

EXETER CITY COUNCIL ACTION MINUTES
October 22, 2019

A closed session of the City Council, City of Exeter was held on Tuesday, October 22, 2019, at 6:30 p.m., in the Exeter City Council Chambers, 137 North F Street.

COUNCIL PRESENT: Mary Waterman-Philpot, Barbara Sally, Frankie Alves, Dave Hails, Jeremy Petty

COUNCIL ABSENT: None

STAFF PRESENT: Adam Ennis, Julia Lew, Shonna Oneal

A. CALL TO ORDER CLOSED SESSION

Mayor Waterman-Philpot called the closed session to order at 6:30 p.m.

B. PUBLIC COMMENTS REGARDING CLOSED SESSION MATTERS – Mayor Waterman-Philpot requested those who wish to speak on matters listed on the Closed Session Agenda to do so at this time.

No public comment were presented.

C. ADJOURN TO CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION(S):

Mayor Waterman-Philpot adjourned to closed session at 6:30 p.m.

1. 54956.8 Conference with Real Property Negotiators
 Property: Dobson Field
 Under Negotiation: Terms and conditions of property sale
 Negotiating Parties: Adam Ennis (City of Exeter) and George Eddy (Exeter Unified School District)
2. 54957.6 Conference with Labor Negotiator
 Agency Negotiator: Adam Ennis, City Administrator
 Employee Groups: All represented and unrepresented employees

A regular session of the City Council, City of Exeter was held on Tuesday, October 22, 2019, at 7:00 p.m., in the Exeter City Council Chambers, 137 North F Street.

COUNCIL PRESENT: Mary Waterman-Philpot, Barbara Sally, Frankie Alves, Dave Hails, Jeremy Petty

COUNCIL ABSENT: None

STAFF PRESENT: Adam Ennis, Julia Lew, John Hall, Daymon Qualls, Chris Tavarez, Shonna Oneal, Lisa Wallis-Dutra

D. CALL TO ORDER REGULAR SESSION AND REPORT ON CLOSED SESSION ITEMS (if any)

Mayor Waterman-Philpot called the regular session to order at 7:00 p.m. City Attorney Julia Lew advised there were no reportable actions.

E. PLEDGE OF ALLEGIANCE AND INVOCATION

Council Member Alves led the Pledge of Allegiance and an invocation was given by Pastor Whittenburg.

F. SPECIAL PRESENTATIONS (if any):

- a. **Presentation of Resolution of Commendation to Rocky Hill Triathlon** – Public Works Director Daymon Qualls introduced and Mayor Waterman-Philpot presented Charles Duby with a Resolution of Commendation to Rocky Hill Triathlon and thanked his group for their ongoing support to the City of Exeter.

G. PUBLIC COMMENTS:

Mayor Waterman-Philpot requested those who wish to speak on matters that are not on the agenda that are within the jurisdiction of the Exeter Council, or to address or request a matter be pulled from the consent calendar to do so at this time. She also stated comments related to Individual Business or Public Hearing items that are listed on the agenda will be heard at the time that matter is addressed on the agenda.

ACTION MINUTES
EXETER CITY COUNCIL
Page 2, OCTOBER 22, 2019

Mike Germaine addressed the Council regarding the upcoming event at the Bark Park being cancelled because of the cost of insurance and announced an upcoming fundraiser to benefit the Bark Park.

H. CONSENT CALENDAR:

It was moved by Council Member Alves, seconded by Council Member Petty and unanimously carried that the items on the Consent Calendar be approved as presented.

1. **Approve minutes of October 8, 2019**
2. **Payment of the Bills**
3. **Payroll: October 4, 2019 and October 18, 2019**
4. **Treasurer's Report: August 2019**
5. **Accept the Notice of Completion for the City's Highway Safety Improvement Program (HSIP) Contract with JT2 Incorporated (dba Todd Companies), authorize change order 4 (revised), and authorize the City Engineer to sign the Notice of Completion and the City Clerk to file the notice with the Tulare County Recorder's Office.**
6. **Authorize the piggyback of a contract that was competitively bid for employee uniform and linen services and authorize the City Administrator to execute a thirty-six-month (3 year) agreement with Prudential Overall Supply of Fresno, CA for \$112.30 per week (annual cost \$5,839.60 and \$17,518.80 for the full contract term) for public works employee uniform and linen services.**

I. INDIVIDUAL BUSINESS ITEMS

1. **City Council administrative hearing to consider confirmation of Nuisance Abatement Cost Recovery Amount and Special Assessment Approval for 508 Lenox Avenue, Exeter, California 93221, Assessor's Parcel Number 136-075-006-000.** Public Works Director Daymon Qualls provided a report for Council's review and consideration. Mayor Waterman-Philpot opened the administrative hearing for public comment. Attorney James Holland addressed the Council on behalf of the property owner, Marty Glenn Bradsteen, who was unable to attend due to health reasons. Attorney Holland advised the Council he submitted a request for documentation to the City and requested the Council defer the item to provide an opportunity for him to review the documentation and for his client to be able to attend. Council posed questions and Attorney Holland provided responses thereto. City Attorney Julia Lew advised Council of their options for proceeding in this matter. City Administrator Adam Ennis provided additional information to Council on noticing efforts. Mr. Qualls provided additional information regarding the citations issued on the property. Council posed additional questions to Attorney Holland who provided responses thereto. Kari Bradsteen, occupant of the property and spouse of owner, addressed the Council regarding the issues with abating the property. Mayor Waterman-Philpot closed the administrative hearing to public comment at 7:35 p.m. Following discussion, it was moved by Mayor Pro Tem Sally, seconded by Council Member Alves and carried 4-1 (Council Member Petty voting no) to confirm the nuisance abatement cost recovery amount of \$10,136.17 and to approve the levying of a Special Assessment for the amount related to the City's nuisance abatement action at 508 Lennox Avenue.
2. **City Council administrative hearing to consider confirmation of Nuisance Abatement Cost Recovery Amount and Special Assessment Approval for 408 Sierra Drive, Exeter, California 93221, Assessor's Parcel Number 134-081-004-000.** Public Works Director Daymon Qualls provided a report for Council's review and consideration. Mayor Waterman-Philpot opened the administrative hearing for public comment at 7:41 p.m. Adriana Ramirez and Marie Pena addressed the Council regarding the history of their involvement with the property and their efforts to obtain court documentation reflecting ownership rights. Elias Valle addressed the Council regarding ownership of the property and advised that he currently resides at the residence. Mayor Waterman-Philpot closed the public comment for the administrative hearing at 7:52 p.m. City Attorney Julia Lew clarified the issue before the Council was the assessment fee and not the property interest rights. Following discussion, it was moved by Council Member Hails seconded by Council Member Alves and unanimously carried to confirm the nuisance abatement cost recovery amount of \$28,143.35 and to approve the levying of a Special Assessment for that amount related to the City's nuisance abatement action at 408 Sierra Drive.
3. **City Council administrative hearing to consider confirmation of Nuisance Abatement Cost Recovery Amount and Special Assessment Approval for 259 North C Street, Exeter, CA 93221, Assessor's Parcel Number 138-064-004-000.** Public Works Director Daymon Qualls provided a report for Council's review and consideration. Mayor Waterman-Philpot opened the administrative hearing for public comment at 8:05 p.m. Thomas Faretta, property owner, addressed the Council to explain the issues with the delay in cleaning up the

**ACTION MINUTES
EXETER CITY COUNCIL
Page 3, OCTOBER 22, 2019**

property and to request information regarding the remaining fire and health and safety code violations. Mayor Waterman-Philpot closed the public comment for the administrative hearing at 8:13 p.m. Following discussion, it was moved by Council Member Hails seconded by Mayor Pro Tem Sally and unanimously carried to confirm the nuisance abatement cost recovery amount of \$13,932.92 and to approve the levying of a Special Assessment for that amount related to the City's nuisance abatement action at 408 Sierra Drive.

4. **Public Hearing - Introduction of Ordinance No. 690 adding Chapter 3.02 to Title 3 of City of Exeter Code of Ordinances, authorizing the City of Exeter to issue all manner of securities and incur all matter of indebtedness, subject to the procedural and substantive requirements and limitations proscribed by the California constitution and applicable State law.** Finance Director Chris Tavarez and City Attorney Julia Lew provided a report for Council's review and consideration. Mayor Waterman-Philpot opened the public hearing at 8:19 p.m., receiving no comment, closed the public hearing at 8:19 p.m. Following discussion, it was moved by Council Member Alves, seconded by Mayor Pro Tem Sally and unanimously carried to approve and give first reading to Ordinance No. 690, an Ordinance of the City Council of the City of Exeter Adding Chapter 3.02 to Title 3 of the City of Exeter Code of Ordinances, Authorizing the City of Exeter to Issue all Manner of Securities and Incur all Matter of Indebtedness, Subject to the Procedural and Substantive Requirements and Limitations Proscribed by the California Constitution and Applicable State Law as presented, reading by title only and waiving further reading.
5. **Adopt Resolution 2019-28 authorizing the City Administrator to execute a professional service agreement for approximately \$35,000 with Brandis Tallman LLC (San Francisco, CA), for Underwriting services to be paid contingent upon completion of a refinancing of existing City Water Fund debt.** Finance Director Chris Tavarez provided a report for Council's review and consideration. Following discussion, it was moved by Mayor Pro Tem Sally, seconded by Council Member Hails and unanimously carried to adopt Resolution 2019-28 as presented.
6. **Receive presentation on the City of Exeter street pavement analysis and planning, discuss and provide comment or direction to staff** – City Administrator Adam Ennis provided a PowerPoint presentation highlighting the results of the street pavement analysis. Following discussion, no action was requested, or taken.

J. CITY COUNCIL ITEMS OF INTEREST

Council Member Alves reported on attending the TCAG meeting and being selected as the representative for small cities on the San Joaquin Valley Agency Working Group. Mayor Pro Tem Sally reported on attending the Chamber Board meeting. Council Member Hails reported on attending the Fall Festival parade. Mayor Waterman-Philpot reported on several recent events she has attended.

K. CITY ADMINISTRATOR/DEPARTMENT COMMENTS

City Administrator Adam Ennis reported on recent events he has attended and upcoming events in the City.

L. ADJOURN REGULAR MEETING

Mayor Waterman-Philpot adjourned the regular meeting at 9:11 p.m.

Shonna Oneal City Clerk

ACS/XEROX FINANCIAL SYSTEM CITY OF EXETER
 10/25/2019 12:51:38 Payments for Publication GL335R-V08.08 PAGE

Approved on 10/25/2019 for Payments Through 10/25/2019

Vendor Name	Description	Amount
AETNA HEALTH OF CALIFORNIA INC	NOVEMBER PREMIUMS	21,130.83
AMERICAN BUSINESS MACHINES	7/13 TO 10/12/19 USAGE	202.11
AMERIPRIDE SERVICES, INC.	10/10/19 UNIFORM SERVICE	297.88
AT&T	SEP LIVESCAN	426.80
B.S. & E. CO INC	REDI-MIX 6 SACK, 3/4 YD	200.66
BASIC	OCT COBRA ADMIN FEE	30.00
BEN-E-LECT INC.	NOV CLAIMS 9/1-9/30/19	5,870.26
BENAVIDES/ FRANCES AND ROBERT	UB REFUND	70.72
BREW POWER SYSTEMS, INC.	EASY 150 SHEAR, 1.5, COM	1,622.87
BUZZ KILL PEST CONTROL	PEST CONTROL @ PD	163.00
CALIFORNIA BUSINESS MACHINES	10/22/19 TO 11/21/19 TA2	79.48
CENTRAL VALLEY SWEEPING LLC	JUL STREET SWEEPING SERV	3,038.40
CHARTER COMMUNICATIONS	10/6-11/5/19 MEDIA SERVI	93.80
CITY OF VISALIA	OCT 2019 ANIMAL SERVICE	6,316.67
CONSOLIDATED ELECTRICAL DISTRI	RH ESTATES NM3R SCR CVR	168.12
CREATIVE FORMS & CONCEPTS INC	W2/1099 FORMS/ENVELOPES	243.68
DURAN/ CRYSTAL	UB REFUND	84.75
EDMONDS/ NIKKI	UB REFUND	115.28
ELLIOTT/ MARLENA AND CLINTIN	UB REFUND	33.79
EMD NETWORKING SERVICES, INC.	BACKUP DRV REBOOT/REPLAC	3,190.43
ESPINOLA/DANIEL	CLEAN-UP EVENT LUNCH	87.16
EWING IRRIGATION PRODUCTS INC	570Z-4P TORO POP-UP BODY	311.39
FASTENAL COMPANY	3/8"X3" WDGEXPNANCHR	50.28
FOOTHILLS SUN-GAZETTE	NOTICE OF PH RATE INCREA	1,226.50
FRONTIER CALIFORNIA INC.	5139/10-16 TO 11/15/19	659.24
GALVES/ DAVID	UB REFUND	44.28
HAMMOND/ GEOFFREY	UB REFUND	48.36
INTERSTATE LIGHTING & ELECTRIC	LED CORN COB BULB 18W/5K	966.85
JONES/ SCOTT	UB REFUND	86.37
KAYLIN REEVES	UB REFUND	99.63
KIMBALL-MIDWEST	DRILL BIT/TERMINAL/TOWEL	370.79
LEAF CAPITAL FUNDING LLC	TA2552CI KYOCERA-ADMIN	103.93
LEHIGH HANSON, CO.	5.0SK 1" & 3/8" 50/50 ROC	243.12
LESLEY & ASSOCIATES	PRINTED BUSINESS CARDS	253.15
MCCORMICK KABOT JENNER & LEW	SEPT LEGAL SERVICES	6,668.50
MILLETTE/ HEIDI MARIE	UB REFUND	96.14
MORRIS LEVIN & SON	70 CHROMAPRIME GRAY 1GAL	101.73
ONEAL/ SHONNA	MILEAGE-CALPERS TRAINING	121.98
PACIFIC CREST EQUINE	SA EXAM/RX-KING	73.67
REYES/ CHEYENNE	UB REFUND	57.14
SANCHEZ/ PANFILO G	UB REFUND	104.10
SCORE AMERICAN SOCCER, INC.	SOCCER UNIFORMS	5,100.76
SELF-HELP ENTERPRISES	SEP LOAN PORTFOLIO-140	1,352.25
SEQUOIA APPAREL, INC	18"X24" GATE SIGNS	53.88
SHRED-IT USA LLC	OCT SHREDDING AT PD	120.36
SOTO/ ARACELI	UB REFUND	56.10
SOUTHERN CALIFORNIA EDISON	9109A/9-10 TO 10/9/19	8,278.48
SOUTHERN CALIFORNIA GAS CO.	0493/8-26 TO 9/25/19	90.33

Approved on 10/25/2019 for Payments Through 10/25/2019

Vendor Name	Description	Amount
STERICYCLE, INC	BEMIS 3 QT MID-SIZE WALL	20.32
TOWN & COUNTRY CAR WASH	AUG CAR WASH	65.00
TU COUNTY AUDITOR CONTROLLER	2019 TAX-PD PISTAL RANGE	56.76
TULARE COUNTY	SEP MAIL-DELIQ/WTR	3,337.21
TULARE REGIONAL MEDICAL CENTER	SEP 2019 LAB FEES	1,966.00
UNIVAR USA, INC.	WELL #6 SOD HYPO	762.29
VALLEY EXPETEC	NOVEMBER MONTHLY AGREEMEN	6,886.59

**

Final Totals... 83,300.17

PAYROLL.....S BI-WEEKLY RUN-10/31/2019 10.51.53 PAGE 1
 CHECK FORM..CHEK CHECK REGISTER PR311R-V14.08 Paymate

PERIOD 1 DATING 10/14/2019-10/27/2019 CHECK DATE 11/01/2019
 DIRECT DEPOSIT IS TURNED ON

CHECK NUMBER	CHECK AMOUNT	EMPLOYEE/BANK/VENDOR NAME	CODE	CHECK SEQ
43334	63.69	CA STATE DISBURSEMENT UN 2		1 VENDOR CHECK
43335	2,026.20	PHELPS/KEVIN M	429	1
43336	72.03	BILLUPS/SAMANTHA	550	1
43337	162.85	DAVIDSON/KAYTEE	567	1
43338	44.32	GARVER/ELIJAH MORGAN	507	1

TOTALS FOR CHECK FORM: CHEK

NEGOTIABLE CHECKS		COUNTS
2,305.40	*EMPLOYEE CHECKS	4
63.69	*VENDOR CHECKS	1
0.00	*BANK CHECKS	0
2,369.09	**TOTAL NEGOTIABLE CHECKS	5

OTHER CHECKS

0.00	*MANUAL CHECKS	0
0.00	*CANCELLED CHECKS	0

2,369.09 **TOTAL FOR CHECK FORM

NON-NEGOTIABLE CHECKS

0.00	*DIRECT DEPOSIT STUBS	0
0.00	*VENDOR DIR DEP STUBS	0

PAYROLL.....S BI-WEEKLY RUN-10/31/2019 10.51.53 PAGE 2
CHECK FORM..STUB CHECK REGISTER PR311R-V14.08 Paymate

PERIOD 1 DATING 10/14/2019-10/27/2019 CHECK DATE 11/01/2019
DIRECT DEPOSIT IS TURNED ON

CHECK NUMBER	CHECK AMOUNT	EMPLOYEE/BANK/VENDOR NAME	CODE	CHECK SEQ
47229	234.00	CLOCEA	4	1 VENDOR STUB ONLY
47230	405.00	EXETER POLICE OFFICER AS	3	1 VENDOR STUB ONLY
47231	235.35	EXETER POLICE OFFICER AS	3A	1 VENDOR STUB ONLY
47232	4,486.62	ENNIS/ADAM	206	1 STUB ONLY
47233	2,341.43	ONEAL/SHONNA N	203	1 STUB ONLY
47234	519.31	ALDRIDGE/SHAWNA	305	1 STUB ONLY
47235	1,256.02	HERNANDEZ/XOCHITL	306	1 STUB ONLY
47236	1,456.64	IBARRA/MARLENE	302	1 STUB ONLY
47237	3,294.65	TAVAREZ/CHRISTOPHER	309	1 STUB ONLY
47238	1,481.75	SEE/EEKHONG	304	1 STUB ONLY
47239	70.19	CANALES/MICHAEL W	430	1 STUB ONLY
47240	1,105.72	CARRETERO/VANESSA	402	1 STUB ONLY
47241	2,004.24	CORREA/GABRIEL JR	436	1 STUB ONLY
47242	1,469.24	CULLUM/TRENT	444	1 STUB ONLY
47243	2,094.42	DURKEE/MARK	404	1 STUB ONLY
47244	1,441.76	ECHEVARRIA/TYLER J	443	1 STUB ONLY
47245	2,421.13	FERNANDEZ/CESAR	434	1 STUB ONLY
47246	2,107.17	FRICK/JOCELYNN LEANN	433	1 STUB ONLY
47247	2,113.49	GIEFER/MICHAEL DAVID	438	1 STUB ONLY
47248	1,557.98	GUZMAN/TIMOTHY CHARLES	410	1 STUB ONLY
47249	3,175.16	HALL/JOHN T	406	1 STUB ONLY
47250	2,728.39	INGLEHART/BRETT A	411	1 STUB ONLY
47251	1,915.32	KNOX/MARK	442	1 STUB ONLY
47252	1,587.64	LOPEZ/ESTEBAN	445	1 STUB ONLY
47253	1,308.24	MACLEAN/JANET L	413	1 STUB ONLY
47254	1,679.76	SALINAS/ALEXANDER	419	1 STUB ONLY
47255	1,937.17	WALKER/PAUL	425	1 STUB ONLY
47256	2,409.91	YARBER/ISABEL	422	1 STUB ONLY
47257	1,280.51	ALDRIDGE/GARY	618	1 STUB ONLY
47258	1,689.22	ARROYO/MARIE	623	1 STUB ONLY
47259	1,835.18	ESPINOLA/DANIEL M	602	1 STUB ONLY
47260	1,393.85	HUGGINS/KYLE AARON	621	1 STUB ONLY
47261	2,708.01	QUALLS/DAYMON	607	1 STUB ONLY
47262	149.80	QUALLS/DAYMON	607	2 STUB ONLY
47263	1,700.07	RAMIREZ/JUAN	608	1 STUB ONLY
47264	408.92	WENDT/EDDIE	626	1 STUB ONLY
47265	1,258.50	CARTER/AMY JO	502	1 STUB ONLY
47266	1,140.13	WACHTER/LINDA S	517	1 STUB ONLY
47267	1,499.30	MILLAN/MARCUS	622	1 STUB ONLY
47268	847.17	MILLER/JAMES	624	1 STUB ONLY
47269	704.52	MIRWALD/PHILIP	625	1 STUB ONLY
47270	1,179.09	QUIROZ/PATRICK P	512	1 STUB ONLY
47271	1,603.52	HAYES/CURTIS W	437	1 STUB ONLY

CITY OF EXETER

PO BOX 237 - 137 N F STREET, EXETER 93221
Phone 592-3710 - Fax 592-3556

Treasurer's Report September 2019

Beginning Balance as of September 1, 2019 \$ 629,558.17

Deposits

#1415	\$	5,355.64
#1416	\$	135,104.30
#1417	\$	181,580.41
#1418	\$	29,867.68
Direct Deposit #1419	\$	546,697.20

TOTAL DEPOSITS \$ 898,605.23

Withdrawals

City Checks Processed	\$	323,425.81
Payroll EFT	\$	135,586.35
Payroll Checks	\$	3,935.57
CalPERS Retirement costs	\$	45,439.33
P/R Taxes	\$	24,026.84
Def Comp	\$	1,785.40
FSA Disbursements	\$	1,674.77
Bank Charges/Misc	\$	114.90
Chargebacks	\$	70.62
State DU	\$	737.52
Wire transfer	\$	200,000.00

TOTAL WITHDRAWALS \$ 736,797.11

Ending Bank Balance as of Sep 31, 2019

\$ 791,366.29

Undeposited cash on hand #1420

\$ 12,885.80

Bank of the Sierra ending balance \$ 804,252.09

Outstanding Checks

General	\$	179,143.91
Payroll	\$	280.71
Outstanding CalPers Pymt	\$	-

\$ 179,424.62

Adjusted Bank Balance as of September 30, 2019

\$ 624,827.47

Investments

US Savings	\$	22,990.84
Government Agency Bond	\$	250,100.00
CD's	\$	2,222,000.00
Local Agency Investment Fund	\$	3,103,967.73
Fair Market Value Adjustment gain/(loss)	\$	8,986.36
Charles Schwab	\$	0.23

\$ 5,608,045.16

Total City Funds 9/30/2019 \$ 6,232,872.63

Ratio of Invested Funds/Available Funds

90%

City of Exeter
Treasurer's Report
Investments as of 9/30/2019

<u>Rate</u>	<u>Maturity Date</u>	<u>Description</u>	<u>Purchase Date</u>	<u>Principal Value</u>
<u>Certificates of Deposit</u>				
1.90%	10/24/2019	GE CAPITAL BANK #T5F8	Oct-14	\$ 247,000
2.10%	11/19/2019	CAPITAL ONE BANK #0QX1	Nov-14	\$ 247,000
2.20%	12/10/2019	GOLDMAN SACHS #JEHO	Dec-14	\$ 247,000
2.10%	1/14/2020	CIT BANK #DAD4	Jan-15	\$ 245,000
1.35%	6/10/2020	MB FINANCIAL BANK #CRZ1	Jun-16	\$ 248,000
1.75%	10/29/2021	COMENITY CAPITAL #ASX5	Oct-16	\$ 249,000
1.75%	11/2/2021	DISCOVER BANK #2M39	Nov-16	\$ 247,000
2.40%	11/15/2022	CAPITAL ONE #RKE0	Nov-17	\$ 247,000
3.00%	8/9/2021	ALLY BANK #GEE9	Aug-18	\$ 245,000
2.06% Average				\$ 2,222,000
<u>Money Market Funds</u>				
2.28% Demand		Local Agency Investment Fund	Various	\$ 3,103,968
Demand		US Savings	Various	\$ 22,991
Demand		Charles Schwab	Various	\$ 0.23
				\$ 3,126,959
<u>Government Securities</u>				
1.88%		Federal Home Loan Bank		246,375
Total Investments				\$ 246,375
				\$ 5,595,334

By - E. See/C. Tavaraz

City of Exeter Agenda Item Transmittal

Meeting Date: November 12, 2019

Agenda Item Number:

H5

Wording for Agenda: Approve a Request of Street Closures for the Exeter Lions New Year's Eve Celebration including: 1) the Doo Dah Parade on Pine Street from F Street to the Oval on C Street and back from 6:00 p.m. to 7:00 p.m., 2) a beer garden, vendors, games and live music on E Street between Palm and Pine and children's activities between Pine and Maple, including Mixture Park, from 5:00 p.m. to 10:00 p.m. and 3) fireworks show on F Street between Palm and Pine from 9:00 p.m. to 10:00 p.m. on December 31, 2019 subject to the conditions presented by staff.

Submitting Department: Administration

Contact Name: Adam Ennis, City Administrator

Phone Number: 592-4539

Email: adam@exetercityhall.com

For action by:

☒ City Council

Regular Session:

☒ Consent Calendar

☐ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Department Recommendation:

Approve Request of Street Closures for the Exeter Lions New Year's Eve Celebration including: 1) the Doo Dah Parade on Pine Street from F Street to the Oval on C Street and back from 6 p.m. to 7 p.m., 2) a beer garden, games, vendors and live music on E Street between Palm and Pine and children's activities between Pine and Maple, including Mixture Park, from 5:00 p.m. to 10:00 p.m. and 3) fireworks show on F Street between Palm and Pine from 9:00 p.m. to 10:00 p.m. on December 31, 2019 subject to the conditions presented by staff.

Summary/Background:

A street closure request was submitted by the Exeter Lion's Club for their New Year's Eve Celebration event. The event will include a live band, Doo Dah Parade, beer garden, food, vendors, games, bounce houses, petting zoo and fireworks to conclude the evening. The Doo Dah Parade will take place down Pine street from 6:00 p.m. to 7:00 p.m. The band, beer garden, food, vendors, games, bounce houses, petting zoo will take place on E Street from Palm to Maple, including Mixture Park from 5:00 p.m. to 10:00 p.m. A street closure on F Street between Palm and Pine from 9:00 p.m. to 10:00 p.m. is also requested to accommodate a fireworks show being conducted on the City lot on the southwest corner of Palm and F Streets.

The Public Works Director and Chief of Police met with the applicants to discuss the traffic control plan for the event and the applicants will submit one for review as required by the Street Closure Policy. The Lions Club will also need to submit an insurance certificate naming the City of Exeter as Certificate Holder and an Additional Insured Endorsement in advance of the event and this approval is conditional upon the Lions Club providing the certificate coverage as required, but not further action will be needed. The following are additional conditions of approval:

- 1) **The beer garden request is limited to E Street, with the northern limit being the businesses at 140/141 N. E Street, and the southern limit being the businesses at 116/111 N. E Street. A barrier must be erected that runs the width of the street, identifying these limits. Furthermore, a barrier must be placed across the western edge of the parking lot at 132 N. E Street. These barriers are to prevent individuals from taking alcohol outside of this limited area.**

- 2) Alcohol sales must include the issuance of a colored wristband, to be placed on the purchasers wrist at the time of purchase. Individuals may not exit the business at 132 N. E Street with alcohol, unless wearing a wristband.
- 3) A minimum of two uniformed security officers must be present for the duration of the event. Their primary duties shall include working the northern and southern limits of the beer garden and ensuring that individuals do not leave the area with alcohol.
- 4) All alcohol taken outside the business must be in either aluminum cans or plastic cups.
- 5) Hours of operation for the beer garden shall be limited to 5:00 PM to 9 PM.
- 6) The on-duty Police Supervisor has the authority to revoke authorization for the beer garden if in their opinion, it becomes necessary for public safety and/or the good order of the community.
- 7) Sponsoring organization is responsible for placement of barricades before the event, as well as their removal after the event concludes. They shall also be responsible for clean-up of the area upon conclusion of the event.
- 8) The applicant will be responsible for providing their own refuse containers and coordinating with Mid Valley for pick up.
- 9) Porta potties are required (a minimum of two located on E Street, south of Pine and two on E Street, north of Pine).
- 10) The applicant will be responsible for securing all traffic control devices and signage (including no parking signs), through KRC Safety or similar company. No parking signs must be posted 24 hours prior to the event to be enforceable.
- 11) Signature of businesses along the street closure requests should be obtained and provided to the City.
- 12) The street closure on F street for the fireworks must provide access for fire personnel to the fire station and must be approved by Tulare County Fire.
- 13) A Sound-Amplifying Systems, Meetings, Assemblies, Parades & Processions application reviewed and approved by the Chief of Police.
- 14) Traffic Control Plan.
- 15) Certificate of Liability Insurance naming the City of Exeter as Certificate Holder and an Additional Insured Endorsement.
- 16) Application Fee \$50.00.

Staff recommends that Council approve the Street Closure Request subject to the conditions listed above.

Fiscal Impact: None to the City.

Prior Council/Board Actions: Previous Lions Club New Year's Eve Street Closure Requests.

Attachments: Street Closure Request

Recommended motion to be made by Council/Board: I move to approve the Street Closure Requests for the Exeter Lions New Year's Eve Celebration including: 1) the Doo Dah Parade on Pine Street from F Street to the Oval on C Street and back from 6 p.m. to 7 p.m., 2) a beer garden, games, vendors and live music on E Street between Palm and Pine and children's activities between Pine and Maple, including Mixer Park, from 5 p.m. to 10 p.m. and 3) fireworks on F Street between Palm and Pine from 9 p.m. to 10 p.m. on December 31, 2019 subject to the conditions presented by staff.

Office of the City Administrator

100 North C Street Exeter, CA 93221

Ph. #559-592-9244 Fax # 559-592-3346



City of Exeter

APPLICATION: REQUEST OF STREET CLOSURE

Name of Group or Person(s) requesting street closure: EXETER LIONS CLUB

Contact Person for group: JOE BARSS/ SAM

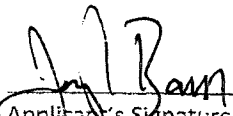
Contact information (address/phone number) JOE/679-3571 SAM/804-2469

P.O. BOX 731 EXETER, CA 93221

Date of Event: 12/31/2019 5:00PM-9:00PM

Type of event and details: The Exeter Lions New Years Eve Celebration is to be an event for the
the entire community. Activities will include: live band, Doo Dah Parade, Beer Garden, Food, Vendors,
Games, Bounce houses and petting zoo as well as fireworks to close out the evening.

Location (street or streets) where event is to take place: The Doo Dah Parade will take place down
Pine street from F. street to the Oval on C. street and back. The vendors, beer garden, band etc. will
be on E. street from Palm to Maple including Mixer Park.


Applicant's Signature

Date: 09/11/2019

City Administrator Randy Groom

Approved/Denied: _____

City of Exeter Agenda Item Transmittal

Meeting Date: November 12, 2019

Agenda Item Number:

H6

Wording for Agenda: Request authorization to record the final parcel map for Tentative Parcel Map No. 17-01, located on the northwest corner of Belmont Road and the westerly extension of Firebaugh Avenue between Belmont Road and Lotus Grove Ditch (3 parcels) once map modifications are made to accurately reflect dedications and their designation as street right of way and a Final Parcel Map Improvements Agreement that addresses reimbursement for the Firebaugh extension sewer line and property owner bonding for required improvements is executed; APN: 133-072-014-000.

Submitting Department: Engineering

Contact Name: Lisa M. Wallis-Dutra, PE, TE, PTOE, RSP

Phone Number: (559) 733-0440

Email: lisa.wallisdutra@qkinc.com

For action by:

☒ City Council

Regular Session:

☒ Consent Calendar

☐ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Department Recommendation:

Staff recommends the City Council authorize the recordation of the final parcel map for the Tentative Parcel Map No. 17-01 once map modifications are made to accurately reflect dedications and their designation as street right of way and a Final Parcel Map Improvements Agreement that addresses reimbursement for the Firebaugh extension sewer line and property owner bonding for required improvements is executed.

Summary:

The final parcel map is dividing 1.24 acres into three parcels: Parcel 1 – 8,536 square feet; Parcel 2 – 17,957 square feet; Parcel 3 – 16,055 square feet. The final parcel map is dedicating 40 feet of street right of way on the Firebaugh extension west of Belmont, 5 feet of street right of way on the west side of Belmont and the corner cut at the northwest corner of Firebaugh and Belmont to the City of Exeter. There are some dedication descriptions on the final parcel map that need to be modified to accurately reflect the dedications shown on the drawing and clearly designate them as street right-of-way.

Roadway improvements (2/3 of the total right of way) for the westerly extension of Firebaugh Avenue are required, including sanitary sewer and water lines, to Lotus Grove Ditch. The sewer line on the west Firebaugh extension are not needed for the parcels developed with this map but are needed for future development to the west, so prior to recording the final map a Final Parcel Map Improvements Agreement should be executed that designates reimbursement for the sewer extension from Development Impact Fees that have been collected. Frontage improvements, including curb, gutter, sidewalk, and parkway, are required along the frontages of both Belmont Road and Firebaugh Avenue. These improvements have not been installed yet but the property owner has requested that the final map be recorded soon to allow for a building permit to be applied for on one of the parcels created by the final map prior to January 1, 2020 so that the proposed construction will not be required to meet new solar installation requirements going into effect for the new year. The property owner is willing to bond for the construction of these improvements within a specified time frame and this bonding requirement should also be addressed in the Final Parcel Map Improvements Agreement.

Background:

Pursuant to Title 16 (Subdivisions) of the Exeter Code of Ordinances, the City's authorization to record the final parcel map is a ministerial action. Specifically, Section 16.28.140 limits the City Council's action to the specific determination that the final parcel map conforms substantially to the contents of the tentative map, Chapter 16, and the Subdivision Map Act, and provides in pertinent part that "if the Council determines that the map is in conformity with the requirements of this chapter, it shall approval the final map." Disapproval based upon any other reasons would be outside the authority of the Council for this particular action. The Council may reject any and all offers of dedication in the final parcel map pursuant to Section 16.28.140, and require that the City Clerk shall certify on the final map such action, however, staff's recommendation is that the City Council authorize recordation of the final parcel map and accept all right of way dedication as previously described in this report.

Fiscal Impact: The recording of this final parcel map will have no fiscal impact other than a developer reimbursement for sewer improvements on the Firebaugh extension which would be paid from Development Impact Fees for sewer. There are no shared landscapes or lighting improvements or open spaces.

Prior Council/Board Actions: Tentative Parcel Map 17-01 was approved by the City Council on July 20, 2017.

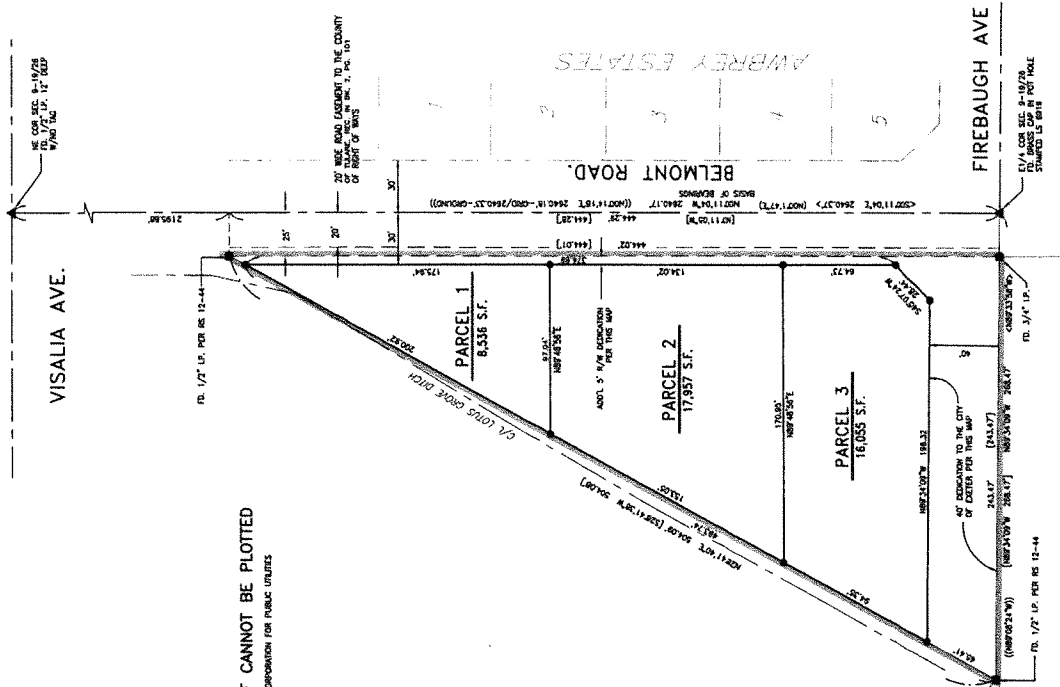
Attachments: Final Parcel Map

Recommended motion to be made by Council/Board: I move to authorize the recordation of the final parcel map for Tentative Parcel Map No. 17-01 once map modifications are made to accurately reflect dedications and their designation as street right of way and a Final Parcel Map Improvements Agreement that addresses reimbursement for the Firebaugh extension sewer line and property owner bonding for required improvements is executed.

REBIDING A PORTION OF THE S1/2 OF THE SE1/4 OF THE NE1/4 OF SEC. 9 T.19S., R.26E.,
M.D.M. IN THE CITY OF EXETER, COUNTY OF TULARE, STATE OF CALIFORNIA.

Dec. 2018

1. TO MT. WINSTONY POWER & ELECTRIC COMPANY, A CORPORATION FOR PUBLIC UTILITIES REC'D IN BOOK 24 OF CONTRACTS AT PG. 20 T.C.R.



LEGEND

1. TO A ACCEPTED MONUMENT AS DESCRIBED UNLESS NOTED OTHERWISE
 2. 1/2" L.P. OR AS NOTED & ACCEPTED
 3. SET 1/2" REBAR W/ASD # 5331
 4. RECORDING DATA OR CALCUS PER AMNHRY ESTATE SURVEYOR REC. IN VOL. 38
 5. OF MAPS AT PG. 20, T.E.R.
 6. RECORDING DATA OR CALCUS PER SURVEYOR REC. IN BK. 12
 7. OF LOCATED SURVEYS AT PG. 44, T.E.R.
 8. RECORDING DATA OR CALCUS PER SURVEYOR REC. IN BK. 32
 9. OF LOCATED SURVEYS AT PG. 47, T.E.R.
 10. RECORDING DATA OR CALCUS PER PARCEL MAP NO. 5014 REC. IN BK. 51
 11. OF PARCEL MAPS AT PG. 20, T.E.R.
 12. LINE INDICATES SURVEYOR BOUNDARY

BASIS OF BEARINGS

THE EAST LINE OF THE NE 1/4 OF SEC. 9, T.10 S., R. 26 E.
E.D.M., TAKEN AS SOUTHERLY AS PER PARCEL MAP NO. 5014
SEC. 94 INC. 81 OF PARCEL MAPS AT PG. 20 T.C.R.

City of Exeter Agenda Item Transmittal

Meeting Date: November 12, 2019

Agenda Item Number: I1

Wording for Agenda: Adopt Resolution 2019-29 of the City of Exeter Authorizing the Issuance of 2020 Water Revenue Refunding Bonds in a Not to Exceed Aggregate Principal Amount of \$5,500,000 to Refinance Certain Outstanding Obligations of the City's Water System and Approving the Execution and Delivery of Certain Documents in Connection Therewith and Certain Other Matters.

Submitting Department: Finance
Contact Name: Chris Tavarez, Finance Director
Phone Number: 592-2755
Email: ctavarez@exetercityhall.com

For action by:

☒ City Council

Regular Session:

☐ Consent Calendar

☒ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



Department Recommendation

Staff recommends that Council adopt Resolution 2019-29 authorizing the issuance of 2020 Water Revenue Refunding Bonds in a not to exceed aggregate principal amount of \$5,500,000 to refinance certain outstanding obligations of the City's Water System and approving the execution and delivery of certain documents in connection therewith and certain other matters.

Summary

City staff and the City's financing team have evaluated the refinancing opportunity for existing Water Enterprise debt to provide interest cost savings to the Water Fund. As part of this process, this item is being brought to the Council to request authorization for issuance of Water Revenue Refunding Bonds ("the Bonds") to refinance the Water Fund's outstanding USDA loan obligations.

The City's finance team members are NHA Advisors, LLC ("NHA"), as Municipal Advisor, and Stradling Yocca Carlson & Rauth ("Stradling"), as Bond and Disclosure Counsel, and Brandis Tallman LLC, as Underwriter. If authorized by City Council, this finance team will proceed with the refinancing transaction.

As outlined in the "Good Faith Estimates" section below, refinancing analysis based on current rates of 3.05% results in annual cashflow savings of \$29,000 per year and net present value savings of \$575,000 (or 12.3% of refunded par). The refunding debt service goes through 10/1/2045, which is the same as the current USDA loan obligations. These savings numbers are preliminary and subject to change based on market interest rate movements up until the day the Bonds are sold. In addition, these estimates are also based on the Water Fund revenues being appropriate to cover costs. If currently proposed water rate increases are not implemented the above estimates could no longer be valid and the refinance would have to be re-evaluated to determine if a refinance would be beneficial to the fund.

Since market changes are possible by the time the bond sale is ready to occur, the resolution authorizes staff to execute the bond refinance at no more than a true interest cost up to 3.75%. Refinancing at this rate would result in approximately \$150,000 net present value savings to the Water Fund (3.2% of refunded par), or savings of approximately \$8,000 per year. It is important to note that this is a conservative (i.e. high) interest rate relative to current market rates and represents the minimum savings threshold for the financing to proceed.

Next Steps

If Council approves the authorization issuing the Bonds, the City's financing team will begin the credit rating process and engage in discussions with bond insurance providers. The goal of this process will be to structure the deal in such a way as to maximize the rating and thereby maximize the benefit to the City's Water Fund from the refinancing. After the credit rating process, the financing team will begin marketing the City's Bonds to investors using the POS. The ordinance authorizing the issuance of City debt (Ordinance 690) will be effective on December 12, 2019 (30 days after the second hearing). At that point, the financing team will begin marketing the Bonds to investors. The exact date of sale has yet to be determined depending on market conditions.

Good Faith Estimates

The following information consists of estimates that have been provided by the Underwriter and has been represented by such party to have been provided in good faith:

- A. True Interest Cost of the Bonds: 3.05%
- B. Finance Charge of the Bonds (Sum of all fees/charges paid to third parties): \$191,995
- C. Net Proceeds of the Bonds to be Received (net of finance charges, reserves and capitalized interest, if any): \$4,728,683
- D. Total Payment Amount through Maturity of the Bonds: \$7,003,741

The foregoing constitute good faith estimates only. The principal amount of the Bonds, the true interest cost of the Bonds, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Bonds being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Bonds sold being different from the estimated amount used for purposes of such estimates; (c) the actual amortization of the Bonds being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Bonds being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the City's financing plan, or a combination of such factors.

The actual date of sale of the Bonds and the actual principal amount of Bonds sold will be determined by the City based on a variety of factors. The actual interest rates borne by the Bonds will depend on market interest rates at the time of sale thereof. The actual amortization of the Bonds will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the City.

Background:

The City began the process of evaluating the potential refinancing in September when it hired NHA Advisors as municipal advisor and Stradling Yocca Carlson & Rauth as Bond and Disclosure Counsel. In October, the City continued to explore the potential refinancing by engaging Brandis Tallman as Underwriter. In addition, the first reading of the ordinance authorizing the issuance of City debt (Ordinance 690) was read in October.

The current market continues to be defined by historically low interest rates and high investor demand. This results in an opportunity for the City to refinance outstanding Water Fund USDA loan obligations for annual cashflow savings. Current market rates indicate approximate annual cashflow savings of \$29,000 per year and net present value savings of \$575,000 (or 12.3% of refunded par). Besides annual cashflow savings on debt service, this refinancing frees up approximately \$437,000 in restricted reserve funds associated with the outstanding USDA loan obligations. This money will be released upon the defeasance of the USDA loan obligations and can be deposited into the Water Fund reserves, used for one-time expenditures, or used for Water Fund capital improvement projects.

Staff is asking Council to authorize the issuance of the Bonds to refund the outstanding USDA loan obligations and to approve other certain documents, including the Indenture and Preliminary Official Statement ("POS"). The Indenture is prepared by the City's Bond Counsel and is the basic loan document for the refinancing of the Water Fund's outstanding USDA loans for the Water System. Key provisions of the document are (1) a covenant of the City to raise rates as required to cover operating expenses and debt service and (2) a formal pledge of revenues net of operating expenses to pay debt service on the Bonds. The POS describes the credit condition of the Water System for the benefit of potential bond investors and contains the disclosures necessary for the City to make to bond owners. This document is prepared by the City's Disclosure Counsel and will be distributed by the bond Underwriter to potential investors in the Bonds.

Fiscal Impact

Based on the interest rate amount in the resolution, the minimum savings for the financing to proceed is \$150,000 net present value savings to the Water fund (3.2% of refunded par), or savings of approximately \$8,000 per year.

However, estimated refinancing analysis based on current market rates indicates annual cashflow savings to the Water Fund of \$29,000 per year and net present value savings of \$575,000 (or 12.3% of refunded par).

In addition to debt service savings, this refinancing frees up approximately \$437,000 that the City currently holds in restricted reserves. This money will be released upon the defeasance of the USDA loan obligations and can be deposited into the Water Fund reserves, used for one-time expenditures, or used for Water Fund capital improvement projects. There is no impact to the General Fund for this refinancing.

Prior Council/Board Actions:

1. Resolution 2019-21: Authorize the City Administrator to execute two separate professional service agreements for up to three years for a financing team including 1) Municipal Advisors with NHA Advisors (San Rafael) of up to \$52,500 for Bond Refinancing and 2) Bond/Disclosure Counsel with Stradling Attorneys at Law (Newport Beach) of up to \$32,000 for Bond Refinancing services to be paid contingent on Bond Refinancing completion of City Water Fund debt.
2. Resolution 2019-28: Authorize the City Administrator to execute an professional service agreement with the City's Underwriter, Brandis Tallman LLC, for Underwriting services to be paid contingent upon completion of a refinancing of City Water Fund debt

Attachments:

Resolution 2019-29
Preliminary Refunding Cashflows
Indenture of Trust
Continuing Disclosure Certificate
Bond Purchase Contract
Preliminary Official Statement

Recommended motion to be made by Council/Board: I move to adopt Resolution 2019-29 as presented.

RESOLUTION 2019-29

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER AUTHORIZING THE ISSUANCE OF 2020 WATER REVENUE REFUNDING BONDS IN A NOT TO EXCEED AGGREGATE PRINCIPAL AMOUNT OF \$5,500,000 TO REFINANCE CERTAIN OUTSTANDING OBLIGATIONS OF THE CITY'S WATER SYSTEM, AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the City of Exeter (the "**City**"), a municipal corporation that is duly organized and existing under its charter and the Constitution of the State of California, previously entered into a 2003 USDA – Water System Improvement Loan and a 2004 USDA – Water Well Loan (collectively, the "**Prior USDA Loans**") to finance certain capital improvements to the City's municipal water system; and

WHEREAS, the City proposes to undertake the refinancing of the Prior USDA Loans; and

WHEREAS, the City is authorized pursuant to Section 4.3 of the City's charter and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 (commencing with Section 53570) of the Government Code of the State of California, and will be further authorized upon the effectiveness of Ordinance No. 690 of the City which is expected to become effective December 12, 2019 (the "**Bond Ordinance**"), Chapter 3.02, Section 3.02.010 of the City Code of Ordinances, to issue revenue bonds (the "**Bonds**") for the purposes of refinancing the Prior USDA Loans; and

WHEREAS, the City has determined that it is in the best interest of the City to enter into an Indenture of Trust (the "**Indenture**"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee, and to approve certain other documents, to provide for the issuance of the Bonds and the refinancing of the Prior USDA Loans; and

WHEREAS, the Bonds are to be secured by revenues of the City's water system to the extent set forth in the Indenture; and

WHEREAS, a preliminary official statement with respect to the Bonds (the "**Preliminary Official Statement**") has been prepared by the City with the assistance of Stradling Yocca Carlson & Rauth, a Professional Corporation, as bond counsel ("**Bond Counsel**") and disclosure counsel; and

WHEREAS, the City desires to execute a Continuing Disclosure Certificate to be dated the closing date of the Bonds (the "**Continuing Disclosure Certificate**"), to provide updates of certain information relating to the City and its water system while the Bonds are outstanding; and

WHEREAS, the City desires to execute and deliver a bond purchase agreement (the "**Purchase Contract**") with Brandis Tallman LLC, as underwriter of the Bonds (the "**Underwriter**"), with respect to the Bonds; and

WHEREAS, in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature), which added Section 5852.1 to the California Government Code, the City has obtained from its municipal advisor required good faith estimates relating to the Bonds, and such estimates are disclosed and set forth in the staff report submitted to the City Council herewith; and

WHEREAS, this Resolution shall become effective upon the effectiveness of the Bond Ordinance;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED, DECLARED AND RESOLVED AS FOLLOWS:

Section 1. Approval of Recitals. The City hereby finds and determines that the foregoing recitals are true and correct.

Section 2. Approval of Indenture. The Indenture is hereby approved substantially in the form on file with the City Clerk. The Mayor, the Mayor Pro Tem, the City Administrator or the Finance Director of the City (each, an "**Authorized Officer**") is hereby authorized and directed to execute and deliver such Indenture with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 3. Approval of Continuing Disclosure Certificate. The Continuing Disclosure Certificate is hereby approved substantially in the form on file with the City Clerk. Each Authorized Officer is hereby authorized and directed to execute and deliver such Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval.

Section 4. Approval of Purchase Contract. The Purchase Contract is hereby approved substantially in the form on file with the City Clerk. Each Authorized Officer is hereby authorized and directed to execute and deliver such Purchase Contract with such changes, insertions and omissions as may be recommended by the City Attorney or Bond Counsel and approved by the officer executing the same, said execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Bonds exceed \$5,500,000, nor shall the underwriting discount exceed 0.75% of the aggregate principal amount of the Bonds, nor shall the true interest cost of the Bonds exceed 3.75%.

Section 5. Approval of Preliminary Official Statement. The preparation and distribution of the Preliminary Official Statement in substantially the form on file with the City Clerk is hereby approved. The Underwriter is authorized to distribute the Preliminary Official Statement to prospective purchasers of the Bonds in substantially the form hereby approved. Each Authorized Officer is hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement, and each Authorized Officer is hereby authorized and directed to execute, approve and deliver the final Official Statement substantially in the form of the Preliminary Official Statement with such changes, insertions and omissions as the officer or officers executing said document may require or approve, subject to advice from the City Attorney or Bond Counsel, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriter is directed to deliver copies of the final Official Statement to all actual initial purchasers of the Bonds.

Section 6. Application of Proceeds. The proceeds of the Bonds shall be deposited as provided in the Indenture to refinance the Prior USDA Loans.

Section 7. Appointment of Trustee. The appointment of The Bank of New York Mellon Trust Company, N.A., as Trustee under and pursuant to the Indenture, with the powers and duties of said office as set forth therein, is hereby approved.

Section 8. Bond Insurance. The City Council hereby authorizes the Authorized Officers: (i) to solicit bids on a municipal bond insurance policy and/or reserve surety for the benefit of the Bonds; (ii) to negotiate the terms of such policy or policies; (iii) to finalize, if appropriate, the form of such policy or policies with a municipal bond insurer; and (iv) if it is determined that the policy or policies will result in net savings for the City, to pay the insurance premium of such policy or policies from the proceeds of the issuance and sale of the Bonds.

Section 9. Other Actions Authorized. The Authorized Officers, the City Clerk or any other proper officer of the City, acting singly, be and each of them hereby is authorized and directed to execute and deliver any and all documents and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by the Indenture, the Purchase Contract, the Continuing Disclosure Certificate, bond insurance, a reserve surety and this Resolution, including any reimbursement agreement or other agreement relative to bond insurance or a reserve surety, and the delivery of instructions and/or notice to the United States Department of Agriculture in connection with the refunding of the Prior USDA Loans or an escrow agreement providing for the refunding of the Prior USDA Loans. In the event that the Mayor and Mayor Pro Tem are unavailable to sign any of the agreements described herein, the City Administrator is authorized to sign such agreement.

Section 10. Definitions. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Indenture unless the context otherwise clearly requires.

Section 11. Effective Date. This Resolution shall become effective upon the date of effectiveness of the Bond Ordinance.

Section 12. Certification. The Clerk shall certify to the adoption of this Resolution.

PASSED, ADOPTED AND APPROVED this 12th day of November 2019 by the following vote:

AYES:

NOS:

ABSTAIN:

ABSENT:

MAYOR

ATTEST:

CITY CLERK Shonna Oneal

ORDINANCE NO. 690**AN ORDINANCE OF THE COUNCIL OF THE CITY OF EXETER ADDING CHAPTER 3.02, SECTION 3.02.010 TO TITLE 3 OF THE CITY EXETER CODE OF ORDINANCES (MUNICIPAL CODE) AUTHORIZING THE CITY OF EXETER TO ISSUE ALL MANNER OF SECURITIES AND INCUR ALL MATTER OF INDEBTEDNESS, SUBJECT TO THE PROCEDURAL AND SUBSTANTIVE REQUIREMENTS AND LIMITATIONS PRESCRIBED BY THE CALIFORNIA CONSTITUTION**

WHEREAS, the Charter of the City of Exeter, Section 4.3, provides that the City Council of the City of Exeter may, by ordinance, provide for the issuance of all manner of securities and incur all manner of indebtedness, subject to the limitation that the general obligation debt of the City shall at no time exceed the amount allowed by the California Constitution and applicable State law;

WHEREAS, pursuant to City Charter Section 4.3, the City Council is proposing to adopt and codify this Ordinance adding Chapter 3.02, Section 3.02.010 to the City Code of Ordinances; and

WHEREAS, this ordinance is intended to authorize the City Council of the City of Exeter to issue all manner of securities and incur all manner of indebtedness as allowed by law, provided that it does so following the procedures permitted by the California Constitution, and to permit the City Council to do so by adopting a Resolution of authorization when so permitted by applicable law;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EXETER DOES ORDAIN, AS FOLLOWS:

SECTION 1: The City Council hereby adds Chapter 3.02, Section 3.02.010 to Title 3, to read as follows:

Chapter 3.02 Debt Financing**§ 3.02.010 City Council Debt Financing Authorization in Accordance with the California Constitution**

A. Following the procedures set forth or otherwise permitted by the California Constitution, the City Council may authorize the issuance of all manner of securities and incur all manner of indebtedness, subject to the procedural and substantive requirements and limitations prescribed by those laws.

B. Notwithstanding Section A, above, and subject to any other procedural requirements or limitations provided for by applicable law, any authorization to issue bonds or other securities shall require a Resolution of authorization by the City Council.

SECTION 2: If any section, subsection, sentence, clause, or phrase of this ordinance is, for any reason, held to be invalid or unconstitutional, such decision shall not affect the validity or constitutionality of the remaining portions of this ordinance. The City Council hereby declares that

it would have passed this ordinance, and each section, subsection, sentence, clause or phrase hereof, irrespective of the fact that any one (1) or more sections, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

SECTION 3: This Ordinance shall be in full force and effect thirty (30) days after its final adoption by the City Council. The City Clerk shall cause this ordinance, or a summary thereof, to be published in accordance with applicable law.

The foregoing ordinance was passed and adopted by the City Council of the City of Exeter on a motion of Council Member _____ and seconded by Council Member _____ at a regular meeting held on _____, 2019 by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: _____ Mayor

City Clerk

City of Exeter Agenda Item Transmittal

Meeting Date: November 12, 2019

Agenda Item Number: I3

Wording for Agenda: Public Hearing to receive and consider comments regarding the City's annual public accounting for development impact fees for Fiscal Year 2018-19 and receive, review and file pursuant to State Law, under Government Code Section 66006.

Submitting Department: Finance
Contact Name: Chris Tavarez, Finance Director
Phone Number: 592-2755
Email: ctavarez@exetercityhall.com

Department Recommendation:

Staff recommends that Council conduct a Public Hearing to receive and consider any comments regarding the 2018-19 Impact Fee Report so that the report can be received, reviewed and filed in compliance with State Law under Government Code Section 66006.

Summary/Background:

Development impact fees (DIF) are part of a funding system that California cities and counties use to fund new or expanded infrastructure needed to serve growth and development. Impact fees are imposed by a city on new development to pay for proportionate costs of providing public infrastructure to serve increased population, increased traffic, etc. created due to new development (DIF fees are often imposed to include new or expanded roads, parks, storm drains, public safety and other public facilities).

The purpose of this report is to advise the public and the Council on the City's use of the accumulated impact fees, and to demonstrate that these monies are appropriately used for impact related projects. The 2018-19 Impact Fee Report is in compliance with Government Code Section 66006 (a) and (b), which requires agencies to provide information on each fund or account established for the collection of impact fees. Within 180 days after the last day of each fiscal year this information must be made available to the public for the period covered by that fiscal year.

The City currently has four development impact fee categories:

- Public Facilities Improvement (201-208)
- Storm Drain (120)
- Water Capital (105/205)
- Sewer Capital (107/207)

Fiscal Impact: Information only, no fiscal impact with this action

Prior Council/Board Actions: None

For action by:

☒ City Council

Regular Session:

☐ Consent Calendar

☐ Regular Item

☒ Public Hearing

Review:

**City Administrator
(Initials Required)**

Attachments: City of Exeter 2018-19 Impact Fee Report

Recommended motion to be made by Council: I move to receive and file the 2018-19 Impact fee Report as required by Government Code Section 66006.

2018-19 IMPACT FEE REPORT



As required by Government Code Section 66006, the following report is provided regarding Development Impact Fees collected and expended by the City of Exeter. There was a 2.62% CPI increase that went into effect for fiscal year 2018-19.

PUBLIC FACILITIES IMPROVEMENT (Funds 201-208)

Funds are earmarked to fund public improvement projects based on the preferred units of impact. Landscaped medians, Signals, and Railroad crossings are all based on traffic generation rates. Bike path is based on bike trips. Public facilities and Parks are all based on population.

- A. Public Improvement Fees are charged for new development within the City. Fees came into effect December 26, 2004.
- B. The fees per lot:
- | | | | |
|-----------------------|---------------|------------------|--------------------|
| Landscaped Medians: | Single \$ 405 | Multi Unit \$289 | Mobile Home \$ 201 |
| Signals | \$ 323 | \$ 231 | \$ 160 |
| Railroad Crossings | \$ 168 | \$ 120 | \$ 83 |
| Bike Path | \$ 34 | \$ 24 | \$ 16 |
| Public Facilities | \$1,127 | \$ 376 | \$1,082 |
| Parks | \$ 613 | \$ 519 | \$ 587 |
| Totals Fees per unit: | \$2,670 | \$1,559 | \$2,129 |
- C. The Beginning Fund Balances as of July 1, 2018 totaled \$188,845.05. The Ending Fund Balances on June 30, 2019 was \$214,265.87.
- D. 2018/2019 Fiscal Year: Total Fees collected \$21,979 Total Interest earned: \$3,441.82
- E. Expenditures: **none**
- F. Funds are earmarked:
- Landscape Median (201) \$33,655.90 - Entrance sign at west end of Visalia Road.
 - Public Facilities (202) \$75,828.50 - Parking Lot off Palm and F (estimated costs \$260,000)
 - RR crossing (203) \$13,968.33 - Rocky Hill crossing and Downtown
 - Signals (204) \$26,837.11 - Palm and G flashing signal
 - Bike Path (208) \$2,795.60 - New Bike Lane Striping
 - Parks (206) \$61,180.23 - Park Improvements, Lights at Dobson Field (\$95,000 estimated costs)

STORM DRAIN (120.000.299.005)

- A. Storm Drain Fee is charged for new development within the City on an acreage basis. On April 26, 2008, the fee was changed as per Resolution 2008-06.
- B. The fee per acre is: \$1,250 Zone 3 \$ 867 All Other zones
- C. The Beginning Fund Balance on July 1, 2018 was \$68,023.93. The Ending Fund Balance on June 30, 2019 was \$80,446.79.
- D. 2018/2019 Fiscal Year: Fees collected: \$11,139; Interest earned \$1,283.86
- E. Expenditures: **None**
- F. Funds are earmarked for capital improvements.
 - a. Belmont and Fairway upgrade
 - b. Storm Drain Capacity increasing projects

WATER CAPITAL (105.000.299.005)

- A. A Water Capital Improvement Fee is charged for new development within the City.
- B. New fees were adopted on February 26, 2008 per Resolution 2008-06 and became effective 60 days after the adoption date, April 26, 2008. The new fee schedule is based on a single family residence cost of \$5,312. This is determined by Equivalent Dwelling Unit (EDU) ratios for water supply and distribution per unit of measure.
- C. The Beginning Fund Balance on July 1, 2018 was \$499,270.08. The Ending Fund Balance on June 30, 2019 was \$566,731.26.
- D. 2018/2019 Fiscal Year: Fees collected: \$58,657.48; Interest earned \$8,803.70
- E. Expenditures : **None**
- F. Funds are earmarked for water capital improvements.
 - a. Well improvements
 - b. Water capacity increasing projects

SEWER CAPITAL (107.000.299.005)

- A. Sewer Capital Fee is charged for new development within the City. New fees were adopted Per Resolution 2008-06 on February 26, 2008 and became effective 60 days after the adoption date, which was April 26, 2008. The new fee schedule replaces existing fees and will be based on a single-family residence cost of \$748 calculated by Equivalent Dwelling Unit (EDU) ratios for wastewater collection per unit of measure.
- B. The Beginning Fund Balance on July 1, 2018 was \$69,672. The Ending Fund balance June 30, 2019 was \$80,115.55.
- C. 2018/2019 Fiscal Year: Fees collected: \$9,169.60; Interest earned \$1,273.95
- D. Expenditures: **None**
- E. Funds are earmarked for sewer improvements due to new development including relocation of lift station at Belmont and Visalia Road

City of Exeter Agenda Item Transmittal

Meeting Date: November 12, 2019

Agenda Item Number: 14

Wording for Agenda: Review financial outlook and preliminary 2018/19 fiscal year financial information for the City's Water and Sewer Enterprise Funds and General Fund and adopt Resolution 2019-30 to update the City's Financial Policies in order to improve and protect the City's financial condition.

Submitting Department: Finance
Contact Name: Chris Tavaréz, Finance Director
Phone Number: 592-2755
Email: ctavaréz@exetercityhall.com

Department Recommendation:

Staff recommends that City Council review financial outlook and preliminary 2018/19 fiscal year financial information for the City's Water and Sewer Enterprise Funds and General Fund and adopt Resolution 2019-30 to update the City's Financial Policies in order to improve and protect the City's financial condition.

Summary/Background:

Over the last couple of years, the Council has been concerned about the financial condition of the City and has expressed this concern several times, including in two meetings in early 2018 where Council desires were determined and documented. These concerns have continued to occur in spite of the economy being on an almost 10-year climb. An additional concern for the City's future financial condition is that economists are predicting a correction/recession within the next couple of years partly due to the length of the current economic climb.

Staff has reviewed preliminary (unaudited) financial reports and has some significant information to present to Council prior to the final presentation of the 2018/19 fiscal year audit report. Recent reports by the State Auditor's Office has provided additional insight into the City's financial condition in comparison to recognized financial standards and other California cities. This information will be helpful in assessing the City's financial position for upcoming City Council consideration and decisions.

Current Fiscal Condition

City Council has made some hard decisions and supported budget saving efforts in order to improve and sustain the City's financial position to continue operations and providing services to residents and businesses of the City. Balanced budgets and reserves are two primary areas of financial concern that have been discussed with Council over the past year, and both were recently shown as 'High Risk' for Exeter by the State Auditor in its *Local Government Dashboard* based on information through the 2016/17 fiscal year. City Council has made efforts in the past fiscal year 2018/19 to improve both areas by approving a balanced budget, directing staff to cut costs where possible and investigate if enterprise fund revenues are where they need to be. The previous fiscal year report card is shown below:

For action by:

☒ City Council

Regular Session:

☐ Consent Calendar

☒ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**



2017/18 Fiscal Year REPORT CARD

Financial Policy	Policy Achieved?	Action
Balanced Budget	No	Expected 2018/19
Budget Reserve 10%	No	Working towards
One-time revenues towards reserves or one-time use	No	Expected 2018/19
Enterprise Rates should cover operations and capital needs	Unknown	Working towards
Investment Policy keep cash liquid and safe	Yes	Pass
Debt sparingly used	Yes	Pass
Annual Audit timely (within 180 days of the end of the fiscal year)	Yes	Ongoing effort

One of the most critical fiscal areas is building reserves for the City's funds to be able to handle unexpected fiscal needs. Initially in 2016/17 with a reserve of only 1% and four previous years of deficit budgets, City Council established an achievable minimum reserve goal of 10% for all funds and approved a balanced budget for 2018/19. These were minimum first steps to begin developing fiscal improvement, while knowing that additional future improvements would ultimately be necessary to reach the Council's goal of fiscal stability and sustainability.

According to the State Auditor's Office (Chart 1), a General Fund reserve of less than 25% of annual expenditures classifies the City as a 'High Risk' City by having low reserves that may be insufficient to cover its expenditures in the event of a fiscal emergency. Having a reserve provides indication if the City has sufficient financial reserves to cover its expenditures during times of declining revenues or increasing/unexpected costs. A city with insufficient reserves may have difficulty responding to revenue shortfalls or expenditure overruns while maintaining service levels during times of fiscal distress. As seen in the chart below 31% of the cities in California have been able to achieve the 25% to 50% moderate risk reserve range and another 56% of California cities have been able to achieve the over 50% low risk reserve range. Only 13% of the cities have a high-risk reserve ranking with reserves of less than 25%, which includes Exeter.

Chart 1: State Auditor Score of City's General Fund Reserve (High Risk)

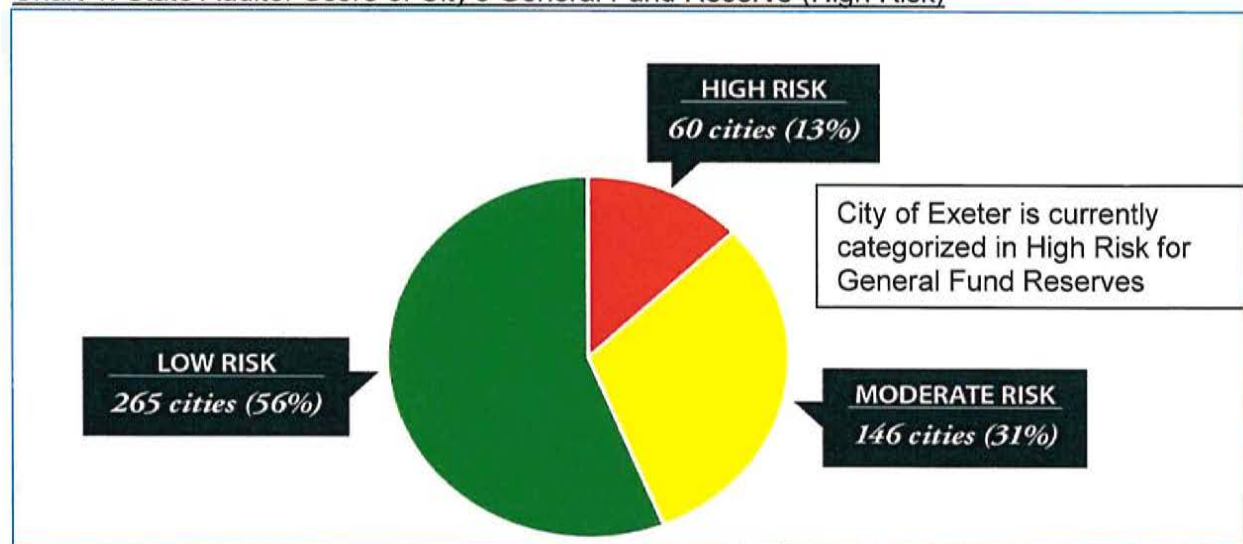


Chart 2: State Auditor Score of City's Debt Burden (High Risk)

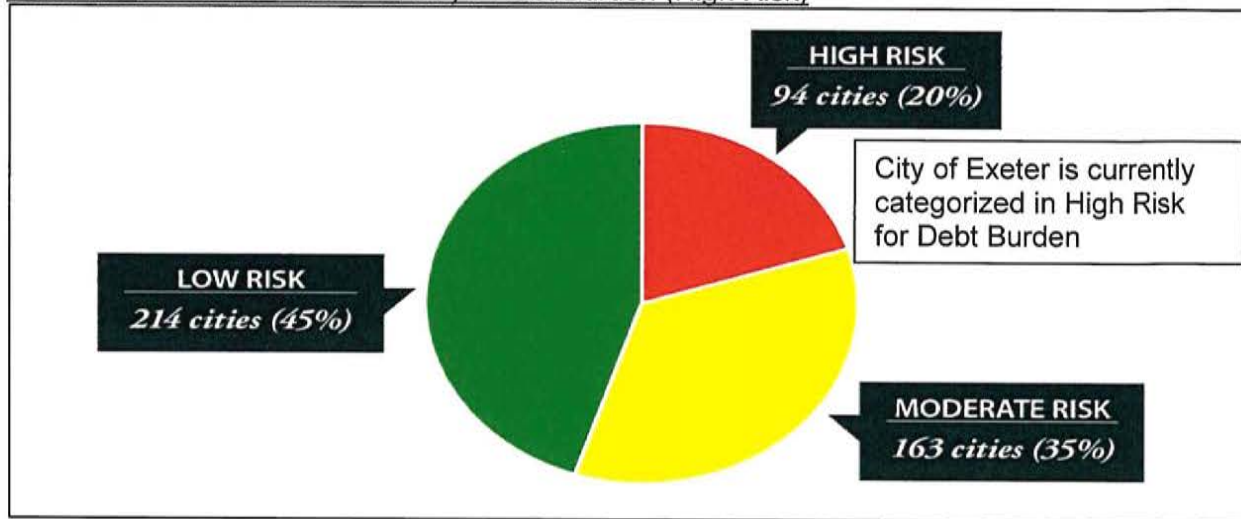


Chart 2, shows the State Auditor's indicator that reflects a city's long-term obligations (excluding retirement obligations) as a percentage of its governmentwide revenue. This indicates that a city may be strained in its ability to pay its long-term obligations without cutting costs for other city services. This also indicates the City most likely will struggle to make emergency or ongoing repairs to an aging infrastructure. Since Exeter's only debt (excluding pension debt) is in the City's Water and Sewer Funds, increasing revenues in these funds would improve the City's current high risk fiscal position in this area.

A goal of 25% reserve (or higher should Council desire) according to industry best practices and financial advisory groups would give the City greater protection for financial unknowns. Setting the Reserve Policy at 25% for the General Fund would be \$1,125,000 which could cover about 2-3 months of General Fund Expenses. Some cities have goals or reserves of 50% or more enabling them to cover six months or more of General Fund expenditures in the event of downturns in economy or other financial emergencies. With this proposed policy change, the City would have more ability to meet needs during fiscal emergencies.

Water and Sewer Funds

In past presentations and discussion with City Council the Water Fund and Sewer Fund have been recognized to be marginally covering daily operational and minimal reactive maintenance and repair needs with current revenue. Preliminary audit information for the 2018/19 fiscal year indicate both funds have reached the point where fund balances have been depleted with no funding available for capital projects or fiscal emergencies. Both fund's revenue marginally covers debt and reactive operations and maintenance for both systems.

In 2018/19 fiscal year the Water Fund had significant expenditures for capital needs and the Water Master Plan Update, in addition, operational/debt expenditures were over revenues received. There is no longer any unrestricted fund balance. This means there is no longer any reserve for capital projects and fiscal emergencies. (See Chart 3)

The Sewer Fund had a major required capital project (Sludge Beds), along with emergency repair and operational/debt expenses exceeding existing revenues. Last fiscal year 2017/18 the fund was approximately \$300,000 in deficit, it appears at the end of the 2018/19 fiscal year it will be approximately \$400,000 in deficit. (See Chart 4)

Chart 3: Water Fund Analysis of Current Projected Revenues and Daily and Total Needed Expenditures

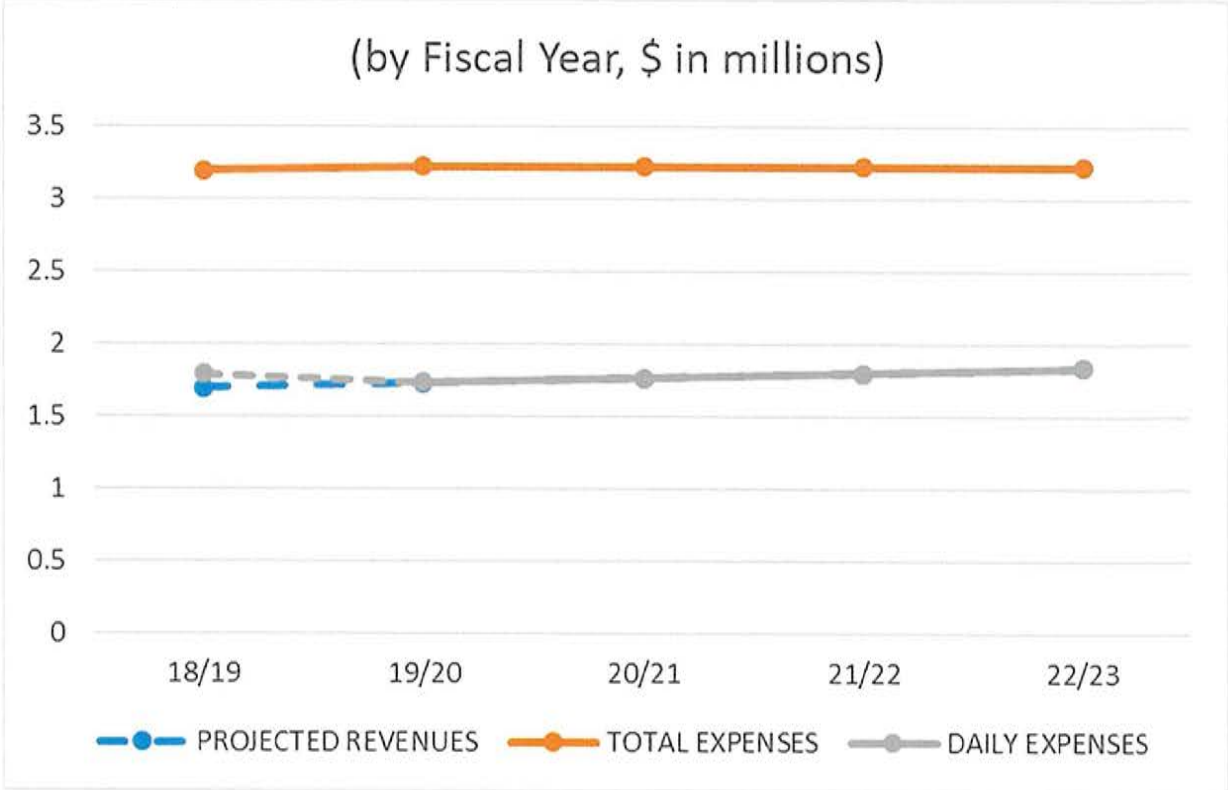
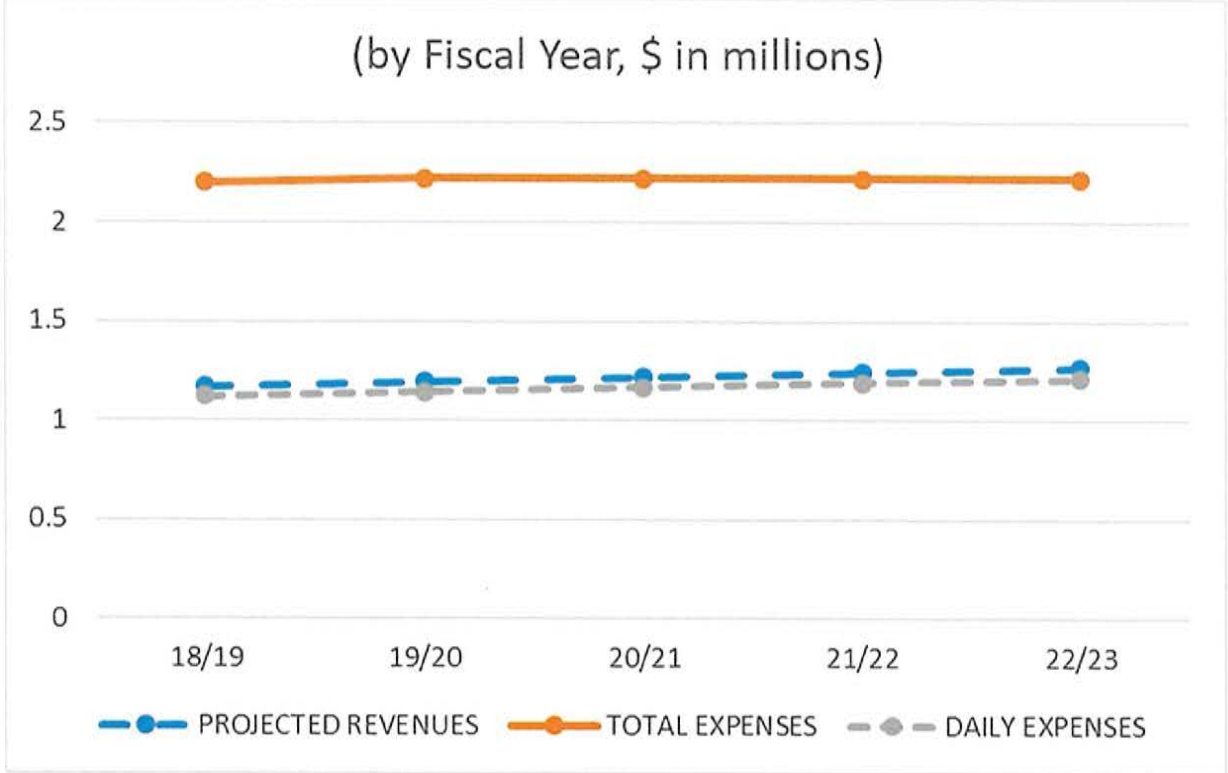


Chart 4: Sewer Fund Analysis of Current Projected Revenues and Daily and Total Needed Expenditures



Recommendation: To attain the Council’s desire to achieve fiscal stability and sustainable services, consideration should be given to increasing Water and Sewer Fund

rates to cover operational, maintenance, debt service, capital needs and fund an adequate reserve as established by City policy.

General Fund

The City Council's efforts in establishing a balanced budget in the General Fund and building a reserve have started to realize a positive impact. There are several areas of budget savings and one-time revenues for fiscal year 2018/19 that have resulted in about \$700,000 of additional unrestricted fund balance primarily occurring due to:

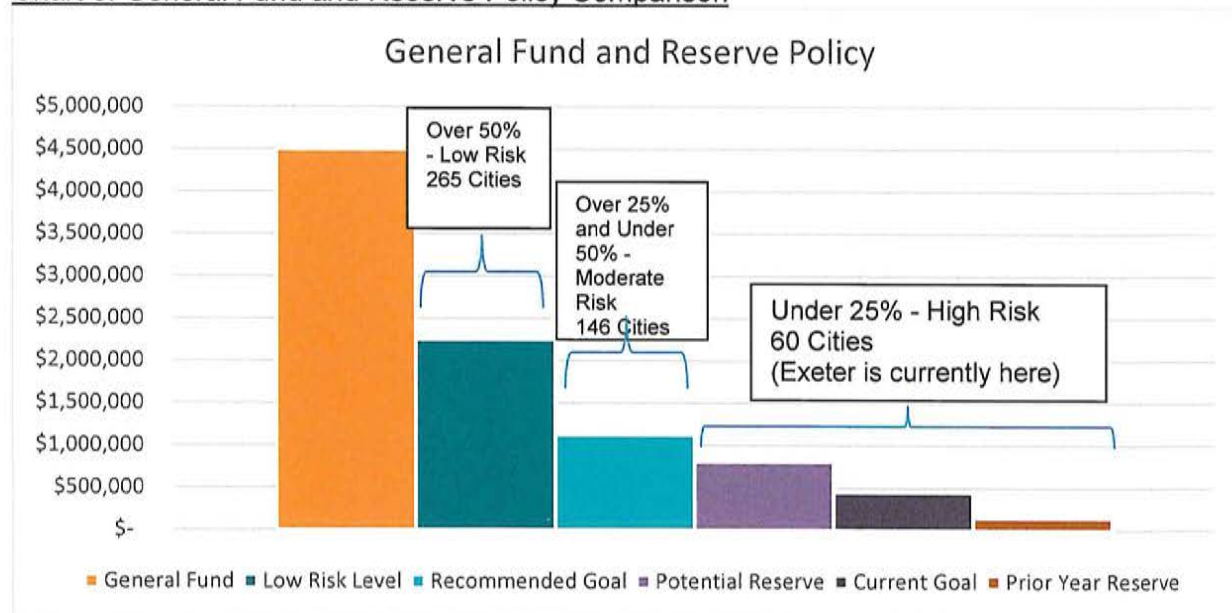
- correcting allocation of personnel costs to appropriate funds
- unfilled positions during the fiscal year
- contracting out services
- short term deferral of needs
- one-time new/additional revenues

Approximately \$500,000 of this remaining fund balance came from one-time savings and the ongoing remainder will be covering increasing costs in future years. As of June 30, 2018, the City only had about 3% in unrestricted General Fund balance. Based on preliminary financial audit reports indicating an additional \$700,000 from one-time savings and revenues in 2018/19, the City has a very timely opportunity to significantly improve the City's fiscal condition by building up the reserve to approximately 16-18%, which exceeds the current goal of 10% and would cover the City for approximately 2 months of General Fund expenditures. In addition, the City's enterprise funds as previously stated are in need to build up reserve. Staff recommends that Council consider increasing the reserve goal to a minimum of 25% to strive for at least a moderate risk level ranking by the State Auditor. Increasing the City's reserve will help not bring the City under State scrutiny in the future.

With ongoing cost increases, slow growing revenues and an economic slowdown predicted at some point in the near future, updating the City's financial policy to increase the reserve goal to 25% and keeping the additional \$700,000 in reserve will improve the City's ability to handle unpredictable or emergency financial conditions.

Based on scoring criteria the State Auditor uses, having a reserve in between 25%-50% would be in Moderate Risk, above 50% or approximately six month or more of reserve would categorize the City as 'Low Risk' and indicate substantial ability to meet needs during fiscal emergency. The below chart (Chart 5) depicts where the City's General Reserve has been in the past and the recommended new goal regarding its current outlook.

Chart 5: General Fund and Reserve Policy Comparison



Recommendation: Amend the City's Financial Policies to establish the General Fund Reserve Goal to a minimum of 25%, approximately \$1.1 million (approximately 3 months of expenditures).

Due to City Council direction and diligence the City has improved its fiscal condition as seen in the 2018/19 Preliminary Report Card below. However, to fully attain the Council's desire of fiscal stability there is still much work to be done.

2018/19 Preliminary REPORT CARD

Financial Policy	Policy Achieved? (anticipated)	Action (anticipated)
Balanced Budget	Mostly	GF-Yes, EF-No
Budget Reserve 10%	Yes	Consider increased goal to reduce risk
One-time and unpredictable revenues towards one-time use	Yes	Pass
Enterprise Rates should cover operations and capital needs	No	Consider rate increases
Investment Policy keep cash liquid and safe	Yes	Pass
Debt sparingly	Yes	Pass
Annual Audit timely (within 180 days of the end of the fiscal year)	Yes	Pass

Proposed Updated Financial Policies

The City of Exeter strives for a stable financial environment in order to maintain continuity in operations and services. To that end, the City of Exeter strives to do the following in managing its finances:

- Balanced Budget.** The City will adopt a budget where ongoing revenues support ongoing expenses. If a budget is proposed that does not meet this criterion, it shall be noted in the budget's adoption and a method to resolve the unsustainable budget will be stated.
- Budget Reserve.** The City recognizes that revenues will fluctuate and emergencies can occur. As a result, the City will seek to have an uncommitted reserve for all funds of at least 25% of expenses. The funding of this reserve usually will come from revenues in excess of expenditures or one-time revenues. If a fund reserve falls below the 25%

objective, it shall be noted in the budget's adoption and a method to regain that level of reserve will be recommended.

3. **One-time and Unpredictable Revenues:** Large one-time or unpredictable revenues (more than \$50,000) will first be used towards building reserves to the City's goal and then shall only be used for one-time expenditures such as capital projects or specified length programs.
4. **Enterprise Rates.** Enterprises will set their rates at a level to recover operating cost, fund an adequate reserve as established by City policy and maintain the City's capital infrastructure.
5. **Investment Policy.** The City will maintain and annually review its investment policy to assure that proper controls are in place to assure the safety and liquidity of the City's cash assets.
6. **Debt Management.** The City will use debt sparingly and not to fund operating needs. Debt amortization will be no longer than the useful life of the asset.
7. **Annual Audit.** To assure accountability and transparency, the City will annually conduct a financial audit.

Fiscal Impact: Action today will not have an immediate impact on the City's financial condition. However, additional development of City fund reserves will have a positive impact on the ability of City funds to be able to weather future financial storms.

Prior Council/Board Actions: June 12, 2018 – Council adopted current Financial Policies

Attachments:

Resolution 2019-30 City of Exeter Financial Policies

Recommended motion to be made by Council/Board: I move to adopt Resolution 2019-30 as presented.

RESOLUTION 2019-30

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EXETER
APPROVING FINANCIAL POLICIES**

WHEREAS, The City of Exeter strives for financial stability in order to maintain continuity and reliability in operations and services provided. To that end, the City of Exeter sets and follows Financial Policies to responsibly manages its finances; and

WHEREAS, the City's Financial Policies establish financial goals and practices designed to provide that fiscal stability which benefits the Community; and

WHEREAS, City Council has approved Financial Policies and desires to continue to find ways to improve and sustain the financial condition of the City; and

WHEREAS, City Council has approved seven Financial Polices that will work to improve and sustain the City in a financially sound manner; and

WHEREAS, it is recognized that improving the City's available reserves, approving a balanced budget and making sure revenues are able to cover expenses is important; and

WHEREAS, the City Council desires to amend previously approved Financial Policies to increase the reserve goal for all funds to 25% of annual expenses, which would cover 2-3 months of expenditures, with this goal being recognized by the State Auditor and other financial oversight organizations as the threshold to reduce financial risk from high to moderate and

WHEREAS, it is recognized that having a sufficient reserve for times of financial stress and sufficient revenues to cover the costs to operate the City is critical to the mission statement of the City; and

WHEREAS, said Financial Policies are listed in Attachment "A" of this resolution; and

WHEREAS, this Resolution shall supersede any previously approved Financial Policies; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Exeter approves and confirms these updated Financial Policies.

PASSED, ADOPTED AND APPROVED this 12th day of November 2019 by the following vote:

AYES:

NOS:

ABSTAIN:

ABSENT:

MAYOR

ATTEST:

CITY CLERK Shonna Oneal

Attachment “A”

1. **Balanced Budget.** The City will adopt a budget where ongoing revenues support ongoing expenses. If a budget is proposed that does not meet this criterion, it shall be noted in the budget's adoption and a method to resolve the unsustainable budget will be stated.
2. **Budget Reserve.** The City recognizes that revenues will fluctuate and emergencies can occur. As a result, the City will seek to have an uncommitted reserve for all funds of at least 25% of annual expenses. The funding of this reserve usually will come from revenues in excess of expenditures or one-time revenues. If a fund reserve falls below the 25% objective, it shall be noted in the budget's adoption and a method to regain that level of reserve will be recommended.
3. **One-time and Unpredictable Revenues:** Large one-time or unpredictable revenues (more than \$50,000) will first be used towards building reserves to the City's goal and then shall only be used for one-time expenditures such as capital projects or specified length programs.
4. **Enterprise Rates.** Enterprises will set their rates at a level to recover operating cost, fund an adequate reserve as established by City policy and maintain the City's capital infrastructure.
5. **Investment Policy.** The City will maintain and annually review its investment policy to assure that proper controls are in place to assure the safety and liquidity of the City's cash assets.
6. **Debt Management.** The City will use debt sparingly and not to fund operating needs. Debt amortization will be no longer than the useful life of the asset.
7. **Annual Audit.** To assure accountability and transparency, the City will annually conduct a financial audit.

City of Exeter Agenda Item Transmittal

Meeting Date: November 12, 2019

Agenda Item Number: 15

Wording for Agenda: Consideration and discussion regarding potential placement of a Revenue Measure on the November 2020 ballot and provide staff general direction for preparation if desired.

Submitting Department: Administration
Contact Name: Adam Ennis
Phone Number: (559) 592-4539
Email: adam@exetercityhall.com

Department Recommendation: Staff recommends that the Council consider and discuss potential placement of a Revenue Measure on the November 2020 ballot and provide staff general direction for preparation if desired.

For action by:

☒ City Council

Regular Session:

☐ Consent Calendar

☒ Regular Item

☐ Public Hearing

Review:

**City Administrator
(Initials Required)**

ABE

Summary/Background:

The City Council has expressed concern for the fiscal health of the General Fund in the past and has directed staff to find ways for improvement. As was seen from the 2018/19 preliminary financial report improvement was realized in the last fiscal year. However, this improvement relied heavily on several short or one-time increased revenue and cost saving items along with many needs being deferred. These needs were deferred to assist in turning the financial tide but must begin being addressed soon otherwise they will create heavy financial stress to the City.

The higher revenues were primarily attributed to increases from a long-term economic climb that is predicted to end within the next year or two. Projected 2018/19 fiscal year results provide a great one-time opportunity to significantly improve the City's General Fund Reserve for weathering future short term fiscal challenges like dips in the economy and unexpected expenses or emergencies. The City will still be in the high-risk category for reserves and still not in a position to address potential future ongoing fiscal challenges and the deferred expenses. The more significant deferred items with their initially estimated annual costs are (does not include initial one-time associated costs for some items):

Public Safety

PD Officer (currently funded by grant)	\$ 115,000
2 PD Sergeants, shift supervision/administration	\$ 300,000
Additional PD Training	\$ 20,000
Code Enforcement Officer	\$ 92,000
PD Vehicle Replacement	\$ 125,000
Equipment Replacement	\$ 30,000
Fire Truck Replacement	\$ 100,000
Subtotal =	\$ 782,000

Roads

Maintenance/Repair/Replace to maintain condition	
Subtotal =	\$ 1,000,000

Parks and Recreation

Regular Tree Trimming	\$ 30,000
Restroom/Arbor Maintenance /Improvements	\$ 30,000
Online Registration/Program Materials	<u>\$ 40,000</u>

Subtotal = \$ 100,000

Building Maintenance

Police/Admin., Fire, City Hall	Subtotal = \$ 60,000
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Total = \$ 1,942,000 per year

Without additional funding, consideration of reducing and/or cutting services would be needed to keep a balanced budget and to provide the required deferred items for the remaining reduced services. Reduced or cut services could include reduced Police Officers on duty each shift, minimal road maintenance resulting in continued rapid decline of the pavement conditions, and/or elimination of recreation programs. If services are not reduced the majority of the deferred needs will require a reliable source of ongoing funding since most of the costs occur annually. The question becomes what level of quality of life versus the cost does the community desire.

The City Council reviewed the options for a potential revenue measure at their 2018 workshop and the recommendation at that time was to develop a draft plan that would be further developed through Council and community input and staff information. The recommendation was that the initial plan would be to seek a general revenue sales tax measure rather than a special revenue measure. Council requested that an item regarding a potential general Sales Tax Measure be brought to the Council for consideration once budget improvements were made and deferred needs had been assessed. The major differences between a general revenue sales tax measure and a special revenue measure would be:

Special Revenue Measure: Typically, the primary argument in favor of a special measure is that the spending plan is restricted by the terms of the measure in the future and will continue to reflect the will of the voters at the time the measure is passed, and the purposes for which that measure was adopted. The two main arguments against a special measure is that getting the 2/3 approval for the measure to pass is difficult and as needs change in the future the expenditures will continue to be restricted when it comes to meeting changing future needs.

General Revenue Sales Tax Measure: The alternative is a general measure where only a 50% +1 of the votes received is needed for the measure to pass and the spending plan can be changed without restriction in the future to meet the needs at the time. It is common with a general measure to include a rigorous oversight process for approving any spending modifications so that the City continues to receive input from the community and exercises due diligence prior to making decisions on those expenditures.

A revenue measure would increase discretionary tax revenue available for City Council's use in funding City services. The City's current discretionary revenues in the General Fund include sales tax, property tax, utility user's tax, franchise tax, transient occupancy tax, licenses, permits, etc. Areas currently funded directly by the General Fund Revenues are General Government, Parks and Recreation, Public Safety and Streets (primarily Maintenance of Effort funding requirement currently). These funds do not pay for Enterprise Fund costs such as Water, Sewer and Sanitation, which are only funded by their associated rates.

To place a revenue measure on the November 2020 election language must be submitted to the County by August 2020. Although that is almost 10 months away there are many tasks that would need to be completed in that time frame. Therefore, it will be important to make good use of the 10 months in preparation. There are several basic parts to developing and potentially implementing a Revenue Measure that will require consideration by the Council and the community including: 1) development of a starting draft of the details of the measure, 2) Council consideration and community outreach and input, 3) surveying potential support for a measure and the needs of the community, 4) developing and placing the measure language on the ballot and 5) implementing future oversight of the funding if the measure is passed. Typically, an initial proposal is developed that will begin discussions and evaluation, quite often with adjustments being made through a vetting process by Council, the community and staff.

Potential Details of a Revenue Measure

Details of a revenue measure usually begin with the needs that could be funded and the amount and type of revenue measure.

Needs: The City of Exeter has a multitude of deferred needs that have been identified. The two largest funding needs occurs in Public Safety and Street Maintenance with smaller needs in Parks and Recreation and facility maintenance in all the General Fund supported areas. In addition, to the needs being included in a spending plan an appropriate reserve should also be considered to allow for ongoing funding of items even through emergencies and economic downturns that can affect revenue.

Since the cost of needs quite often far exceed the funding provided by a revenue measure, discussion could begin with a starting draft spending plan based on percentages such as:

Reserve – 5% per year (for 5 years to develop a total of 25%)
Building Maintenance – 5% per year
Parks and Recreation – 5% per year
Public Safety and Roads split the remainder – 42.5% per year each

Many communities in the area have very similar needs and their local sales tax measures have been structured in a similar fashion.

Amount of proposed revenue measure

The next detail to be determined is the amount of the measure. Typically, sales tax revenue measures are considered in 0.25% increments up to a maximum of 2%.

Estimated annual revenues for the City of Exeter from a sales tax type revenue measure are:

0.25%	\$200,000 - \$250,000
0.5%	\$400,000 - \$500,000
0.75%	\$600,000 - \$750,000
1.0%	\$800,000 - \$1,000,000
1.25%	\$1000,000 - \$1,250,000
1.50%	\$1,200,000 - \$1,500,000

1.75%	\$1,600,000 – \$1,750,000
2.00%	\$1,600,000 – \$2,000,000

Current Tulare County Cities Current Sales Tax Rates

	County Base, %	Local, %	Total, %
City of Dinuba	7.75	0.75	8.5
City of Farmersville	7.75	1.0	8.75
City of Lindsay	7.75	1.0	8.75
City of Porterville	7.75	1.5	9.25
City of Tulare	7.75	0.5	8.25
City of Visalia	7.75	0.75	8.50
City of Woodlake	7.75	1.0	8.75
Exeter	7.75	0.0	7.75

Type of Measure Proposed

The last major detail selection involves the type of measure sought. The two main alternatives are a general or special revenue measure. Special measures can be sales, property, utility users or parcel taxes or a general obligation bond and general measures are typically sales tax measures. The primary differences are:

Special measure:

Vote required for approval	-	2/3 of votes received
Purposes		
funds may be used for		Locked (no future changes)

General Measure

Vote required for approval	-	50%+1 of votes received
Purposes for funds	-	Flexible

Potential Steps to Develop a Revenue Measure

1. Develop an initial draft plan for vetting
 - a. Gather and organize data
 - b. Present Data
 - i. City Revenue Overview
 - ii. City Expense Reductions
 - iii. Deferred Items to be addressed
 - iv. What if no revenue measure scenario
 - c. Consider Options - Quality of Life vs. Costs
2. Draft Revenue Measure Proposal to Begin Vetting
3. Vetting of Draft Revenue Measure
 - a. Community Survey
 - b. Community Presentation(s)
 - c. Community Town Hall
 - d. Community Group
 - i. Information presentations
 - ii. Questions and Discussions
 - iii. Recommendation to Council
 - e. Based on input develop Details, Spending Plan and Future Oversight of Proposed Revenue Measure

4. Professional survey of the Proposed Revenue Measure
5. Adjust Proposed Revenue Measure Language Based on Survey Results and community input
6. Prepare Ballot Language
7. Submit Ballot Language to County by August 2020
8. Certified Election Results November/December 2020

If Revenue Measure Passes

9. Develop budgets and Capital Improvement Programs based on additional revenue
10. Complete State Board of Equalization Agreements by 02/21
11. Revenue begins being received 04/21
12. Continue Revenue Measure oversight, auditing and reporting of revenues/expenditures on regular basis

Fiscal Impact: Minor impact beyond regularly budgeted items in the early stage of the development. Through the development process some activities will have associated costs such as legal and surveying. Placing an item on the ballot will also have associated costs. If a revenue measure is ultimately passed additional revenue would occur with the amount dependent on the revenue details in the passed measure.

Prior Council/Board Actions: Council discussion at the February 2018 Council Workshop regarding a potential revenue measure.

Attachments: None

Recommended motion to be made by Council/Board: I move to direct staff to develop a draft revenue measure for Council consideration for the 2020 ballot based on the direction given by Council.
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