and actual expenditures for the next six months.

<b>Break Down of Impact Fees ***</b>			
10 Storm Drain	278,398.77	351,032.16	72,633.39
20 Community Enhancement	71,680.10	94,789.16	23,109.06
41 Public Facilities Development	1,350,345.22	1,441,312.84	90,967.62
42 Public Facilities Development-Streets	-461,068.61	-214,718.63	246,349.98
55 Parks DIF	378,164.92	417,901.12	39,736.20
62 Sewer Developer Impact Fees	933,424.77	1,064,902.74	131,477.97
81 Water Developer Impact Fees	-504,074.23	-314,930.44	189,143.79
<b>Break Down of Impact Fees ***</b>	<b>2,046,870.94</b>	<b>2,840,288.95</b>	<b>793,418.01</b>

\*\*Cash Held by Fiscal Agent-2006 Bond Issue

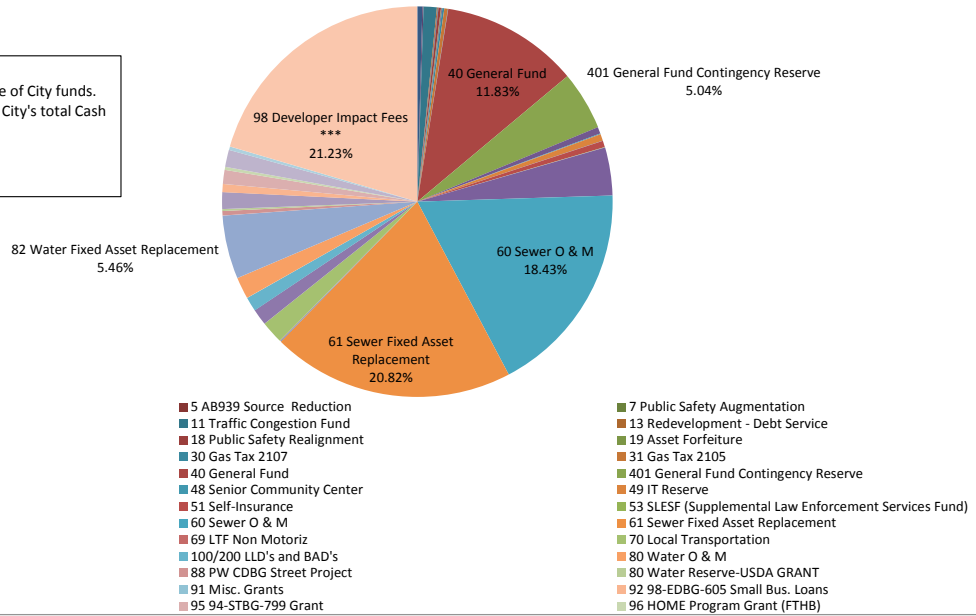
John Padilla, Treasurer

Date

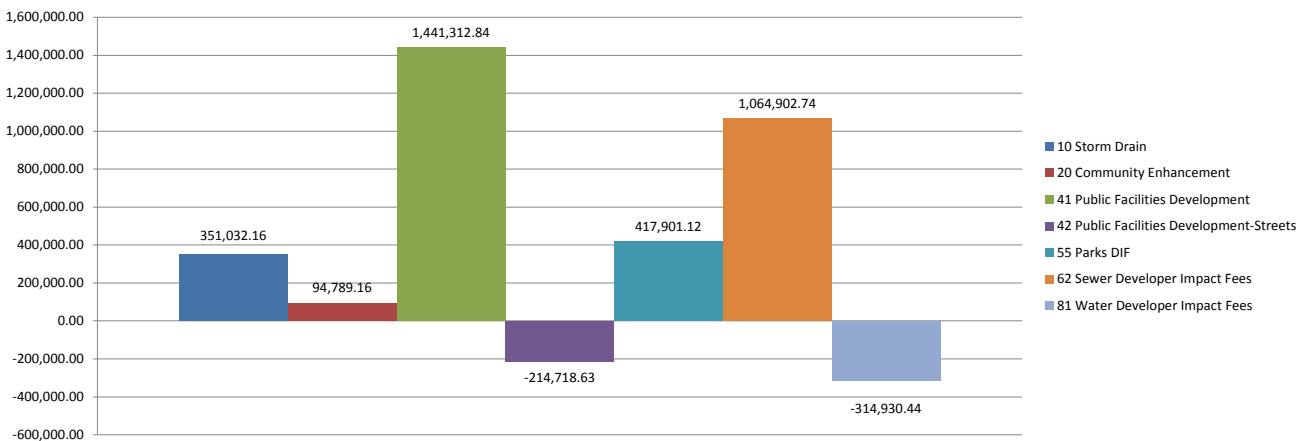
**Treasurer's Report - Charts and Graphs  
August 2015**

**Percentage of all Funds for August 2015**

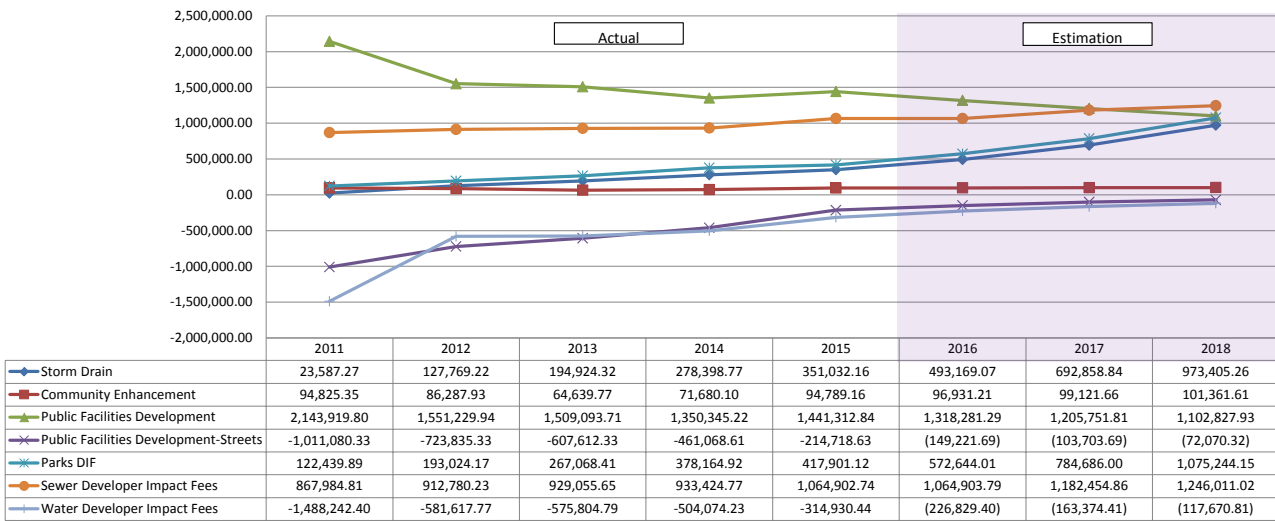
**Note:**  
Data displayed represents largest percentage of City funds. All other funds represent less than 5% of the City's total Cash and Investments.



**August 2015 Breakdown of Developer Impact Fees**



**5 Year Trend & Estimate for Developer Impact Fees for the Month of August**





## CITY OF HUGHSON AGENDA ITEM NO. 3.4

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** October 26, 2015  
**Subject:** Consideration of Resolution No. 2015-32, a Resolution of the City Council of the City of Hughson Accepting the Tully Road Railroad Crossing Project Improvements and Authorizing the City Clerk to File a Notice of Completion  
**Presented By:** Martha Serrato, Accounting Technician II

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Adopt Resolution No. 2015-32, a resolution of the City Council of the City of Hughson accepting the Tully Road Railroad Crossing Project improvements and authorizing the City Clerk to file a Notice of Completion (NOC).

#### **Background:**

At its regularly scheduled meeting of May 11, 2015, the Hughson City Council awarded a contract for the Tully Road Railroad Crossing Project to low bidder Rolfe Construction, in the amount of \$216,724. The City Council also authorized a 10% contingency and a 6% set-aside for construction testing and inspection.

#### **Discussion:**

The Tully Road Railroad Crossing Project consisted of the replacement, by way of jack and bore, of a new City of Hughson sewer and storm drain line under the Burlington Northern Santa Fe (BNSF) railroad as well as road reconstruction of this portion of Tully Road. This project was the first phase of a two (2) phase improvement project on Tully Road between Santa Fe Avenue and Whitmore Avenue.

The project is now complete. The next step is to file a Notice of Completion with the Stanislaus County Clerk-Recorder.

#### **Fiscal Impact:**

The total project cost is \$209,194.40. Monies in the amount of \$210,000 were budgeted in the City of Hughson Fiscal Year 2015-2016 Final Budget in Funds 62 and 10 Sewer and Storm Development Impact Fees.

**CITY OF HUGHSON**  
**CITY COUNCIL**  
**RESOLUTION NO. 2015-32**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON  
ACCEPTING THE TULLY ROAD RAILROAD CROSSING PROJECT AND  
AUTHORIZING THE CITY CLERK TO FILE A NOTICE OF COMPLETION**

**WHEREAS**, at its regularly scheduled meeting of May 11, 2015, the Hughson City Council awarded a contract for the Tully Road Railroad Crossing Project in the amount of \$216,724.00 to low bidder Rolfe Construction; and

**WHEREAS**, the Project consisted of the replacement of a new City of Hughson sewer and storm drain line under the Burlington Northern Santa Fe (BNSF) railroad as well as road reconstruction of this portion of Tully Road.

**WHEREAS**, work has been inspected and found to be complete; and

**NOW THEREFORE BE IT RESOLVED** that the Hughson City Council hereby accepts the Tully Road Railroad Crossing Project and authorizes the City Clerk to File a Notice of Completion with the Stanislaus County Clerk-Recorder.

**PASSED AND ADOPTED** by the City Council of the City of Hughson at its regular meeting held on this 26th day of October, 2015 by the following roll call votes: ( )

AYES:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
MATT BEEKMAN, Mayor

\_\_\_\_\_  
DOMINIQUE SPINALE, City Clerk



## CITY OF HUGHSON AGENDA ITEM NO. 6.1

### SECTION 6: NEW BUSINESS

**Meeting Date:** October 26, 2015  
**Subject:** Consideration of the Use of Community Enhancement Funds on a Non-Budgeted Expenditure for Sidewalk Improvements Associated as part of the Development of the Dollar General Store  
**Presented By:** Jaylen French, Community Development Director

**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Consider the use of up to \$63,000 of Community Enhancement funds for a non-budgeted expenditure for additional sidewalk improvements associated with the street improvements as part of the development of the Dollar General retail store.

#### **Background:**

Around 2009, the City of Hughson, using redevelopment funds, made improvements to the public right-of-way in the downtown, including at the intersections of Hughson Avenue and Charles Street, Charles Street and Pine Street and the segments between these intersections, as well as the eastern portion of the intersection at Hughson Avenue and 3<sup>rd</sup> Street.

The work associated with the development of the Dollar General retail store will extend these improvements to the intersection of Hughson Avenue and Fourth Street. This however would not include the segment of sidewalk between Charles Street (improved intersection) and Fourth Street (to be improved intersection).

Community Enhancement funds are a development impact fee collected for the purpose of funding improvements and projects in the community for the benefit of City residents. Previously, the City Council approved using Community Enhancement Funds for the High School Sports Fields Project (\$35,618), to install lights on the bridge on Hatch Road (\$13,624), to repaint the water tower by the City corporation yard (\$32,056), to install wrought iron fencing at City Hall in order to provides a secure location for electric vehicles (\$1,996), for parking lot improvements at Starn Park (\$9,547), for the repainting of City Hall/Senior Citizen Center (\$9,000), to make electrical improvements along Hughson Avenue (\$4,975) to help fund Hughson Fire's Command Vehicle (\$29,523), to purchase Holiday and U.S. Flags (\$5,340) and for Fire Department Logo painting (\$4,500).



**Discussion:**

City staff is recommending the City Council approve up to \$63,000 of Community Enhancement funds to improve the northern segment of sidewalk between these two improved intersections to match the sidewalk improvements between Third Street and Charles Street, as well as other minor improvements. City staff has obtained one (1) bid for the work, which is what the requested figure is based on and will seek at least two (2) additional bids to ensure the project is cost effective and follows informal bidding procedures.

The improvements will include: 1) new sidewalk to match the look of improved sidewalks in downtown, 2) decorative railing and street lights, 3) removing and replacing street trees to be placed in the on-street parking areas, not in the sidewalk, to match other improved areas; as well as new tree wells.

Per the City of Hughson Fiscal Year 2015-2016 Adopted Final Budget, the Community Enhancement fund has an projected beginning balance of \$94,000 and ending balance of \$100,700.

City staff's strong desire is to complete these improvements in conjunction with the scheduled improvements associated with the Dollar General store so as to minimize the impact to the adjacent businesses and the downtown in general.

As a note, the City has received a bid for the sidewalk work on the south side of the street as well. This would cost an additional \$40,000 to \$42,500. At this time, City staff is recommending just improvements to the north side because the sidewalk is in poorer condition, they are clearly not ADA accessible and there are greater scheduled improvements to the north side of the intersection. Nevertheless, based on Council's desire, funds could be used to complete the improvements on the south side of the street to fully complete this area in the downtown.

**Fiscal Impact:**

The City of Hughson Adopted Final Budget for Fiscal Year 2015-2016 did not include appropriations in the Community Enhancement Fund for this effort. This project arose as part of City staff identifying an opportunity to provide further benefit to the community stemming from scheduled improvements.

If the City Council approves funding for said sidewalk improvements, these funds can be budgeted during the mid-year budget adjustment scheduled for the City Council's consideration in early-2016. The Community Enhancement Fund is currently projected to have approximately \$100,700 at year end.



## CITY OF HUGHSON AGENDA ITEM NO. 6.2

### SECTION 6: NEW BUSINESS

**Meeting Date:** October 26, 2015  
**Subject:** Review and Discuss Investment and Debt Reduction Options  
**Presented By:** Shannon Esenwein, Director of Finance  
**Approved By:** \_\_\_\_\_

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#### **Staff Recommendation:**

Review and discuss the City's potential investment and debt reduction options.

#### **Background and Discussion:**

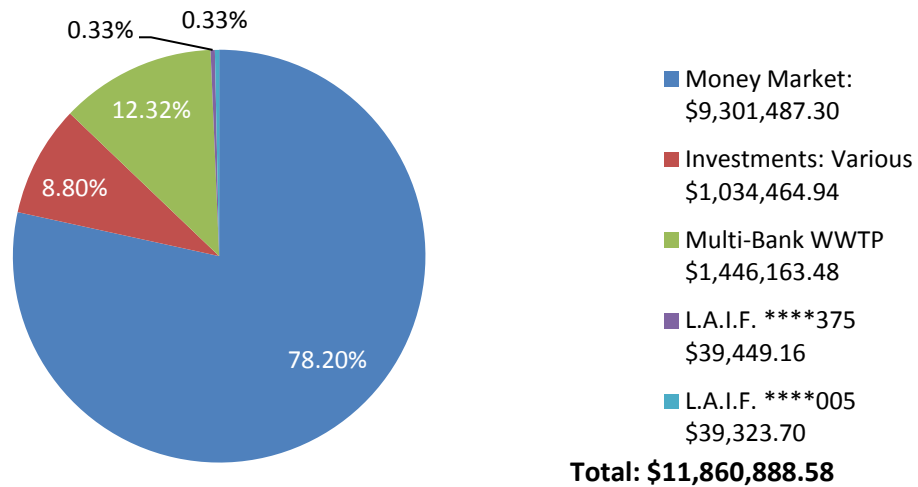
On May 20, 2015, the Budget and Finance Subcommittee directed City staff to look at utilizing cash to pay down debt. On May 26, 2015, the City Council directed staff to review early debt repayment options and on June 22, 2015 to hold off on reinvesting in Certificates of Deposits until further analysis was complete on drawing down debt.

The City of Hughson maintains over 40 separate funds within its accounting system. Each fund has its own cash balance and funding source. For banking purposes, these funds are combined into the City's cash and investment pool and are maintained together in a single checking account, money market account and various certificate of deposits. The Monthly Treasurer's Report shows the current cash and investment balance on hand at a given point in time. Individual fund balances are included in the Budget and the Annual Financial Report.

#### **Investments:**

The City's investments are in held in one of 3 places: Bank of the West Money Market Account, LAIF and Multi-Bank Securities invested in various Certificate of Deposits. The chart below breaks down where the City's investments are held as of September 30, 2015:

## Total Portfolio of Investment (Including Money Market Cash) September 2015



The rate of return on investments varies based on the market. The City's investment portfolio is currently yielding the interest rates shown below:

Account	Interest Rate
Money Market	0.08%
LAIF	0.26%
Certificate of Deposits	1.05-2.20%

When dealing with investment activities, the City of Hughson's primary objectives in order of priority are safety, liquidity and return on investment. Over 78% of the City's investments are held in a money market account with the Bank of the West. These investments meet the objective in order of priority but the return on investment is almost zero.

Staff's recommendation to increase investment income while still meeting the City's primary investment objectives would be to consider the following three items:

1. Reinvest Certificate of Deposits that have matured with Multi-Bank.
2. Invest additional money currently held in the money market account in Negotiable Certificates of Deposit which yield a higher interest rate while staying within the parameters of the City's Investment Policy.
3. Swap currently held Certificate of Deposits with new Certificates if they meet the following requirements:
  - Increase the interest rate
  - Provide a gain
  - Stay within the insured limits

Debt Reduction:

The City of Hughson has the following Debt Service:

<b>Debt</b>	<b>Fund</b>	<b>Interest Rate</b>	<b>Outstanding Principal</b>	<b>Annual Payment</b>	<b>Payoff Year</b>
RDA Bond	13	4.50%	\$2,660,000.00	\$185,250.00	2036
Water Tank	80	3.40%	\$1,580,932.00	\$173,472.00	2026
USDA Water Loan	80	4.50%	\$390,000.00	\$27,550.00	2037
WWTP Expansion	66	3.40%	\$4,986,090.00	\$477,732.00	2028
State Water Loan WWTP	66	1.00%	\$17,330,208.00	\$1,258,138.00	2031

Redevelopment Agency Bond – This debt service was recently refinanced saving the community approximately \$395,000 in interest.

Water Tank Loan – The debt for the Water Tank Loan is a debt in the Water Enterprise-Fund 80. If regular payments are made on the Water Tank Loan, it will be paid off in 2026. According to the First Amendment to the Installment Sale Agreement dated June 29, 2014, the City has the option to prepay the entire loan amount beginning March 29, 2019 at a prepayment price equal to 101% of the principal amount. If the City made extra principal payments on an annual basis, the approximate savings would be:

<b>Additional Annual Principal Payment</b>	<b>Payoff Date</b>	<b>Approximate Interest Savings</b>
\$50,000.00	Sept 2023	\$70,000.00
\$100,000.00	March 2022	\$115,000.00
\$200,000.00	Sept 2020	\$160,000.00

USDA Water Loan – The debt for the USDA Water Loan is a debt in the Water Enterprise-Fund 80. If regular payments are made on the USDA Water Loan, it will be paid off in 2037. If the City pays off the entire principal balance of \$390,000 plus accrued interest on the USDA Loan by April 1, 2016, the total savings in interest expense would be almost \$220,000.

Wastewater Treatment Plant Expansion Loan – The debt for the Wastewater Treatment Plant Expansion Loan is a debt in the Sewer O & M-Fund 60. If regular payments are made on the Wastewater Treatment Plant Expansion Loan, it will be

paid off in 2028. According to the First Amendment to the Installment Sale Agreement dated March 7, 2013, the City has the option to prepay the principal amount in whole beginning on March 7, 2018 at 101% of the principal plus accrued interest. The First Amendment does not reference a partial prepayment of principal. City staff is waiting for a response from City National Bank regarding the option to prepay a portion of principal.

State Water Loan Wastewater Treatment Plant – The interest rate charged on the loan is 1%, which is less than the City earns investing in Certificate of Deposits.

To reduce debt, the City should have money available in the appropriate fund before reducing or paying off debt. The projected balance as of June 30, 2016 for Fund 60 and Fund 80 are shown below:

		<b>Projected Ending Balance 6/30/16</b>
<b>60</b>	Sewer O & M	\$2,037,129
<b>80</b>	Water	\$371,556

The anticipated fund balance for Fund 80 at June 30, 2016 is \$371,556 less the principal portion of the Water Tank Loan and the USDA Water Loan resulting in a cash balance of approximately \$240,000.

The anticipated fund balance for Fund 60 at June 30, 2016 is \$2,037,129. Per Section D.2 of Agreement No: 08-838-550 with the California State Water Resources Control Board, the City shall fund a reserve fund of one year's debt service from available cash. The annual payment for this loan is \$1,258,138 which leaves an available fund balance of \$779,000.

The City has several options to reduce the debt:

1. Pay off the debt if adequate money is available in the appropriate fund.
2. Make additional principal payments to reduce the length of the debt and reduce the amount of interest paid.
3. Pay off debt using an Interfund Loan.

Interfund loans are typically short-term in nature, are typically repaid in a single year and are used to bridge a temporary funding gap. An Interfund Loan must not interfere with the purpose for which the fund was established. Interfund loans of large amounts that span several years to repay increase the likelihood that the purpose of the source funds will be impeded. Typically, City's adopt an Interfund Loan Policy to dictate the terms, conditions and procedures by which Interfund Loans are initiated and managed and to ensure arrangements meet generally accepted accounting principles.

Staff's recommendation to reduce debt:

1. Pay off the USDA water tank loan before April 1, 2016 using money market funds and save \$220,000 in interest. Due to the fund balance, this may require a short term Interfund Loan if the fund balance at June 30, 2016 is not adequate.
2. If permitted by the loan agreement, begin making additional principal payments on the Wastewater Treatment Plant Expansion Loan using money market funds.
3. As funding becomes available make additional payments on the Water Tank Loan.

**Fiscal Impact:**

There is no fiscal impact associated with the discussion item. As direction is provided on the best investment strategy and debt reduction option City cash and loans payable would reduce accordingly.