



**MINUTES**  
**CITY OF NORCO**  
JOINT SPECIAL MEETING  
CITY COUNCIL/COMMUNITY REDEVELOPMENT AGENCY/  
NORCO FINANCING AUTHORITY  
CONFERENCE ROOMS "A" & "B"  
NORCO CITY HALL – 2870 CLARK AVENUE  
FEBRUARY 23, 2009

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1. CALL TO ORDER: Mayor Azevedo called the Joint Special Meeting to order at 6:02 p.m.
  
2. ROLL CALL:  
Mayor Kathy Azevedo, **Present**  
Mayor Pro Tem Malcolm Miller, **Present**  
Council Member Frank Hall, **Present**  
Council Member Berwin Hanna, **Present**  
Council Member Richard L. MacGregor, **Present**  
  
**Staff Present** -- Allred, Cooper, Frye, Jacobs, King, Okoro, Oulman, Paakkonen, Petree and Thompson  
  
City Attorney John Harper -- **Present**
  
3. PLEDGE OF ALLEGIANCE: Mayor Azevedo

**JOINT CITY COUNCIL/NORCO FINANCING AUTHORITY (NFA) AGENDA AS FOLLOWS:**

4. CITY COUNCIL/NFA ITEM FOR ACTION:
  - A. Issuance of the Norco Financing Authority's Enterprise Revenue Refunding Bonds, Issue of 2009

*In order to consolidate currently outstanding debt, eliminate interest rate uncertainty with respect to the City's share of the Western Riverside County Regional Wastewater Authority's 1996 Variable Rate Bonds and generate new funding for Water and Sewer Systems capital improvement projects, staff is recommending the issuance of the Norco Financing Authority's Enterprise Revenue Refunding Bonds, Issue of 2009 for an amount not exceeding \$40 million. The Bonds will provide new funds for capital improvement projects to the Water and Sewer Systems as identified in recent rate studies. The Bonds will also generate amounts necessary to refund the City's 1998 Certificates of Participation (COP), and the City's share of the Western Riverside County Regional Wastewater Authority's 1996 Variable Rate Revenue Bonds. The refunding of the 1998 COP issue and the City's share of the 1996 Bonds will provide several benefits, including: 1) conversion of a variable rate structure on the 1996 Bonds to a fixed rate structure, which will allow for stable annual debt service costs; and 2) consolidation of annual administration and reporting functions, which will reduce the cost of those functions.*

**Recommended Action to Adopt:**

**Resolution No. 2009-\_\_\_, Providing for Final Approval of an Installment Purchase Agreement, Continuing Disclosure Agreement and Preliminary Official Statement in Connection with the Issuance by the Norco Financing Authority of Not to Exceed \$40,000,000 Principal Amount of Norco Financing Authority, Enterprise Revenue Refunding Bonds, Issue of 2009; and**

**NFA Resolution No. 2009-\_\_\_, Authorizing the Issuance of Not to Exceed \$40,000,000 Principal Amount of Norco Financing Authority, Enterprise Revenue Refunding Bonds, Issue of 2009, Authorizing and Directing Execution of a Trust Agreement, Installment Purchase Agreement, Refunded Bonds Escrow Agreement, A Refunded Certificate Escrow Agreement, A Continuing Disclosure Agreement and a Bond Purchase Agreement, Authorizing the Sale of Bonds, Approving an Official Statement and Providing other Matters Properly Relating Thereto.**

(Director of Fiscal & Support Services)

Director Okoro briefly introduced this agenda item as stated in the staff report and attached resolutions and stated that additional documents are available for review in the office of the City Clerk. The Bonds will provide new funds for capital improvement projects to the Water and Sewer Systems as identified in recent rate studies. The Bonds will also generate amounts necessary to refund the City's 1998 Certificates of Participation (COP), and the City's share of the Western Riverside County Regional Wastewater Authority's 1996 Variable Rate Revenue Bonds. City Attorney Harper stated that this special meeting was required because of the critical timing required in the refunding of the bonds prior to the end of March. Doug Anderson, representing Urban Futures, presented additional information on this item. Mr. Anderson stated that the timing is good and interest rates have come down. He added that 5.2% is the expected interest rate as of today. Mr. Anderson further noted that the documents are in final form, awaiting the final numbers.

**Council/Board Member Hanna** asked if the variable rate would change to a fixed rate. Mr. Anderson stated that it would now be a fixed rate.

**Mayor/Chairman Azevedo** asked about the risk factors that were detailed. Mr. Anderson stated that these risk factors are really just standard and once the bonds are insured, the risk factors go away.

**M/S Hall/Hanna to Adopt Resolution No. 2009-06. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, HALL, HANNA, MACGREGOR & MILLER**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**M/S Hall/Hanna NFA Resolution No. 2009-01. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, HALL, HANNA, MACGREGOR & MILLER**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

ADJOURNMENT OF NFA: 6:10 p.m.

**JOINT CITY COUNCIL/COMMUNITY REDEVELOPMENT AGENCY (CRA) AGENDA AS FOLLOWS:**

**5. OTHER MATTERS – COUNCIL/AGENCY BOARD MEMBER OR STAFF:**

**A. Preliminary Overview Discussion of 2009-10 Fiscal Year Budget**

City Manager/Executive Director Allred stated that based on recent information received from our sales tax consultant, along with the downturn of the economy, revisions were made to the General Fund estimated revenues and expenditures.

Director Okoro presented the following information based on the updated information received. He noted that the highlighted figures on the handouts reflect numbers that have been adjusted.

Revenues

Property Tax:

- Current year estimated receipts have been reduced by \$60,000 due to drop off in supplemental tax receipts for the first half of the Fiscal Year.
- FY 2010 net taxable value for the City of Norco reflects a 0.7% increase before Prop 8 re-valuations, which is expected to result in a net taxable decrease of 7%.
- FY 2010 General property tax revenues from secured valuation projects are projected to decrease by 7%.

**Mayor Pro Tem/Vice Chairman Miller** asked if these amounts are taking into consideration foreclosures. Director Okoro stated that it has been taken into consideration for FY 2009.

Sales Tax is taking the biggest hit:

- FY 2009 estimated receipts have been reduced by \$556,000 based on the first quarter receipts reconciliation.
- In FY 2010, staff projects that sales tax revenues will be flat, even though the City's sales tax consultant, Hdl Companies, estimates further erosion of \$400,000 from the FY 2009 level.

Development and Engineering Fees:

- Reductions totaling \$170,000 were made in the mid-year budget adjustment based on slow down in activity.
- Activity levels are not expected to improve in FY 2010. Consequently, the projection for FY 2010 is at the same level.

### Expenditures

Wages and Salaries:

- FY 2009 budgeted wages and salaries were reduced by \$292,000 during the mid-year budget adjustments.
- FY 2010 projections assume that reductions to miscellaneous categories will continue; concessions made by safety employees will continue; and no salary adjustments will be made for either safety or miscellaneous employees.

Self Insurance Programs:

- FY 2009 budget was reduced by \$77,000 due to the return of premium.
- FY 2009 estimated amount assumes no premium return.

Contractual/Professional Services:

- The Sheriff Contract cost was reduced by \$143,000 during the FY 2009 mid-year budget adjustments.
- FY 2010 estimates assumes additional cost reductions of \$143,000 due to a full year cost savings from eliminating three Community Service Officers.
- The remaining contract cost is assumed to increase by 5% due to annual cost increases by the County.

Discussion was held regarding the Governmental Accounting Standards Board (GASB), which prescribes accounting rules for public entities approved Statement No. 45 (GASB 45), "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" in 2004. The provisions in GASB 45 require that the cost/obligations of providing post retirement medical benefits be measured on an accrual (when services are performed by employees), rather than on a pay-as-you-go basis. The provisions of GASB 45 became effective for the City of Norco on July 1, 2008. The City Council approved the execution of the Trust Agreement and other documents necessary to comply with the provisions of GASB 45 including "12-year phased-in" pre-funding of Other Post Employment Benefits (OPEB) liabilities beginning in FY 2010. The City already made a one time payment of \$1.9 million towards the Unfunded Actuarial Accrued Liability (UAAL.)

The Estimated Fiscal Year 2010 General Fund Budget Summary was discussed showing an estimated shortfall of \$2.7 million. Director Okoro noted that in FY 2009, there will be an estimated \$5.6 million in reserves, but he cautioned that the City cannot rely on that reserve to fill that shortfall. Director Okoro presented the Estimated General Fund Balance Breakdown as of July 1, 2009:

Estimated Fund Balance	\$5,636,968
Designated for Emergency Reserve – 25% of Expenditures	(4,484,836)
Designated for Future Projects	( 850,000)
Designated for Self Insurance	( 500,000)
Designated for Lease Payments	( 75,087)
Designated for Rate Stabilization	<u>( 36,500)</u>
Amount Available for Appropriation	\$( 309,455)

Director Okoro stated that he does not see the current economic cycle as an "emergency" for consideration of the use of the designated emergency reserves. Director Okoro also stated that many of the City's infrastructure projects have been funded through RDA bond proceeds (one time money) and when those bond proceeds run out, the City will need to find another source for these projects.

City Manager/Executive Director Allred again went over the details of the Estimated Fiscal Year 2010 General Fund Budget Summary and stated that if we do nothing, we will be down to a Fund Balance of \$5.6 million. And then if we do nothing again, we will be down to a Fund Balance of \$2.9 million. City Manager/Executive Director Allred presented potential Budget options as follows:

Revenue Increases:

- Sale of non-potable irrigation water to other entities
- TOT (Bed Tax) increase on November 2009 ballot

Expenditure Reductions:

- Sheriff Department staffing
- Fire Department staffing\*
- Animal Shelter operation RFQ/P
- RFQ/P for operation and maintenance of George Ingalls Equestrian Event Center (including Nellie Weaver Hall)

If not, then increase Ingalls fees to cover costs (eliminate Group 2 rates)

- Eliminate Lincoln's Birthday Holiday (President's Day holiday is observed)\*
- Cap medical insurance contributions for employees and retirees\*
- Youth sports organizations reimbursements for field lighting costs

*\*Requires "meet and confer" with employee organizations*

Discussion was held regarding the field lighting costs and what could be done to reduce those costs.

**Council/Board Member Hall** asked if staff had done any estimates for cost savings. City Manager/Executive Director Allred responded affirmatively.

Director Petree discussed the memo he wrote and included in the Agenda packet regarding the implementation of a Grounds Fee at Ingalls Park as it relates to the FY 2009-10 Budget overview.

**Mayor/Chairman Azevedo** stated she believes that the horse groups could pay per-person/horse. She is in full support of the same fee for residents/non-resident.

**Council/Board Member Hanna** stated that the fee should be per horse and not per trailer. He would like to see the manager of each event be in charge of collecting the fees and they in turn would pay the City for those fees. He further stated that it is time people learn that the free days are over and the City should charge residents and non residents the same amount. City Manager/Executive Director Allred stated that the implementation of these ground fees could be brought to Council for consideration as soon as possible.

Discussion was held regarding the future concession licensing of the George Ingalls Equestrian Event Center. It was noted that there are a number of high quality concessionaires that are interested.

6. PUBLIC COMMENTS OR QUESTIONS:

Staff inquired if a utility tax is still being considered. The City Manager stated that it is not a viable action in these difficult economic times and does not believe that a vote would pass.

**Council Member Hanna** complimented Lt. Cooper on the capture of the bank robber. He also complimented him on the new decals on the Sheriff Department vehicles.

ADJOURNMENT OF CRA: 7:15 p.m.

7. FOLLOWING A 10 MINUTE BREAK, THE CITY COUNCIL RECESSED TO CLOSED SESSION (SECTION 54954) TO CONSIDER MATTERS:

**Section 54956.8 – Conference with Real Property Negotiator**

Street Address or Parcel Number: APN 121-110-001  
Bluff Street and River Road

Negotiating Parties: City Manager Allred and Public Works Director Thompson

Points Under Negotiation: Price and Terms of Payment

**Section 54957.6 – Conference with Labor Negotiator**

Negotiating Parties: City Manager Jeff Allred, Director of Fiscal & Support Services Okoro, Human Resources Analyst Myrna Paakkonen and Fire Chief Jack Frye

Employee Organization: Norco Firefighters Association  
Norco Battalion Chiefs Association  
Norco General Employees Association  
Norco Public Works & Parks Maintenance Workers Association

8. Mayor Azevedo adjourned the Special Joint Meeting at 9:05 p.m. to the Regular Meeting of the City Council/Community Redevelopment Agency/Norco Financing Authority on Wednesday, March 4, 2009 at 6 p.m. in the City Council Chambers at 2820 Clark Avenue, Norco, California.

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BRENDA K. JACOBS  
CITY CLERK