



**AGENDA  
CITY OF NORCO**

CITY COUNCIL/COMMUNITY REDEVELOPMENT AGENCY  
REGULAR MEETING  
CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE  
DECEMBER 7, 2011

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CALL TO ORDER: 6:00 p.m.

ROLL CALL: Mayor Berwin Hanna  
Mayor Pro Tem Kevin Bash  
Council Member Kathy Azevedo  
Council Member Herb Higgins  
Council Member Harvey C. Sullivan

THE CITY COUNCIL/CRA WILL RECESS TO CLOSED SESSION (SECTION 54954)  
TO CONSIDER MATTERS:

**Conference with Legal Counsel – Anticipated Litigation**

Significant Exposure to Litigation Pursuant to Section 54956.9(c) 1 Potential Case

RECONVENE PUBLIC SESSION: 7:00 p.m.

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION (§54957.1)  
*City Attorney*

PLEDGE OF ALLEGIANCE: Council Member Sullivan

INVOCATION: Grace Fellowship Church  
*Pastor Vernie Fletcher*

PRESENTATION: Norco High School Freshman Football Team

**REORGANIZATION OF CITY COUNCIL:**

- A. Election of Mayor
- B. Election of Mayor Pro Tem

**REGULAR COMMUNITY REDEVELOPMENT AGENCY (CRA) AGENDA AS FOLLOWS:**

1. CRA CONSENT CALENDAR ITEM:
  - A. Approval of Fiscal Year 2010-2011 Annual Financial Reports of the Norco Redevelopment Agency. **Recommended Action: Approve the Reports.** (Deputy City Manager/Director of Finance)

2. OTHER CRA MATTERS:

ADJOURNMENT OF CRA:

**REGULAR CITY COUNCIL AGENDA AS FOLLOWS:**

3. CITY COUNCIL CONSENT CALENDAR ITEMS: *(All items listed under the Consent Calendar are considered to be routine and may be enacted by one motion. Prior to the motion to consider any action by the Council, any public comments on any of the Consent Items will be heard. There will be no separate action unless members of the Council or the audience request specific items be removed from the Consent Calendar. Items removed from the Consent Calendar will be separately considered under Item No. 4 of the Agenda)*
  - A. City Council Minutes:  
Special Meeting of November 29, 2011  
Regular Meeting of November 16, 2011  
**Recommended Action: Approve the City Council Minutes (City Clerk)**
  - B. Approval of the Annual Reports for Community Facilities Districts 2001-1 and 2002-1 for the Fiscal Year Ended June 30, 2011. **Recommended Action: Receive and file.** Deputy City Manager/Director of Finance)
  - C. Approval of a Resolution Amending the Norco General Employees Association Memorandum of Understanding to include two additional classifications. **Recommended Action: Adopt Resolution No. 2011 \_\_\_\_, amending the Norco General Employees Association Memorandum of Understanding dated July 1, 2010-June 30, 2012.** (Deputy City Manager/Director of Finance)
  - D. Approval of a Grant for the Acceptance of a Mass Casualty and Shelter Trailer with Supplies. **Recommended Action: Approve a Memorandum of Understanding with the Riverside County Operational Area and accept a mass care and shelter cache and trailer.** (Fire Chief)
  - E. Approval to Participate in the Riverside County Mortgage Certificate Program. **Recommended Action: Adopt Resolution No. 2011-\_\_\_\_, approving participation in the Riverside County Mortgage Credit Certificate Program.** (Housing Manager)
  - F. Acceptance of Bids and Award of Contract for the Temescal Avenue, Reservoir Drive, Detroit Street and Pedley Avenue Street Overlay Project. **Recommended Action: Award the contract for the Temescal Avenue, Reservoir Drive, Detroit Street and Pedley Avenue Street Overlay Project to All American Asphalt in the amount of \$328,000 and authorize the City Manager to approve contract change orders up to 10 percent of the contract amount.** (Public Works Director)

- G. Approval of a Contract to Purchase CXT Precast ADA Restrooms Using the State of California Department of General Services California Multiple Award Schedule (CMAS). **Recommended Action: Authorize the City Manager to execute a contract in an amount not-to-exceed \$310,000 to purchase two Precast ADA Restrooms from CXT, Precast Products Inc., using the State of California DGS CMAS Schedule.** (Director of Parks, Recreation and Community Services)
- H. Resolution Amending the Budget to Accept the California Supplemental Law Enforcement Services Fund Grant. **Recommended Action: Adopt Resolution No. 2011-\_\_\_, increasing revenue, appropriation and expenditure in the amount of \$100,000 in the Supplemental Law Enforcement Services Fund Grant.** (Lt. Cooper)
- I. Resolution Increasing Revenue, Appropriation and Expenditure in the California Office of Traffic Safety Grant Fund. **Recommended Action: Adopt Resolution No. 2011-\_\_\_, increasing revenue, appropriation and expenditure in the amount of \$64,750 in the California Office of Traffic Safety Grant Fund.** (Lt. Cooper)

4. ITEM(S) PULLED FROM CITY COUNCIL CONSENT CALENDAR:

5. LEGISLATIVE MATTERS:

***CITY COUNCIL ACTION:***

- A. City Council Member Request for Reconsideration of Ordinance No. 938 and Ordinance No. 939. **Recommended Action: 1.) Reconsider Ordinance No. 938, and 2.) Reconsider Ordinance No. 939.** (Council Member Azevedo)

***ORDINANCE SECOND READINGS: (No new evidence will be heard from the public as the public hearing has been closed regarding all items listed.)***

- B. Ordinance Amending Title 18 of the Norco Municipal Code by Amending the Provisions of Chapter 18.13 Entitled "A-1 Zone-Agricultural Low Density", Amending the Provisions that Regulate Roosters within the A-1 Zone. **Recommended Action: Adopt Ordinance No. 938 for second reading.** (City Clerk)
- C. Ordinance Amending the Norco Hills Specific Plan to Establish Provisions to Regulate Fowl and the Number of Animals not Otherwise Categorized as an Animal Unit. **Recommended Action: Adopt Ordinance No. 939 for second reading.** (City Clerk)

6. CITY COUNCIL PUBLIC HEARING:

A. Public Hearing Confirming Costs for 2011 Tumbleweed Abatement

*The 2011 Tumbleweed Abatement Report of Costs lists property owners whose vacant parcels were abated by the City's weed abatement contractor in October 2011. After Council adopts the Resolution, property owners will be invoiced for payment of the abatement.*

**Recommended Action: Adopt Resolution No. 2011-\_\_\_\_, confirming the report of costs for abatement of tumbleweeds and hazardous vegetation as a public nuisance and imposing special assessment liens on vacant parcels within the City. (Fire Chief)**

7. PUBLIC COMMENTS OR QUESTIONS - THIS IS THE TIME WHEN PERSONS IN THE AUDIENCE WISHING TO ADDRESS THE CITY COUNCIL REGARDING MATTERS NOT ON THE AGENDA MAY SPEAK. PLEASE BE SURE TO COMPLETE THE CARD IN THE BACK OF THE ROOM AND PRESENT IT TO THE CITY CLERK SO THAT YOU MAY BE RECOGNIZED.

8. OTHER MATTERS – COUNCIL:

A. Discussion Regarding Rubber-on-Wheels – An Automotive Service Business located at 1053 Sixth Street in the C-4 Zone. (Council Member Azevedo)

9. OTHER MATTERS – STAFF:

10. ADJOURNMENT:

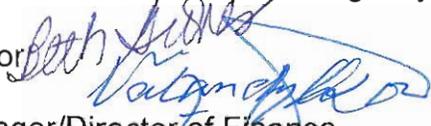
*In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk's office, (951) 270-5623. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).*

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*Staff reports are on file in the Office of the City Clerk. Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be available for public inspection at the City Clerk's Counter in City Hall located at 2870 Clark Avenue.*

## CITY OF NORCO STAFF REPORT

TO: Chairman and Members of the Norco Redevelopment Agency

FROM: Beth Groves, Executive Director 

PREPARED BY: Andy Okoro, Deputy City Manager/Director of Finance 

DATE: December 7, 2011

SUBJECT: Approval of Fiscal Year 2010-11 Annual Financial Reports of the Norco Redevelopment Agency

RECOMMENDATION: Staff recommends approval of the Fiscal Year 2010-11 Annual Financial Reports of the Norco Redevelopment Agency.

**SUMMARY:** The State of California Health and Safety Code requires redevelopment agencies in California to file various reports with the State Controller within six months of the end of the agency's fiscal year. Staff recommends that the agency board approve the attached reports which will be filed with the State Controller for the fiscal year ended June 30, 2011.

**BACKGROUND/ANALYSIS:** Health and Safety Code Section 33080.1 requires every redevelopment agency in California to file the reports listed below with the State Controller within six months of the end of the agency's fiscal year. Attached for your review are the listed reports.

- A) Audited Annual Financial Report;
- B) Redevelopment Agency Financial Transactions Report;
- C) Housing and Community Development (HCD) report on the status and use of Low and Moderate Income Housing Fund;
- D) Report on Alleviating Blight; and
- E) Land Held for Resale
- F) State Controller Fiscal Statement

Additionally, the annual audited financial report is required to be submitted to the agency's legislative body within six months from the end of the fiscal year. The Certified Public Accounting firm of Rogers, Anderson, Malody and Scott, LLP performed the Agency's

annual independent audit. Their unqualified opinion is included as part of the annual financial report. The audited report also includes the independent auditors' report on the agency's internal control over financial reporting and compliance with laws and regulations. The independent auditors' tests disclosed no instances of non-compliance with applicable laws, rules and regulations.

FINANCIAL IMPACT: N/A

/jk-79842

Attachments (City Council Only):

- Audited Annual Financial Report
- Redevelopment Agency (State Controller's) Financial Transactions Report
- Housing and Community Development (HCD) Report
- Report on Alleviating Blight
- List of Land Held for Resale
- State Controller Fiscal Statement

NORCO COMMUNITY  
REDEVELOPMENT AGENCY

( A Component Unit of the City of Norco)

REPORT ON AUDIT  
AND COMPLIANCE

FOR THE YEAR ENDED JUNE 30, 2011

**Norco Community Redevelopment Agency  
Established January, 1980**

GOVERNING BOARD

Berwin Hanna	Chairperson
Kevin Bash	Vice-Chairperson
Kathy Azevedo	Board Member
Greg Newton	Board Member
Harvey Sullivan	Board Member

OTHER OFFICIALS

Beth Groves	Executive Director
Brenda Jacobs	Secretary
John R. Harper	Agency Attorney
Andy Okoro	Agency Finance Director

**Norco Community Redevelopment Agency  
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CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

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Governing Board  
Norco Community Redevelopment Agency  
Norco, CA 92860

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Matthew B. Wilson, CPA, MSA  
Scott W. Manno, CPA  
Leena Shanbhag, CPA, MST  
Jay H. Zercher, CPA (Retired)

**MANAGERS / STAFF**

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Genivive Schwarzkopf, CPA  
Megan Hackney, CPA

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Norco Community Redevelopment Agency (the Agency), a component unit of the City of Norco, California as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these component unit financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Norco Community Redevelopment Agency as of June 30, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As explained in Note 13 of these financial statements, it is uncertain as to the future continuation of redevelopment agencies in the State of California as a result of certain legislative actions enacted by the California State Legislature.

During the year under audit, the Agency adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Rogers, Anderson, Molodtsov & Scott, LLP*

November 22, 2011

## Management's Discussions and Analysis

The management of the Community Redevelopment Agency of the City of Norco (Agency) is pleased to provide an overview of the Agency's financial activities for the fiscal year ended June 30, 2011. This overview information should be read in conjunction with the information presented in the accompanying basic financial statements.

### The Purpose of the Agency

The Agency is a component unit of the City of Norco; the City controls it and Council Members serve as the Agency's Governing Board of Directors. City employees perform all the duties and functions required of the Agency.

The Agency's purpose under California law is to eliminate urban blight in the City of Norco; it is also given certain powers under the law to assist in that endeavor. The Agency may condemn property under certain circumstances and only to the extent the City may condemn property as prescribed by the law, and it may incur indebtedness to finance redevelopment of property and related projects. The Agency may not assess or receive property taxes, but it may receive any increases in property taxes over amounts received in the year before the property in the Agency's project area became subject to redevelopment (called base year). These increases are called Property Tax Increments. One-fifth of property tax increments received must be used to fund programs that increase the supply of low- and moderate-income housing. The Agency also has agreements with other pre-existing government entities within its redevelopment area under which it passes through a portion of the property tax increment it receives.

### Fiscal Year 2011 Financial Highlights

Financial highlights for fiscal year 2011 include the following:

Agency-wide:

- The Agency's net assets decreased by \$8.4 million because total expenses incurred during the fiscal year exceeded total program revenues. The amount of expenditures was due mainly to the loss recognition of \$5.9 million for the transfer of land to the City; debt service repayments; and pass-through payments to other taxing entities as a result of changes in the tax increment sharing formula between the Agency and other taxing entities.
- Total Agency revenues were \$17.5 million compared to total expenses of \$25.8 million. Revenues include investment earnings of \$0.3 million while expenses include interest on long-term debt of \$5.2 million.

Fund Basis:

- Low and Moderate Income Housing Fund revenues were \$3.1 million and expenditures were \$1.9 million.
- Low and Moderate Income Housing Fund ending fund balance increased by \$1.1 million to \$21.7 million. Low and Moderate Income Housing Fund balance of \$21.7 million is restricted by the California Health and Safety Code which can only be used for certain eligible expenditures.
- Combined capital projects and debt service funds expenditures were \$23.3 million while revenues were \$13.9 million. Revenues include investment earnings of \$0.3 million, \$11.6 million of tax increment and \$2.0 million of intergovernmental and other revenues. Expenditures include \$8.4 million of pass-through payments; \$5.9 million of debt service; and \$9.0 million of capital project expenditures.

## **The Basic Financial Statements**

The basic financial statements comprise the Agency-wide financial statements and the fund financial statements. These two financial statements provide two different views of the Agency's financial activities and financial position.

The Agency-wide financial statements provide a long-term view of the Agency's activities as a whole and comprise the statement of net assets and statement of activities. The statement of net assets provide information about the financial position of the Agency as a whole, including capital assets and long-term liabilities on a full accrual basis of accounting similar to that used by private-sector companies. The statement of activities provides information about all the Agency's revenues and all its expenses, also on a full accrual basis, with emphasis on measuring net revenues or expenses of all of the Agency's programs. The statement of activities also explains in detail the changes in net assets for the year.

All of the Agency's activities are grouped into governmental funds because they are tax supported.

The fund financial statements report the Agency's operations in more detail than the Agency-wide statements and focus primarily on the short-term activities of the Agency's four funds. The four funds are comprised of two special revenue funds, a capital projects fund and a debt service fund. The fund financial statements measure only current financial resources including revenues, expenditures and fund balances. They exclude capital assets, long-term liabilities and other long-term amounts.

Major funds account for the major financial activities of the Agency and are presented individually, while non-major funds are presented in summary with subordinate schedules presenting the detail for each of these other funds. The Agency reports three of its funds as major funds. The purpose of each fund is explained in Note 1 to the financial statements.

### ***Agency-wide Financial Statements***

The statement of net assets and statement of activities present information about the following:

- **Governmental activities** – All of the Agency's basic services are considered to be governmental activities, including intergovernmental school district pass-through and economic development payments. General Agency revenues consisting primarily of property tax increments and investment earnings support these activities.

Agency-wide financial statements are prepared on the accrual basis of accounting, which means the focus is on measuring the flow of all economic resources of the Agency as a whole.

### ***Fund Financial Statements***

The fund financial statements provide detailed information about each of the Agency's most significant funds, called major funds. The concept of major funds, and determination of which funds are major, was established by Governmental Accounting Standards Board (GASB) Statement 34. This concept replaced the concept of combining like funds and presenting them in total. Under this concept, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. The Agency presents three funds as major funds.

Since all of the Agency's funds are governmental funds, financial statements for these funds at the fund level are prepared using the modified accrual basis of accounting, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental funds financial statements.

Comparisons of budget and actual financial information are presented only for the low and moderate income housing special revenue fund.

## Financial Activities of the Agency as a Whole

The analysis that follows focuses on the changes in the Agency's financial position as reported in the statement of net assets. As previously stated, all of the Agency's financial transactions are presented as governmental activities in the agency-wide statement of net assets and statement of activities.

During the year, the Agency's net assets decreased by \$8.4 million as a result of program expenses exceeding program revenues. This change is reflected in the statement of activities. Other financial highlights of the Agency's financial activities include:

- The Agency's total combined net assets for fiscal years ended June 30, 2011 and 2010 were \$(50.7) million and \$(42.3) million respectively. The negative net assets position reflects the inclusion in the financial statements of the outstanding balance of all long-term debts. The proceeds of these debts are generally used to finance the construction and acquisition of capital assets, which are not included in these financial statements. These capital assets are eventually turned over to the City or to private parties within the redevelopment project area.

Net assets of the Agency are classified as follows:

	<u>2011</u>	<u>2010</u>
Invested in capital assets, net of related debt	\$ 484,603	\$ 538,324
Restricted for:		
Community Development	20,522,304	24,287,604
Capital Projects	3,429,397	13,326,872
Debt Service	7,876,763	5,709,832
Unrestricted	<u>(83,001,979)</u>	<u>(86,182,704)</u>
Total net assets	<u>\$ (50,688,912)</u>	<u>\$ (42,320,072)</u>

Liabilities of the Agency are classified as follows:

	<u>2011</u>	<u>2010</u>
Current	\$ 3,295,719	\$ 3,875,448
Long-term	<u>90,804,312</u>	<u>90,804,312</u>
Total liabilities	<u>\$ 94,100,031</u>	<u>\$ 94,679,760</u>

Total long-term debt of \$90.8 million includes \$90.8 million of long-term Tax Allocation Bonds secured by future tax increment revenues.

Assets of the Agency are classified as follows:

	<u>2011</u>	<u>2010</u>
Other Assets	\$ 42,926,516	\$ 51,821,364
Capital Assets, net	<u>484,603</u>	<u>538,325</u>
Total assets	<u>\$ 43,411,119</u>	<u>\$ 52,359,689</u>

Cash and investments total \$25.6 million; total general revenues were \$17.5 million; and total program expenses were \$25.8 million.

## **Fiscal Year 2011 Governmental Activities**

The Agency's fiscal year 2011 revenue of \$17.5 million came primarily from property tax increments of \$14.4 million. Investment earnings contributed \$0.3 million and intergovernmental plus other revenues were \$2.7 million.

Agency expenses of \$25.8 million were primarily for redevelopment activities; \$12.2 million for community development; pass through payments to various agencies of \$8.4 million, and interest expense of \$5.1 million. The Agency has agreements with the school district and other agencies under which it passes through a portion of the property tax increment that it receives.

## **Fund Financial Statements**

Under the fund financial statements, the Agency reported \$9.9 million of excess expenditures and other financing uses over revenues and other financing sources. Total excess of other financing uses over other financing sources were \$2.1 million. Expenditures and other financing uses exceeded revenues and other financing sources in the debt service and capital projects funds by \$1.0 million and \$10.5 million respectively. The total fund balance at June 30, 2011 was \$39.6 million compared to \$49.5 million at June 30, 2010. It is to be noted the fund balance of \$39.6 million is restricted for expenditures regulated by the California Health and Safety Code, and \$7.9 million of that fund balance is committed for debt payments.

## **Debt Administration**

The Agency has outstanding Tax Allocation Bonds as of June 30, 2011. The Agency's overall debt management strategy is to issue debt when necessary to finance planned capital improvements provided projected future cash flows are sufficient to maintain adequate debt coverage. Debts are refunded from time to time to reduce interest costs. During the 2010 fiscal year, the Agency issued Norco Redevelopment Project Area No. One Refunding Tax Allocation Bonds – Issue of 2010 in the aggregate amount of \$24.5 million to current and advance refund existing debt at the time and improve future cash flows. Each of the Agency's debt issues are discussed in detail in Note 4 to the financial statements.

## **Cash Management**

To obtain flexibility in cash management, the City of Norco employs a pooled cash system (see the City of Norco Comprehensive Annual Financial Report for the year ended June 30, 2011) in which the Agency participates. The City invests the cash of all funds and component units in eligible securities as constrained by state law and further limited by the City's Investment Policy and bond indentures. The goals of the City of Norco's Investment Policy are safety, liquidity and yield.

## **Capital Assets**

The Agency's capital assets consist of building improvements and equipment totaling \$484,603 net of depreciation recorded for building improvements. This amount is recorded as part of the net capital assets of the Agency in the government-wide financial statements.

## **Contacting the City**

This financial report is designed to provide the citizens of Norco, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need any additional information, contact the Deputy City Manager/Director of Finance, City of Norco, 2870 Clark Avenue, Norco, California 92860, or call (909) 735-3900.

**Norco Community Redevelopment Agency**  
**Statement of Net Assets**  
**June 30, 2011**

**ASSETS**

Cash and investments	\$ 9,922,763
Cash with fiscal agents	15,696,192
Receivables:	
Accounts	7,128
Interest	80,351
Loans	10,544,315
Due from other governments	193,814
Deferred charges	1,713,078
Land held for resale	4,768,875
Capital assets, net of depreciation	<u>484,603</u>
Total assets	<u>43,411,119</u>

**LIABILITIES**

Accounts payable and accrued liabilities	619,159
Accrued interest payable	1,684,314
Retentions payable	75,664
Deferred revenue	3,343
Due to the City	913,239
Non-current liabilities:	
Due within one year	2,018,100
Due in more than one year	<u>88,786,212</u>
Total liabilities	<u>94,100,031</u>

**NET ASSETS**

Invested in capital assets	484,603
Restricted for:	
Community development	20,522,304
Capital projects	3,429,397
Debt service	7,876,763
Unrestricted	<u>(83,001,979)</u>
Total net assets	<u>\$ (50,688,912)</u>

The accompanying notes are an integral part of these financial statements.

**Norco Community Redevelopment Agency**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

**EXPENSES**

Governmental activities:	
Community development	\$ 12,240,584
Pass-through agreements	8,413,267
Interest on long-term debt	<u>5,171,019</u>
 Total program expenses	 <u>25,824,870</u>

**GENERAL REVENUES**

Taxes:	
Incremental property taxes	14,424,830
Intergovernmental	2,605,636
Investment earnings	286,518
Other	<u>139,046</u>
 Total general revenues	 <u>17,456,030</u>
 Change in net assets	 (8,368,840)
 Net assets, beginning of year	 <u>(42,320,072)</u>
 Net assets, end of year	 <u>\$ (50,688,912)</u>

The accompanying notes are an integral part of these financial statements.

**Norco Community Redevelopment Agency**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	Special Revenue	Debt Service	Capital Projects	Non-major Special Revenue	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 3,918,794	\$ -	\$ 6,003,969	\$ -	\$ 9,922,763
Cash with fiscal agents	1,707,379	7,815,188	6,173,625	-	15,696,192
Receivables:					
Accounts	-	-	7,128	-	7,128
Interest	14,706	61,575	4,070	-	80,351
Loans	9,648,759	-	387,482	508,074	10,544,315
Due from other governments	54,882	-	78,698	60,234	193,814
Advances to other funds	3,000,000	-	-	-	3,000,000
Land held for resale	3,369,583	-	1,399,292	-	4,768,875
<b>Total assets</b>	<b>\$ 21,714,103</b>	<b>\$ 7,876,763</b>	<b>\$ 14,054,264</b>	<b>\$ 568,308</b>	<b>\$ 44,213,438</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 35,120	\$ -	\$ 581,757	\$ -	\$ 616,877
Retentions payable	25,435	-	32,708	17,521	75,664
Due to City	31	-	870,495	42,713	913,239
Deferred revenue	3,343	-	-	-	3,343
Deposits payable	-	-	2,282	-	2,282
Advances from other funds	-	-	3,000,000	-	3,000,000
<b>Total liabilities</b>	<b>63,929</b>	<b>-</b>	<b>4,487,242</b>	<b>60,234</b>	<b>4,611,405</b>
Fund Balances:					
Restricted for:					
Loans and advances	12,648,759	-	387,482	447,840	13,484,081
Land held for resale	3,369,583	-	1,399,292	-	4,768,875
Low-Mod Housing	5,631,832	-	7,780,248	-	13,412,080
Grantors	-	-	-	60,234	60,234
Debt Service	-	7,876,763	-	-	7,876,763
<b>Total fund balances</b>	<b>21,650,174</b>	<b>7,876,763</b>	<b>9,567,022</b>	<b>508,074</b>	<b>39,602,033</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,714,103</b>	<b>\$ 7,876,763</b>	<b>\$ 14,054,264</b>	<b>\$ 568,308</b>	<b>\$ 44,213,438</b>

The accompanying notes are an integral part of these financial statements.

**Norco Community Redevelopment Agency  
Reconciliation of the Balance Sheet of Governmental  
Funds to the Statement of Net Assets  
June 30, 2011**

Fund balances of governmental funds	\$ 39,602,033
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	484,603
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Deferred charges	1,713,078
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds payable	(93,415,000)
Accrued interest payable	(1,684,314)
Deferred loss on refunding	2,313,868
Issuance discount	525,381
Bond premium	<u>(228,561)</u>
Net assets of governmental activities	<u>\$ (50,688,912)</u>

The accompanying notes are an integral part of these financial statements.

**Norco Community Redevelopment Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	Special Revenue	Debt Service	Capital Projects	Nonmajor Special Revenue	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,825,686	\$ -	\$ 11,599,144	\$ -	\$ 14,424,830
Intergovernmental	140,594	-	1,982,339	482,703	2,605,636
Investments earnings	30,850	209,455	46,080	133	286,518
Other	69,178	3,685	66,183	-	139,046
Total revenues	<u>3,066,308</u>	<u>213,140</u>	<u>13,693,746</u>	<u>482,836</u>	<u>17,456,030</u>
<b>EXPENDITURES</b>					
Current:					
Economic development	989,263	-	9,012,658	1,689	10,003,610
Pass-through payments	-	-	8,413,267	-	8,413,267
Debt service:					
Principal	274,000	1,671,000	-	-	1,945,000
Interest	675,667	4,182,055	-	-	4,857,722
Total expenditures	<u>1,938,930</u>	<u>5,853,055</u>	<u>17,425,925</u>	<u>1,689</u>	<u>25,219,599</u>
Excess of revenues over (under) expenditures	<u>1,127,378</u>	<u>(5,639,915)</u>	<u>(3,732,179)</u>	<u>481,147</u>	<u>(7,763,569)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (to)/from City	-	-	(2,120,969)	-	(2,120,969)
Transfers in	-	4,679,081	-	-	4,679,081
Transfers out	-	-	(4,679,081)	-	(4,679,081)
Total other financing sources (uses)	<u>-</u>	<u>4,679,081</u>	<u>(6,800,050)</u>	<u>-</u>	<u>(2,120,969)</u>
Net change in fund balances	1,127,378	(960,834)	(10,532,229)	481,147	(9,884,538)
Fund balances, beginning of year	<u>20,522,796</u>	<u>8,837,597</u>	<u>20,099,251</u>	<u>26,927</u>	<u>49,486,571</u>
Fund balances, end of year	<u>\$ 21,650,174</u>	<u>\$ 7,876,763</u>	<u>\$ 9,567,022</u>	<u>\$ 508,074</u>	<u>\$ 39,602,033</u>

The accompanying notes are an integral part of these financial statements.

**Norco Community Redevelopment Agency**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

Net change in fund balances of governmental funds \$ (9,884,538)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense that exceeded capital outlays for the period. (53,721)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net assets.

Principal payments on debt 1,945,000

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest expense (156,108)  
 Amortization of bond issuance costs (87,573)  
 Amortization of deferred charge on refunding (126,060)  
 Amortization of bond premium 16,325  
 Amortization of bond discount (22,165)

Change in net assets of governmental activities \$ (8,368,840)

The accompanying notes are an integral part of these financial statements.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**I. SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Summary of Significant Accounting Policies**

The accounting policies of the Norco Community Redevelopment Agency (the Agency) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant accounting policies.

***Description of the reporting entity***

The Agency is a component unit of a reporting entity which consists of the following oversight and component units:

Reporting Entity:

Oversight Unit:

City of Norco

Component Units:

Norco Community Redevelopment Agency  
Norco Financing Authority

Oversight responsibility is determined by such criteria as financial interdependency, selection of governing authority and designation of management, budget control, ability to significantly influence operations, etc.

The component unit financial statements contain information relative only to the Agency as a component unit which is an integral part of the total reporting entity. They do not contain financial data relating to the other reporting unit. The Agency was established on January 2, 1980 pursuant to the State of California Health and Safety Code, Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation and development of blighted areas within the territorial limits of the City of Norco.

As of June 30, 2011, the Norco Community Redevelopment Project Area No. 1 was the only project area formed by the Agency.

***Accounting and reporting policies***

The Agency has conformed to the pronouncements of the GASB, which are the primary authoritative statements of accounting principles generally accepted in the United States of America applicable to state and local governments.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 1: Summary of Significant Accounting Policies (continued)**

***Government-wide and fund financial statements***

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the reporting entity. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Currently, the Agency does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Currently, the Agency does not have any proprietary or fiduciary fund types. Major individual governmental funds are reported as separate columns in the fund financial statements.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to inter-fund activities, payables and receivables. All internal balances within the Agency have been eliminated on the statement of net assets and the statement of activities.

***Measurement focus, basis of accounting, and financial statement presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 1: Summary of Significant Accounting Policies (continued)**

Property taxes are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

The *Low-Moderate Income Housing Special Revenue Fund* is used to account for the portion of the Agency's tax increment that is required to be set aside for low- and moderate-income housing and related expenditures.

The *Debt Service Fund* is used to account for the accumulation of resources to be used for the repayment of Agency debt.

The *Capital Projects Fund* is used to account for the financial resources used in developing the project area as well as the administrative expenditures incurred in sustaining Agency activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, and then unrestricted resources as they are needed. It is also the Agency's policy to consider committed amounts as being reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balances classifications could be used.

***Deposits and investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***Receivables and payables***

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to" or "due from other funds" (i.e., the current portion of inter-fund loans). All other outstanding balances between funds are reported as "advances to" or "advances from" (i.e., the long term portion of inter-fund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Currently, the Agency does not have any business-type activities.

**Norco Community Redevelopment Agency  
Notes to Financial Statements  
June 30, 2011**

**Note 1: Summary of Significant Accounting Policies (continued)**

***Property taxes***

The County of Riverside collects property taxes for the Agency. Tax liens attach annually as of 12:01 A.M. on the first day in March preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1<sup>st</sup> to June 30<sup>th</sup>. All secured personal property taxes and one-half of the taxes on real property are due November 1<sup>st</sup>, the second installment is due February 1<sup>st</sup>. All taxes are delinquent, if unpaid, on December 10<sup>th</sup> and April 10<sup>th</sup>, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31<sup>st</sup>.

***Capital assets***

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than or equal to \$5,000 (amount not rounded) (infrastructure assets \$50,000) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the Agency are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	5 - 50
Vehicles and equipment	5 - 20
Infrastructure	10 - 50

***Compensated absences***

The Agency utilizes the Internal Service Fund of the City to account for compensated absences. The short-term portion is determined to be the amount due to employees for future absences which is attributable to services already rendered and which is expected to be paid during the next fiscal year. The total amount of liability for compensated absences is segregated between short-term and long-term as indicated above.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than two times his regular annual entitlement.

Sick leave is payable when an employee is unable to work because of illness. Upon termination, regular employees with 10 years continuous service will be paid 50% for any unused sick leave up to a maximum of 90 days of sick time. Managers and confidential employees with 5 years continuous service are paid 50% for any unused sick leave up to a maximum of 90 days of sick time.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 1: Summary of Significant Accounting Policies (continued)**

***Long-term obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

***Fund equity***

Beginning with the current fiscal year, the Agency implemented GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Non-spendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The Agency's Board establishes, modifies and/or rescinds fund balance commitments by passage of an ordinance or resolution.

***Use of estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. *Budgetary data***

*General Budget Policies*

The Governing Board approves each year's budget submitted by the Executive Director prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Governing Board. Supplemental appropriations, where required, during the period are also approved by the Board. Intradepartmental budget changes are approved by the Executive Director. In most cases, expenditures may not exceed appropriations at the function level. At fiscal year-end all operating budget appropriations were lapsed.

Budgets are prepared on the modified accrual basis of accounting. The legal level of budgetary control is the fund level within a department.

*Encumbrances*

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the governmental funds. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in-process at year-end are completed. They do not constitute expenditures or estimated liabilities.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**III. DETAIL NOTES ON ALL FUNDS**

**Note 2: Cash and Investments**

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments (pooled with City)	\$ 9,922,763
Cash with fiscal agents	<u>15,696,192</u>
Total cash and investments	<u><u>\$ 25,618,955</u></u>

Cash and investments as of June 30, 2011 consist of the following:

Pooled cash with the City of Norco	\$ 142,508
Investments	<u>25,476,447</u>
Total cash and investments	<u><u>\$ 25,618,955</u></u>

**Investments authorized by the California Government Code and the Agency's Investment Policy**

Currently, the Agency follows the City of Norco's investment policy. The table below identifies the investment types that are authorized for the Agency's investment policy. The table also identifies certain provisions of the Agency's investment policy that address interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Agency, rather than the general provisions of the California Government Code or the Agency's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of * Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
State of California Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

\* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 2: Cash and Investments (continued)**

**Investments authorized by debt agreements**

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptances	365 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Agreements	None	None	None
Certificates of Deposit, Savings Accounts, etc.	None	None	None
Municipal Obligations	None	None	None
Repurchase Agreements	None	None	None
State Investment Pools	None	None	None

**Disclosures relating to interest rate risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity:

Investment Type	Total	Remaining Maturity (in months)			
		12 or less	13 to 24	25 to 60	More than 60
State investment pool	\$ 9,625,809	\$ 9,625,809	\$ -	\$ -	\$ -
Certificates of deposit	154,445	94,550	59,895	-	-
Held by bond trustee:					
Money market funds	741,845	741,845	-	-	-
Investment contracts	3,243,016	-	-	734,450	2,508,566
Comercial paper	3,963,000	-	-	3,963,000	-
Federal agency securities	7,748,332	7,748,332	-	-	-
<b>Totals</b>	<b>\$ 25,476,447</b>	<b>\$ 18,210,536</b>	<b>\$ 59,895</b>	<b>\$ 4,697,450</b>	<b>\$ 2,508,566</b>

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 2: Cash and Investments (continued)**

**Disclosures relating to credit risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Agency's investment policy or debt agreements, and the actual rating as of year-end for each investment type.

<u>Investment Type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	<u>Not Rated</u>
State investment pool	\$ 9,625,809	N/A	-	\$ 9,625,809
Certificates of deposit	154,445	N/A	-	154,445
Held by bond trustee:				
Money market funds	741,845	AAA/Aa	AAA	-
Investment contracts	3,243,016	N/A	-	-
Commercial paper	3,963,000	N/A	A-1+/P-1/F-	-
Federal agency securities	<u>7,748,332</u>	N/A	AAA	-
<b>Total</b>	<b><u>\$ 25,476,447</u></b>			

**Concentration of credit risk**

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total Agency investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
US Bank	Commercial Paper	\$ 3,963,000
Federal Home Loan Banks	Federal Agency Securities	7,748,332

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 2: Cash and Investments (continued)**

**Custodial credit risk**

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, the City of Norco had no deposits with financial institutions in excess of federal depository insurance limits.

**Investment in State investment pool**

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$50,000,000.

**Fair value of investments**

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the Agency reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized, as revenue in the operating statement.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 3: Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning balance	Additions	Deletions	Ending balance
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Building and improvements	\$ 60,862	\$ -	\$ -	\$ 60,862
Vehicle and equipment	405,386	-	-	405,386
Infrastructure	507,000	-	-	507,000
Total capital assets, being depreciated	<u>973,248</u>	<u>-</u>	<u>-</u>	<u>973,248</u>
Less accumulated depreciation for:				
Building and improvements	(60,862)	-	-	(60,862)
Vehicle and equipment	(137,462)	(20,269)	-	(157,731)
Infrastructure	(236,600)	(33,452)	-	(270,052)
Total accumulated depreciation	<u>(434,924)</u>	<u>(53,721)</u>	<u>-</u>	<u>(488,645)</u>
Governmental activities capital assets, net	<u>\$ 538,324</u>	<u>\$ (53,721)</u>	<u>\$ -</u>	<u>\$ 484,603</u>

Depreciation expense is charged to community development in the statement of activities.

**Note 4: Long-Term Debt**

- a. A description of individual issues of bonds, notes and loans outstanding during the fiscal year ending June 30, 2011 are as follows:

In June 2000, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Bonds, Issue of 2000, in an aggregate principal amount of \$2,425,000. The bonds are dated June 1, 2000 with interest paid at a rate from 4.25% to 5.78% semi-annually on March 1 and September 1 in each year, commencing on March 1, 2001. The purpose of these bonds was to fund projects undertaken for redevelopment purposes. The bonds were refunded in April 2010 with proceeds from the 2010 Refunding Tax Allocation Bonds.

In December 2001, the Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2001, in an aggregate principal amount of \$36,000,000. The Bonds are dated December 1, 2001 with interest paid at a rate from 2.10% to 5.125% payable semiannually on March 1 and September 1, commencing on March 1, 2002. The purpose of these bonds were to defease \$18,310,000 of the Refunding Tax Allocation Bonds, Issue of 1992 and to fund projects undertaken for redevelopment purposes. Proceeds from the sale were placed in an irrevocable trust that is to be used to service the future debt service requirements of the old debt.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 4: Long-Term Debt (continued)**

In December 2001, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds (School District Pass-Through), Issue of 2001, in an aggregate principal amount of \$5,100,000. The Bonds are dated December 1, 2001 with interest paid at a rate from 2.50% to 5.50% payable semiannually on March 1 and September 1, commencing on March 1, 2002. The Bonds were issued to refund on a current basis a portion of the Norco Redevelopment Project Area No. 1, School District Capital Appreciation Tax Allocation Bonds, Issue of 1992. The Bonds were issued concurrently with and on a senior lien basis to the \$3,375,000 Norco Redevelopment Project Area No. 1 Subordinated Tax Allocation Refunding Notes (School District Pass-Through), Issue of 2001 (the Notes). The proceeds from the sale were placed in an irrevocable trust along with the proceeds of the Notes to be used to service the future debt service requirements of the old debt. The Bonds are limited obligations of the Agency payable solely from Pledged Tax Revenues otherwise required by the Pass-Through Agreement to be passed through to the Corona Norco Unified School District.

In July 2003, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Bonds, Issue of 2003, in an aggregate principal amount of \$21,500,000. The bonds are dated July 1, 2003 with interest paid at a rate from 2.00% to 4.75% semiannually on March 1 and September 1 in each year, commencing on September 1, 2003. The purpose of these bonds was to fund projects undertaken for redevelopment purposes. The bonds were advanced refunded in April 2010 with proceeds from the 2010 Refunding Tax Allocation Bonds.

In November 2004, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2004, in the aggregate principal of \$11,250,000. The bonds are dated November 22, 2004 with interest paid at a rate from 1.75% to 4.50% semiannually on March 1 and September 1 each year, commencing on March 1, 2006. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2001, to refund on a current basis the \$3,375,000 Norco Redevelopment Project Area No. 1 Subordinated Tax Allocation Refunding Notes (School District Pass-through), Issue of 2001. The bonds were also issued to fund projects undertaken for redevelopment purposes.

In December 2005, the Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2005, in the aggregate principal of \$17,245,000. The bonds are dated December 7, 2005 with interest paid at a rate from 3.00% to 4.35% semiannually on March 1 and September 1 each year, commencing on March 1, 2006. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, 2000 Tax Allocation Bonds, Norco Redevelopment Project Area No. 1, 2001 Refunding Tax Allocation Bonds and Norco Redevelopment Project Area No. 1, 2003 Tax Allocation Bonds to refund on a current basis the \$16,335,000 Norco Redevelopment Project Area No. 1, 1996 Refunding Tax Allocation Bonds. The bonds were issued to reduce future debt service payments. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt.

The reacquisition price exceeded the net carrying amount of the old debt by \$325,100. This amount is being netted against the new debt and being amortized over the remaining life of the refunded debt. The advance refunding resulted in a decrease in debt service payments over the next 20 years of \$1,257,574 and resulted in an economic gain of \$888,220.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 4: Long-Term Debt (continued)**

In April 2009, the Agency issued Norco Redevelopment Project Area No. 1 Tax Allocation Bonds (School District Pass-through), Issue of 2009, in an aggregate principal amount of \$12,200,000. The Bonds are dated March 1, 2009 with interest paid at a rate from 3.25% to 7.15% payable semiannually on March 1 and September 1, commencing on March 1, 2010. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2001, and with the Agency's previously issued Norco Redevelopment Area No. 1 Tax Allocation Refunding Bonds (School District Pass-through), Issue of 2004. The bonds are limited obligations of the Agency payable solely from Pledged Tax Revenues otherwise required by the Pass-Through Agreement to be passed through to the Corona Norco Unified School District.

In April 2010, the Agency issued Norco Redevelopment Project Area No. 1 Refunding Tax Allocation Bonds, Issue of 2010, in the aggregate principal of \$24,500,000. The bonds are dated May 11, 2010 with interest paid at a rate from 2.15% to 6.14% semiannually on March 1 and September 1 each year, commencing on March 1, 2011. The bonds were issued on a parity basis with the Agency's previously issued Norco Redevelopment Project Area No. 1, 2000 Tax Allocation Bonds, Norco Redevelopment Project Area No. 1, 2001 Refunding Tax Allocation Bonds and Norco Redevelopment Project Area No. 1, 2003 Tax Allocation Bonds to refund on a current basis the \$1,955,000 Norco Redevelopment Project Area No. 1, 2000 Tax Allocation Bonds, to advance refund the \$28,065,000 Norco Redevelopment Project Area No. 1, 2005 Refunding Tax Allocation Bonds, to fund capitalized interest and the Reserve Account, and to finance the Project Area. The bonds were issued to reduce volatility in future debt service payment requirements in an effort to improve future cash flows. A portion of the bond proceeds from the sale were placed in an irrevocable trust to be used to service the future debt service requirements of the old debt.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,196,103. This amount is being netted against the new debt and being amortized over the remaining life of the refunded debt. The advance refunding resulted in an increase in debt service payments over the next 25 years of \$22,802,534 and resulted in an economic loss of \$4,112,492.

- b. The Agency has issued \$1,915,000 of Certificates of Participation which have not been reflected in the statement of net assets because these bonds are special obligations payable solely from and secured by specific revenue sources described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City, the Agency, the State of California or any political subdivision thereof, is pledged for the payment of these certificates of participation.

**Norco Community Redevelopment Agency  
Notes to Financial Statements  
June 30, 2011**

**Note 4: Long-Term Debt (continued)**

c. The following is a schedule of changes in long-term debt of the Agency for the fiscal year ended June 30, 2011:

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
<b>Bonds</b>					
2001 Refunding tax allocation bonds	\$ 28,065,000	\$ -	\$ 1,305,000	\$ 26,760,000	\$ 1,365,000
2001 Refunding tax allocation bonds (School district)	4,120,000	-	120,000	4,000,000	125,000
2004 Tax allocation refunding bonds (School district pass-through)	9,940,000	-	255,000	9,685,000	260,000
2005 Refunding tax allocation bonds	16,805,000	-	65,000	16,740,000	65,000
2009 Tax allocation bonds (School district pass-through)	11,930,000	-	200,000	11,730,000	215,000
2010 Refunding tax allocation bonds	24,500,000	-	-	24,500,000	120,000
Subtotal bonds	95,360,000	-	1,945,000	93,415,000	2,150,000
Plus deferred amounts					
For deferred loss on refunding	(2,439,928)	-	(126,060)	(2,313,868)	(126,060)
For issuance premium	244,886	-	16,325	228,561	16,325
For issuance discount	(547,546)	-	(22,165)	(525,381)	(22,165)
Total bonds	92,617,412	-	1,813,100	90,804,312	2,018,100
Total long-term debt	\$ 92,617,412	\$ -	\$ 1,813,100	\$ 90,804,312	\$ 2,018,100

The Agency has pledged 100% of future tax increment revenue (less amounts payable by or required to be set-aside by the Agency under any pass-through agreements and by the amount required to be set-aside for low and moderate housing as required by the California Health and Safety Code) as security for the bonds (as listed below) in the amount of \$170,486,795 (total principal and interest). The Agency prefunded the low and moderate housing set-aside with proceeds from the debt for the 2000, 2001, 2003 and 2005 bonds, so 20% of the debt service payments are made from the funds set-aside in the Housing Fund. For the School District bonds as indicated below the Agency has pledged the amount of the annual pass-through to the School District to repay the bonds. The pledges are considered outstanding for the duration of the debt service requirements. Total pledged revenues for the fiscal year ended June 30, 2011, totaled \$16,407,169 with the required debt service amount of \$6,802,722 for the following Bonds:

2001 Refunding tax allocation bonds	2001 Refunding tax allocation bonds (School District)
2005 Refunding tax allocation bonds	2004 Tax allocation refunding bonds (School District)
2010 Refunding tax allocation bonds	2009 Tax allocation bonds (School District pass-through)

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 4: Long-Term Debt (continued)**

d. The following schedule illustrates the debt service requirements to maturity for bonds outstanding as of June 30, 2011:

Fiscal Years Ending June 30,	Tax Allocation Bonds	
	Principal	Interest
2012	\$ 2,150,000	\$ 5,052,942
2013	2,240,000	4,960,341
2014	2,335,000	4,860,474
2015	2,450,000	4,748,655
2016	2,570,000	4,629,773
2017-2021	14,900,000	21,100,590
2022-2026	19,110,000	16,894,539
2027-2031	24,730,000	11,268,655
2032-2036	22,930,000	3,555,825
Totals	<u>\$ 93,415,000</u>	<u>\$ 77,071,795</u>

**Note 5: Defeasance of Debt**

In prior years, the Agency defeased certain debt issues by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds and notes. Accordingly, the trust account assets and the liability for the defeased bonds and notes are not included in the Agency's financial statements. As of June 30, 2011, the 1989 Tax Allocation Bonds of \$20,240,000, the 1992 Subordinated Tax Allocation Notes of \$12,000,000, the 1992 School District Capital Appreciation TAB's, the 1992 Refunding Tax Allocation Bonds of \$19,730,000, the 1996 Refunding Tax Allocation Bonds of \$16,335,000, the 2000 Tax Allocation Bonds of \$2,425,000 and the 2003 Tax Allocation Bonds of \$21,500,000 are considered defeased.

**Note 6: Loans Receivable**

On May 22, 2007, the Agency entered into a Loan Agreement with a Developer to provide a loan of \$5,100,000 to provide a portion of the funds to finance the rehabilitation and conversion of eighty-six units of low- and very-low income housing units in Heritage Park Senior Citizen Apartment Complex. The financial assistance is in the form of a residual receipts loan which is to be repaid over a fifty-seven year affordability covenant period. The Loan is secured by a Second Deed of Trust against the property. The loan payments are 50% of the residual receipts with simple interest at 1%. The complex will remain as a low/moderate income senior housing complex over the entire term of the loan. The loan balance as of June 30, 2011 is \$4,782,345.

In December of 2008 the Agency entered into a Loan Agreement with a local automobile dealership to provide a Line of Credit not to exceed \$500,000 from which the dealer could draw from in order to maintain its operations. The Loan is secured by Promissory Note executed by the owner. The loan is payable over seven years with interest at 5.15%. The balance outstanding at June 30, 2011 is \$341,672.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 6: Loans Receivable (continued)**

***Deferred loans receivable***

The Agency administers several deferred loan programs to its low- to moderate-income residents. Balances under the Sewer Connection Fee Program are forgiven after fifteen years with the loan amount equal to the actual cost. Due to the nature of this program and the probability of forgiveness of these loans, they are not reflected on the financial statements as receivables.

First time home buyer loans are available to qualifying low- to moderate-income residents with a maximum loan amount of \$80,000. Loans are due in 30 years or upon sale or refinance of property. Deferred loans for home repairs are available to qualifying residents with a maximum loan amount of \$40,000, up to \$60,000 with executive approval. Loans are due in 15 years or refinance of property. For seniors and the disabled, the loan is not payable until sale of the property. Interest on all loans accrues at 0% to 3% per year, with 0% loans available for qualified seniors and handicapped disabled owner occupants. The 3% loan is available to qualified households without an age restriction. As of June 30, 2011, the loans amounted to \$4,866,414.

Loans are available to qualifying low- and very low-income residents through the Cal Home program to assist with the cost of rehabilitating owner-occupied residences. Loans carry interest rates of either 0% (for eligible senior citizens) or 3% (for non senior citizens). Loans are due up to 30 years after origination or in the event the property is sold or refinanced. As of June 30, 2011, the total amount of loans disbursed under the program amounted to \$508,074.

As of June 30, 2011, total loans receivable were as follows:

Automobile Dealer Loans	\$ 341,672
Cal Home Program Loans	508,074
Deferred Loans	4,866,414
Developer Loans	4,782,345
Other Capital Projects Loans	<u>45,810</u>
Totals	<u>\$ 10,544,315</u>

**Norco Community Redevelopment Agency  
Notes to Financial Statements  
June 30, 2011**

**Note 7: Risk Management**

The Agency is a member of the Public Entity Risk Management Authority (a joint powers authority of 18 California Cities and 9 special districts) for the purpose of pooling the losses and claims of general liability with those of other member cities and agencies. The Agency, through the Authority, has a self-insured retention amount of \$125,000 per occurrence. Claims above the \$125,000 up to \$1,000,000 are shared by the pool. Claims above \$1,000,000 up to \$40,000,000 are covered by excess insurance purchased through the pool.

**Note 8: Allowance for Decline in Value**

The Agency has acquired several parcels of land as part of its primary purposes. The Agency records these parcels as land held for resale in its financial records. The properties are being carried in the Capital Projects and Special Revenue Funds at the lower of cost or estimated net realizable value, until such time as there is an event which would indicate an agreed-upon sales price. At June 30, 2011, the land held for resale is being carried at a cost of \$4,768,875.

**Note 9: Inter-fund Transfers**

Fund receiving transfers	Fund making transfers	Amount
Redevelopment Debt Service	Redevelopment Capital Projects	\$ 4,679,081*
Total transfers in		<u>\$ 4,679,081</u>

\*Transfer made to pay long-term debt.

**Note 10: Contingencies**

As of June 30, 2011, in the opinion of the Agency's Administration, there are no outstanding matters which would have a significant effect on the financial position of the Agency.

**Note 11: Advances**

Advances at June 30, 2011 consist of the following:

Advances to	Advances from	Amount
Redevelopment Capital Projects	Redevelopment Special Revenue	<u>\$ 3,000,000</u>

The advance from the Low and Moderate Housing Fund to the Capital Projects Fund was to fund the required Supplemental Educational Revenue Augmentation Fund property tax shift required by the State of California (see note 12). The amount outstanding is a carrying balance from June 30, 2010.

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 12: Supplemental Educational Revenue Augmentation Fund**

On July 24, 2009, the State Legislature passed Assembly Bill (AB)X4-26, which requires redevelopment agencies statewide to deposit a total of \$2.05 billion of property tax increment in county "Supplemental" Educational Revenue Augmentation Funds (SERAF) to be distributed to meet the State's Proposition 98 obligations to schools. The SERAF revenue shift of \$2.05 billion will be made over two years, \$1.7 billion in fiscal year 2009-2010 and \$350 million in fiscal year 2010-2011. The SERAF would then be paid to school districts and the county offices of education which have students residing in redevelopment project areas, or residing in affordable housing projects financially assisted by a redevelopment agency, thereby relieving the State of payments to those schools. The Agency's share of this revenue shift was \$4,904,827 for fiscal year 2009-2010 and \$1,003,457 for fiscal year 2010-2011. Payments are to be made by May 10 of each respective fiscal year. In response to ABX4-26, the Agency funded the SERAF payment due in May 2010 with the Low/Mod Housing Fund.

The California Redevelopment Association (CRA) is the lead petitioner on a lawsuit to invalidate ABX4-26, similar to last year's successful lawsuit challenging the constitutionality of AB 1389. CRA filed the lawsuit on October 20, 2009. The lawsuit asserted that the transfer of property tax increment to the SERAF is not permitted under Article XVI, Section 16 of the California Constitution. The complaint also asserted impairment of contract and gift of public funds arguments. While the State made adjustments in ABX4-26 to address the constitutional issues raised by the Superior Court over last year's lawsuit challenging AB 1389, the Agency, along with the CRA and other California redevelopment agencies, believe that the SERAF remains unconstitutional. In May 2010, the Superior Court upheld the legality of ABX4-26. In August 2010, the CRA filed an appeal with the Third District Court. As of June 30, 2011 the district court had not reached a final decision on the August 2010 appeal.

**Note 13: Recent Changes In Legislation Affecting California Redevelopment Agencies**

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program by adopting an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter.

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that "the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012."

**Norco Community Redevelopment Agency**  
**Notes to Financial Statements**  
**June 30, 2011**

**Note 13: Recent Changes In Legislation Affecting California Redevelopment Agencies**  
**(continued)**

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in ABX1 26.

On August 17, 2011, Agency Ordinance No. 936 was adopted, indicating that the Agency will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the agency is estimated to be \$3.2 million with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$0.8 million will be due annually. The semiannual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any new debt is incurred. Assembly Bill X1 27 allows a one-year reprieve on the agency's obligation to contribute 20% of tax increment to the low- and moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments.

Management believes that the Agency will have sufficient funds to pay its obligations as they become due during the fiscal year ending June 30, 2012. The nature and extent of the operation of redevelopment agencies in the State of California beyond that fiscal year are dependent upon the outcome of litigation surrounding the actions of the state.

**Required Supplementary Information  
Norco Community Redevelopment Agency  
Budgetary Comparison Schedule – Special Revenue Fund  
For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,754,571	\$ 2,754,571	\$ 2,825,686	\$ 71,115
Intergovernmental	700,000	760,000	140,594	(619,406)
Investment earnings	20,000	20,000	30,850	10,850
Other	72,000	72,000	69,178	(2,822)
	<u>3,546,571</u>	<u>3,606,571</u>	<u>3,066,308</u>	<u>(540,263)</u>
<b>EXPENDITURES</b>				
Current:				
Economic development	1,897,759	1,586,225	989,263	596,962
Debt service:				
Principal	274,000	274,000	274,000	-
Interest	445,189	445,189	675,667	(230,478)
	<u>2,616,948</u>	<u>2,305,414</u>	<u>1,938,930</u>	<u>366,484</u>
Net change in fund balance	929,623	1,301,157	1,127,378	(173,779)
Fund balance, beginning of year	<u>20,522,796</u>	<u>20,522,796</u>	<u>20,522,796</u>	<u>-</u>
Fund balance, end of year	<u>\$ 21,452,419</u>	<u>\$ 21,823,953</u>	<u>\$ 21,650,174</u>	<u>\$ (173,779)</u>



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## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Norco Community Redevelopment Agency (the Agency), a component unit of the City of Norco, California, as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### *Internal Control Over Financial Reporting*

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a misstatement of the Agency's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Agency Board, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

*Rogers, Anderson, Molody & Scott, LLP*

November 22, 2011



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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH HEALTH AND SAFETY CODE SECTION 33081.1

### *Compliance*

We have audited the Norco Community Redevelopment Agency's (the Agency) compliance with the California Health and Safety Code as required by Section 33080.1 for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of California Redevelopment Agencies, June 2011*, issued by the State Controller and as interpreted in the *Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies, August 2011*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants.

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Agency has occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements. In our opinion, the Agency complied, in all material respects, with the compliance requirements referred to above that are applicable for the year ended June 30, 2011.

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Certified Public Accountants

### ***Internal Control Over Compliance***

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Agency's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Agency Board, others within the entity, and the State Controller's Office, Division of Accounting and Reporting and is not intended to be and should not be used by anyone other than these specified parties.

*Rogers, Anderson, Malady & Scott, LLP*

November 22, 2011

**Norco Community Redevelopment Agency  
 Computation of Low and Moderate Income Housing  
 Special Revenue Fund - Excess Surplus  
 July 1, 2010**

Opening fund balance - July 1, 2010		<u>\$ 6,049,716</u>
Adjusted balance		2,990,211
Limitation (greater of \$1,000,000 or last four years' set-aside)		
2008 - 2009	\$ 3,099,380	
2007 - 2008	3,167,575	
2006 - 2007	2,920,961	
2005 - 2006	<u>2,517,436</u>	
Total	<u>\$ 11,705,352</u>	
Base limitation	<u>\$ 1,000,000</u>	
Greater amount		<u>11,705,352</u>
Computed excess surplus - July 1, 2010		<u>\$ -</u>

**REDEVELOPMENT AGENCIES  
FINANCIAL TRANSACTIONS REPORT  
COVER PAGE**

**Norco Community Redevelopment Agency**

Fiscal Year: **2011**

ID Number: **13983358800**

**Certification:**

I hereby certify that, to the best of my knowledge and belief, the report forms fairly reflect the financial transactions of the agency in accordance with the requirements as prescribed by the California State Controller.

**Fiscal Officer**

  
\_\_\_\_\_  
Signature

*Deputy City Mgr / Director of Finance*  
\_\_\_\_\_  
Title

*N. Andy Okoro*  
\_\_\_\_\_  
Name (Please Print)

*12-7-11*  
\_\_\_\_\_  
Date

Per Health and Safety Code section 33080, this report is due within six months after the end of the fiscal year. The report is to include two (2) copies of the agency's component unit audited financial statements and the report on the Status and Use of the Low and Moderate Income Housing Fund (HCD report). To meet the filing requirements, all portions must be received by the California State Controller's Office.

Please complete, sign, and mail this cover page to either address below.

**Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
P. O. Box 942850  
Sacramento, CA 94250

**Express Mailing Address:**

State Controller's Office  
Division of Accounting and Reporting  
Local Government Reporting Section  
3301 C Street, Suite 700  
Sacramento, CA 95816

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# Norco Community Redevelopment Agency Redevelopment Agencies Financial Transactions Report

## General Information

Fiscal Year **2011**

Members of the Governing Body			
	Last Name	First Name	Middle Initial
Chairperson	Hanna	Berwin	
Member	Newton	Greg	
Member	Azevedo	Kathy	
Member	Bash	Kevin	
Member	Sullivan	Harvey	
Member			

**Mailing Address**

Street 1 2870 Clark Avenue

Street 2

City Norco State CA Zip 92860

Phone (951) 270-5645  Is Address Changed?

Agency Officials				
	Last Name	First Name	Middle Initial	Phone
Executive Director	Groves	Beth		(951) 227-5611
Fiscal Officer	Okoro	Andy		(951) 270-5650
Secretary	Jacobs	Brenda		(951) 270-5545
<b>Report Prepared By</b>				
Firm Name	Rogers, Anderson, Malody & Scott			
Last	Shea			
First	Terry			
Middle Initial	P			
Street	290 North D Street, Suite 300			
City	San Bernardino			
State	CA			
Zip Code	92401-			
Phone	(909) 869-0871			
<b>Independent Auditor</b>				
Firm Name	Rogers, Anderson, Malody & Scott			
Last	Shea			
First	Terry			
Middle Initial	P			
Street	290 North D Street, Suite 300			
City	San Bernardino			
State	CA			
Zip Code	92401-			
Phone	(909) 869-0871			

# Norco Community Redevelopment Agency Redevelopment Agencies Financial Transactions Report

## Audit Information

<p>Fiscal Year <input type="text" value="2011"/></p>	
<p>Was the Report Prepared from Audited Financial Data, and Did You Submit a Copy of the Audit?</p>	<p><input type="text" value="Yes"/></p>
<p>Indicate Financial Audit Opinion</p>	<p><input type="text" value="Unqualified"/></p>
<p>If Financial Audit is not yet Completed, What is the Expected Completion Date?</p>	<p><input type="text"/></p>
<p>If the Audit Opinion was Other than Unqualified, State Briefly the Reason Given</p>	<p><input type="text"/></p>
<p>Was a Compliance Audit Performed in Accordance with Health and Safety Code Section 33080.1 and the State Controller's Guidelines for Compliance Audits, and Did You Submit a Copy of the Audit?</p>	<p><input type="text" value="Yes"/></p>
<p>Indicate Compliance Audit Opinion</p>	<p><input type="text" value="Unqualified"/></p>
<p>If Compliance Audit is not yet Completed, What is the Expected Completion Date?</p>	<p><input type="text"/></p>
<p>If compliance opinion includes exceptions, state the areas of non-compliance, and describe the agency's efforts to correct.</p>	<div style="border: 1px solid black; height: 150px; width: 100%;"></div>

# Norco Community Redevelopment Agency Redevelopment Agencies Financial Transactions Report

## Achievement Information (Unaudited)

Fiscal Year 2011

Indicate Only Those Achievements Completed During the Fiscal Year of this Report as a Direct Result of the Activities of the Redevelopment Agency.

Please provide a description of the agency's activities/accomplishments during the past year.

*(Please be specific, as this information will be the basis for possible inclusion in the publication.)*

**Activity Report**

1. Began construction on Second Street Widening Project.
2. Began construction on Hamner Avenue Widening Project.
3. Completion of Facade Improvement Project for Back Country Chiropractic, 911 Sixth Street.
4. Completion of Facade Improvement Project for 7-Eleven at 1091 Sixth Street.
5. Completion of Restaurant Tenant Improvement project at Cafe Rustic, 2395 Hamner Avenue.

	Square Footage Completed	
	New Construction	Rehabilitated
Commercial Buildings		8,940
Industrial Buildings		
Public Buildings		
Other Buildings		
<b>Total Square Footage</b>	<b>0</b>	<b>8,940</b>
Enter the Number of Jobs Created from the Activities of the Agency		
Types Completed	ACD	

A=Utilities B=Recreation C=Landscaping D=Sewer/ Storm E=Streets/ Roads  
F=Bus/Transit

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

**Assessed Valuation Data**

**Fiscal Year      2011**

Project Area Name	Project Area No. 1
Frozen Base Assessed Valuation	260,849,450
Increment Assessed Valuation	1,357,082,553
<b>Total Assessed Valuation</b>	<b>1,617,932,003</b>

**Norco Community Redevelopment Agency  
Redevelopment Agencies Financial Transactions Report**

**Project Area Report**

**Fiscal Year**    2011

**Project Area Name**

**Project Area No. 1**

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

**Activity Report**

1. Began construction on Second Street Widening Project.
2. Began construction on Hamner Avenue Widening Project.
3. Completion of Facade Improvement Project for Back Country Chiropractic, 911 Sixth Street.
4. Completion of Facade Improvement Project for 7-Eleven at 1091 Sixth Street.
5. Completion of Restaurant Tenant Improvement project at Cafe Rustic, 2395 Hamner Avenue.

Forwarded from Prior Year?  Yes  No

Enter Code for Type of Project Area Report  P

P = Standard Project Area Report                      A = Administrative Fund  
 L = Low and Moderate Income Housing Fund        M = Mortgage Revenue Bond Program  
 O = Other Miscellaneous Funds or Programs        S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?  Yes  No

Date Project Area was Established (MM-DD-YY)  7/15/1981

Most Recent Date Project Area was Amended  7/2/2008

Did this Amendment Add New Territory?  No  Yes

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?  Yes  No

Established Time Limit:

Repayment of Indebtedness (Year Only)  2034

Effectiveness of Plan (Year Only)  2022

New Indebtedness (Year Only)  2022

Size of Project Area in Acres  4,951

Percentage of Land Vacant at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

(Enter the Appropriate Code(s) in Sequence as Shown)  RICP

R = Residential    I = Industrial    C = Commercial    P = Public    O = Other

**Norco Community Redevelopment Agency  
Redevelopment Agencies Financial Transactions Report**

Pass-Through / School District Assistance

Fiscal Year 2011  
Project Area Name Project Area No. 1

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Other Payments		
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607	Total	H & S Code Section 33445	H & S Code Section 33445.5
County	4,181,318			\$4,181,318		
Cities				\$0		
School Districts	3,400,944			\$3,400,944		
Community College Districts				\$0		
Special Districts	830,996			\$830,996		
<b>Total Paid to Taxing Agencies</b>	<b>\$8,413,258</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,413,258</b>	<b>\$0</b>	<b>\$0</b>
<b>Net Amount to Agency</b>				<b>\$6,011,572</b>		
<b>Gross Tax Increment Generated</b>				<b>14,424,830</b>		

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

**Summary of the Statement of Indebtedness - Project Area**

Fiscal Year 2011

Project Area Name	Project Area No. 1
Tax Allocation Bond Debt	93,415,000
Revenue Bonds	
Other Long Term Debt	
City/County Debt	
Low and Moderate Income Housing Fund	
Other	
<b>Total</b>	<b>\$93,415,000</b>
Available Revenues	
<b>Net Tax Increment Requirements</b>	<b>\$93,415,000</b>

Norco Community Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year   
 Project Area Name

Forward from Prior Year	<input type="text"/>	Yes	<input type="text"/>
Bond Type	<input type="text" value="Tax Allocation Bonds"/>		
Year of Authorization	<input type="text" value="2001"/>		
Principal Amount Authorized	<input type="text" value="36,000,000"/>		
Principal Amount Issued	<input type="text" value="36,000,000"/>		
Purpose of Issue	<input type="text" value="Defeas 1992 TABs/Fund Project Costs"/>		
Maturity Date Beginning Year	<input type="text" value="2002"/>		
Maturity Date Ending Year	<input type="text" value="2030"/>		
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$28,065,000"/>		
Adjustment Made During Year	<input type="text"/>		
Adjustment Explanation	<input type="text"/>		
Interest Added to Principal	<input type="text"/>		
Principal Amount Issued During Fiscal Year	<input type="text"/>		
Principal Amount Matured During Fiscal Year	<input type="text" value="1,305,000"/>		
Principal Amount Defeased During Fiscal Year	<input type="text"/>		
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$26,760,000"/>		
Principal Amount In Default	<input type="text"/>		
Interest In Default	<input type="text"/>		

**Bond Types Allowed:**  
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US/State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

Agency Long-Term Debt

Fiscal Year 2011  
 Project Area Name Project Area No. 1

Forward from Prior Year	Yes
Bond Type	Tax Allocation Bonds
Year of Authorization	2001
Principal Amount Authorized	5,100,000
Principal Amount Issued	5,100,000
Purpose of Issue	Defease 92 School District TAB
Maturity Date Beginning Year	2002
Maturity Date Ending Year	2030
Principal Amount Unmatured Beginning of Fiscal Year	\$4,120,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	120,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$4,000,000
Principal Amount In Default	
Interest In Default	

**Bond Types Allowed:**  
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State;  
 Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

Agency Long-Term Debt

Fiscal Year  Project Area Name

Forward from Prior Year	Yes
Bond Type	Tax Allocation Bonds
Year of Authorization	2004
Principal Amount Authorized	11,250,000
Principal Amount Issued	11,250,000
Purpose of Issue	Redevelopment Project Improvements B
Maturity Date Beginning Year	2004
Maturity Date Ending Year	2032
Principal Amount Unmatured Beginning of Fiscal Year	\$9,940,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	255,000
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$9,685,000
Principal Amount In Default	
Interest In Default	

**Bond Types Allowed:**  
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State;  
 Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

Agency Long-Term Debt

Fiscal Year  Project Area Name

Forward from Prior Year	Yes	
Bond Type	Tax Allocation Bonds	
Year of Authorization	2006	
Principal Amount Authorized	17,245,000	
Principal Amount Issued	17,245,000	
Purpose of Issue	Refunding Tax Allocation Bonds	
Maturity Date Beginning Year	2006	
Maturity Date Ending Year	2026	
Principal Amount Unmatured Beginning of Fiscal Year	\$16,805,000	
Adjustment Made During Year		
Adjustment Explanation		
Interest Added to Principal		
Principal Amount Issued During Fiscal Year		
Principal Amount Matured During Fiscal Year	65,000	
Principal Amount Defeased During Fiscal Year		
Principal Amount Unmatured End of Fiscal Year	\$16,740,000	
Principal Amount in Default		
Interest In Default		

**Bond Types Allowed:**  
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Norco Community Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Agency Long-Term Debt

Fiscal Year  Project Area Name

Forward from Prior Year	<input type="text" value="Yes"/>
Bond Type	<input type="text" value="Tax Allocation Bonds"/>
Year of Authorization	<input type="text" value="2009"/>
Principal Amount Authorized	<input type="text" value="12,200,000"/>
Principal Amount Issued	<input type="text" value="12,200,000"/>
Purpose of Issue	<input type="text" value="School district pass-through"/>
Maturity Date Beginning Year	<input type="text" value="2009"/>
Maturity Date Ending Year	<input type="text" value="2034"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$11,930,000"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Interest Added to Principal	<input type="text"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text" value="200,000"/>
Principal Amount Deceased During Fiscal Year	<input type="text"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$11,730,000"/>
Principal Amount In Default	<input type="text"/>
Interest In Default	<input type="text"/>

**Bond Types Allowed:**  
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State;  
 Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

Agency Long-Term Debt

Fiscal Year 2011  
 Project Area Name Project Area No. 1

Forward from Prior Year	Yes
Bond Type	Tax Allocation Bonds
Year of Authorization	2010
Principal Amount Authorized	24,500,000
Principal Amount Issued	24,500,000
Purpose of Issue	Defease 2000 and 2003 TABs
Maturity Date Beginning Year	2010
Maturity Date Ending Year	2030
Principal Amount Unmatured Beginning of Fiscal Year	\$24,500,000
Adjustment Made During Year	
Adjustment Explanation	
Interest Added to Principal	
Principal Amount Issued During Fiscal Year	
Principal Amount Matured During Fiscal Year	0
Principal Amount Defeased During Fiscal Year	
Principal Amount Unmatured End of Fiscal Year	\$24,500,000
Principal Amount in Default	
Interest In Default	

**Bond Types Allowed:**  
 Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US; State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

Norco Community Redevelopment Agency

Redevelopment Agencies Financial Transactions Report

Non-Agency Long-Term Debt

Fiscal Year  Project Area Name

Forward from Prior Year		Yes
Bond Type	Certificates of Participation	
Year of Authorization	1991	
Principal Amount Authorized	1,915,000	
Principal Amount Issued	1,915,000	
Purpose of Issue	Street Entrance Riverside Comm. College	
Maturity Date Beginning Year	1991	
Maturity Date Ending Year	2017	
Principal Amount Unmatured Beginning of Fiscal Year	970,000	
Adjustment Made During Year		
Adjustment Explanation		
Principal Amount Issued During Fiscal Year		
Principal Amount Matured During Fiscal Year		
Principal Amount Defeased During Fiscal Year		
Principal Amount Unmatured End of Fiscal Year	\$970,000	
Principal Amount in Default		
Interest in Default		

**Bond Types Allowed:**  
 Mortgage Revenue; Industrial Development; Commercial Revenue Bond; Certificate of Participation

**Norco Community Redevelopment Agency**

**Redevelopment Agencies Financial Transactions Report**

**Statement of Income and Expenditures - Revenues**

**Fiscal Year**  
**Project Area Name**

2011

Project Area No. 1

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>	11,599,144		2,825,686		\$14,424,830
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	46,213	209,455	30,860		\$286,518
Rental Income					\$0
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees	482,703		140,594		\$623,297
Other Revenues					\$0
<b>Total Revenues</b>	<b>2,048,522</b>	<b>3,686</b>	<b>69,178</b>	<b>\$0</b>	<b>\$2,121,386</b>
	<b>\$14,176,582</b>	<b>\$213,141</b>	<b>\$3,066,308</b>	<b>\$0</b>	<b>\$17,456,031</b>

**Norco Community Redevelopment Agency  
Redevelopment Agencies Financial Transactions Report**

Statement of Income and Expenditures - Expenditures

Fiscal Year 2011 Project Area Name Project Area No. 1

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	2,249,447		372,983		\$2,622,430
Professional Services	450,531		77,049		\$527,580
Planning, Survey, and Design					\$0
Real Estate Purchases					\$0
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	25,977		510,137		\$536,114
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale	5,976,145				\$5,976,145

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

Statement of Income and Expenditures - Expenditures

Fiscal Year	Project Area Name	Statement of Income and Expenditures - Expenditures					Total
		Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other		
2011	Project Area No. 1						
	Decline in Value of Land Held for Resale						\$0
	Rehabilitation Costs	195,869					\$195,869
	Rehabilitation Grants						\$0
	Interest Expense		4,182,055	675,667			\$4,857,722
	Fixed Asset Acquisitions						\$0
	Subsidies to Low and Moderate Income Housing						\$0
	Debt Issuance Costs						\$0
	Other Expenditures Including Pass-Through Payment(s)	8,529,642		29,094			\$8,558,736
	<b>Debt Principal Payments:</b>						
	Tax Allocation Bonds and Notes		1,671,000	274,000			\$1,945,000
	Revenue Bonds, Certificates of Participation, Financing Authority Bonds						\$0
	City/County Advances and Loans						\$0
	All Other Long-Term Debt						\$0
	<b>Total Expenditures</b>	\$17,427,611	\$5,853,055	\$1,938,930	\$0		\$25,219,596
	<b>Excess (Deficiency) Revenues over (under) Expenditures</b>	(\$3,251,029)	(\$5,639,914)	\$1,127,378	\$0		(\$7,763,565)

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

**Statement of Income and Expenditures - Other Financing Sources**

Fiscal Year 2011 Project Area No. 1

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County	-2,120,973				(\$2,120,973)
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)					\$0
Operating Transfers In		4,679,080			\$4,679,080
Tax Increment Transfers In					\$0
Operating Transfers Out	4,679,080				\$4,679,080
Tax Increment Transfers Out					\$0
<i>(To the Low and Moderate Income Housing Fund)</i>					
<b>Total Other Financing Sources (Uses)</b>	<b>(\$6,800,053)</b>	<b>\$4,679,080</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$2,120,973)</b>

**Norco Community Redevelopment Agency  
 Redevelopment Agencies Financial Transactions Report**

**Statement of Income and Expenditures - Other Financing Sources**

Fiscal Year 2011  
 Project Area Name Project Area No. 1

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses</b>	(\$10,051,082)	(\$960,834)	\$1,127,378	\$0	(\$9,884,538)
Equity, Beginning of Period	\$20,126,178	\$8,837,597	\$20,522,796	\$0	\$49,486,571
Prior Period Adjustments					\$0
Residual Equity Transfers					\$0
<b>Equity, End of Period</b>	<b>\$10,075,096</b>	<b>\$7,876,763</b>	<b>\$21,650,174</b>	<b>\$0</b>	<b>\$39,602,033</b>

**Norco Community Redevelopment Agency  
Redevelopment Agencies Financial Transactions Report**

**Balance Sheet - Assets and Other Debits**

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
<b>Assets and Other Debits</b>								
Cash and Imprest Cash		6,003,969		3,918,794				\$9,922,763
Cash with Fiscal Agent		6,173,625	7,815,188	1,707,379				\$15,696,192
Tax Increments Receivable		69,504		17,376				\$86,880
Accounts Receivable		7,128						\$7,128
Accrued Interest Receivable		4,070	61,575	14,706				\$80,351
Loans Receivable		895,556		9,648,759				\$10,544,315
Contracts Receivable								\$0
Lease Payments Receivable								\$0
Unearned Finance Charge								\$0
Due from Capital Projects Fund				3,000,000				\$3,000,000
Due from Debt Service Fund								\$0
Due from Low/Moderate Income Housing Fund								\$0
Due from Special Revenue/Other Funds								\$0

**Norco Community Redevelopment Agency  
Redevelopment Agencies Financial Transactions Report**

**Balance Sheet - Assets and Other Debits**

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets		69,428		37,506				\$106,934
Investments: Land Held for Resale		1,399,292		3,369,583				\$4,768,875
Allowance for Decline In Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements							567,862	\$567,862
Equipment							405,386	\$405,386
Amount Available in Debt Service Fund								\$0
Amount to be Provided for Payment of Long-Term Debt						93,415,000		\$93,415,000
<b>Total Assets and Other Debits</b>		\$14,622,572	\$7,876,763	\$21,714,103	\$0	\$93,415,000	\$973,248	\$138,601,686

*(Must Equal Total Liabilities,  
Other Credits, and Equities)*

**Norco Community Redevelopment Agency  
Redevelopment Agencies Financial Transactions Report**

**Balance Sheet - Liabilities and Other Credits**

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
<b>Liabilities and Other Credits</b>								
Accounts Payable		581,757		35,120				\$616,877
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable								\$0
Other Liabilities		965,719		28,809				\$994,528
Due to Capital Projects Fund								\$0
Due to Debt Service Fund								\$0
Due to Low/Moderate Income Housing Fund		3,000,000						\$3,000,000
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable						93,415,000		\$93,415,000
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds								\$0
All Other Long-Term Debt								\$0
<b>Total Liabilities and Other Credits</b>		<b>\$4,547,476</b>	<b>\$0</b>	<b>\$63,929</b>	<b>\$0</b>	<b>\$93,415,000</b>		<b>\$98,026,405</b>

**Norco Community Redevelopment Agency  
Redevelopment Agencies Financial Transactions Report**

**Balance Sheet - Liabilities and Other Credits**

Fiscal Year	2011	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
<b>Equities</b>							973,248	\$973,248
Investment In General Fixed Assets								
Fund Balance Reserved		10,075,096	7,876,763	21,650,174				\$39,602,033
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated								\$0
<b>Total Equities</b>		\$10,075,096	\$7,876,763	\$21,650,174	\$0		\$973,248	\$40,575,281
<b>Total Liabilities, Other Credits, and Equities</b>		\$14,622,572	\$7,876,763	\$21,714,103	\$0	\$93,415,000	\$973,248	\$138,601,686

**Norco Community Redevelopment Agency**

**Redevelopment Agencies Financial Transactions Report**

**Statement of Income and Expenditures - Summary, Combined Transfers In/Out**

Fiscal Year	2011
Operating Transfers In	<u>\$4,679,080</u>
Tax Increment Transfers In	<u>\$0</u>
Operating Transfers Out	<u>\$4,679,080</u>
Tax Increment Transfers Out	<u>\$0</u>

**NORCO REDEVELOPMENT AGENCY  
FINANCIAL TRANSACTIONS REPORT**

**PROJECT AREA ONE ACTIVITY REPORT  
FISCAL YEAR 2010-2011**

Redevelopment projects during the reporting period include:

1. Continued right-of-way acquisition on Second Street for Second Street Widening Project.
2. Continued right-of-way acquisition on Hamner Avenue for the Hamner Avenue Widening Project.
3. Completion of Façade Improvement Project for Back Country Chiropractic, 911 Sixth Street.
4. Completion of Façade Improvement Project for 7-Eleven at 1091 Sixth Street.
5. Completion of Restaurant Tenant Improvement project at Café Rustic, 2395 Hamner Avenue.

/dg - 79809

# NORCO REDEVELOPMENT AGENCY REPORT ON ALLEVIATING BLIGHT

## FISCAL YEAR 2010-2011

1. **\$60,000 Agency Expenditure:** A \$60,000 Façade Improvement Grant was approved in January 2010 by the Agency Board to further the goals of the Redevelopment Plan. Improvements on a building owned by Dr. Jennifer M. Wells and Roland Schmitz located at 911 Sixth Street were completed in December 2010.
2. **\$20,000 Agency Expenditure:** A \$20,000 Façade Improvement Grant was approved in May 2010 by the Agency Board to further the goals of the Redevelopment Plan. Improvements on a 7-Eleven Store located at 1091 Sixth Street were completed in October 2010.
3. **\$17,998 Agency Expenditure:** A Façade Improvement Grant in the amount of \$17,988 was approved by the Agency Board in January 2011 for a commercial retail building located at 2395 Hamner Avenue. The majority of the work was completed prior to year-end closing. The project was finalized in July 2011.
4. **\$20,000 Agency Expenditure:** A \$20,000 Façade Improvement Grant was approved by the Agency Board in April 2011 to further the goals of the Redevelopment Plan. Improvements to the commercial building located at 2641 Hamner Avenue were started in May 2011, and completed after year end (November 2011).
5. **\$19,965 Agency Fund Expenditure:** A \$20,000 Restaurant Tenant Improvement Grant was approved in January 2011 by the Agency Board to further the goals of the Redevelopment Plan. Improvements to Café Rustic, located at 2395 Hamner Avenue were completed in March 2011.
6. **\$5,455 Agency Fund Expenditure:** Agency expenditure for acquisition of real property along Second Street at 1885 Valley View for widening of Second Street and realignment of Valley View Avenue into Second Street.

**NORCO REDEVELOPMENT AGENCY  
STATUS OF EXCESS LAND HELD FOR RESALE**

**FY 2010-11 ACTIVITIES**

<u>DESCRIPTION</u>	<u>STATUS</u>
1. .40 acres located adjacent to 1157 Hamner Avenue: APNs 122-070-023, .35 acres, and 122-070-026, .05 acres	\$65,000 Valuation – Single Remnant Parcel (2001). Zoned commercial.
2. APNs 122-080-049, portion of 122-080-051 13,988 sq. feet (.32 ac.) INFILL PROPERTY	Paid \$90,000 (2008): Housing Infill parcel to be deeded to Habitat for Humanity <b>PENDING DUE TO STATE ACTION</b>
3. APN 130-162-039, .27 acres INFILL PROPERTY	Paid \$74,500 (2003): Housing Infill Parcel to be deeded to Habitat for Humanity <b>PENDING DUE TO STATE ACTION</b>
4. SILVERLAKES: 122 acres known as APNs: 152-060-004 – 24.35 acres 152-060-011 – 33.69 acres 152-070-001 – 19.5 acres 152-070-002 – 28.15 acres 152-070-011 – 16.2 acres	Transfer of title to Agency from City of Norco fulfilled loan Agreement for \$5.5 million between the City and the Agency. (June 2004). Currently being developed by Balboa Management Group, LLC for recreational purposes through a lease agreement with the Agency/City of Norco.
5. 7.31 acres: APN 119-020-015, 1.20 acres, known as Parcel "A" of Lot Line Adjustment recorded 01-22-08 as Instrument 2008-182957, records of Riverside County; and APN 119-020-022, 6.11 acres, known as Parcel "B" of Lot Line Adjustment recorded 03-25-08 as Instrument 2008-0211758, records of Riverside County	Purchased from RBE Norco-JFH I LLC for \$3.2 million (June 2008) for possible Low-Mod Infill or Multi-Family Housing.
6. APN 126-120-038, 1.63 acres	Paid \$1,330,000 for vacant lot on West Four Wheel Drive behind 2100 Hamner Avenue to be held for resale (December 2008). Zoned Auto Mall commercial.

**CITY OF NORCO COMMUNITY REDEVELOPMENT AGENCY  
AGENCY FISCAL STATEMENT – FY 2010-2011**

A. Amount of Outstanding Indebtedness:

- Redevelopment Project Area 1:       \$177,829,306

B. Amount of Tax Increment Generated

- Redevelopment Project Area 1:       \$14,424,830

C. Amount of Tax Increment Paid to Other Taxing Agencies Other Than Schools & RCC

- Redevelopment Project Area 1:       \$4,181,318

D. Financial Transactions Report Pursuant to Government Code Section 53891

- Please see the attached State Controller Financial Transactions Report

E. Amount Allocated to School or Community College Districts – Pass Through Payments

- Redevelopment Project Area 1:       \$3,400,944

F. The Amount of Existing Indebtedness as of FY 1991-1992 and Total Amount of Payments Required to be Paid on Existing Indebtedness for that Fiscal Year

- Redevelopment Project Area 1:       Total debt: None

G. Any other fiscal information useful to describe the Agency:

- Number of jobs created: 20

California Redevelopment Agencies-Fiscal Year 2010/2011  
 Project Area Contributions to Low and Moderate Income Housing Funds  
 Sch A Project Area Summary Report  
 NORCO

Project Area	100% of Tax Increment	20% Set Aside Requirement	Tax Increment Allocated	Amount Exempted	Amount Suspended	Tax Incr. Deposited to Hsng Fund	Percent of Tax Incr Dep	Repayment Deferrals	Other Income	Total Deposited to Housing
PROJECT 1	\$14,128,430	\$2,825,686	\$2,825,686	\$0	\$0	\$2,825,686	20%	\$0	\$240,622	\$3,066,308
Agency Totals:	\$14,128,430	\$2,825,686	\$2,825,686	\$0	\$0	\$2,825,686	20%	\$0	\$240,622	\$3,066,308

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)



California Redevelopment Agencies - Fiscal Year 2010/2011  
 Status of Low and Moderate Income Housing Funds  
 Sch C Agency Financial Summary  
 NORCO

Adjusted Beginning Balance	Project Area Receipts	Agency Other Revenue	Total Expenses	Net Resources Available	Other Housing Fund Assets	Total Housing Fund Assets	Encumbrances	* Unencumbered Balance	Unencumbered Designated	Unencumbered Not Dsgntd
\$4,652,696	\$3,066,308	\$0	\$2,087,174	\$5,631,830	\$16,018,342	\$21,650,172	\$0	\$5,631,830	\$0	\$5,631,830

Expenses	Debt Service	Housing Rehabilitation	Planning and Administration Costs	Subsidies	Total
2010/2011	\$949,667	\$659,630	\$403,910	\$73,967	\$2,087,174

\*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2010/2011  
 Status of Low and Moderate Income Housing Funds  
 Sch C Agency Financial and Program Detail  
 NORCO

	<i>Beginning Balance</i>	\$4,554,118
	<i>Adjustment to Beginning Balance</i>	\$98,578
	<i>Adjusted Beginning Balance</i>	\$4,652,696
<i>Total Tax Increment From PA(s)</i> \$2,825,686	<i>Total Receipts from PA(s)</i>	\$3,066,308
	<i>Other Revenues not reported on Schedule A</i>	\$0
	<i>Sum of Beginning Balance and Revenues</i>	\$7,719,004

<u>Expenditure</u>	<u>Item</u>	<u>Subitem</u>	<u>Amount</u>	<u>Remark</u>
<b>Debt Service</b>				
	Debt Principal Payments	Tax Allocation, Bonds & Notes	\$274,000	
	Interest Expense		\$675,667	
		<i>Subtotal of Debt Service</i>	<b>\$949,667</b>	
<b>Housing Rehabilitation</b>				
			\$659,630	
		<i>Subtotal of Housing Rehabilitation</i>	<b>\$659,630</b>	
<b>Planning and Administration Costs</b>				
	Administration Costs		\$371,133	
	Professional Services		\$32,777	
		<i>Subtotal of Planning and Administration Costs</i>	<b>\$403,910</b>	
<b>Subsidies from the LMIHF</b>				
	Other		\$73,967	Sewer Assistance: \$67,271 Deferred Loans: \$3,981 Homeless Prevention: \$1,715
		<i>Subtotal of Subsidies from the LMIHF</i>	<b>\$73,967</b>	
		<b>Total Expenditures</b>	<b>\$2,087,174</b>	
		<b>Net Resources Available</b>	<b>\$5,631,830</b>	

California Redevelopment Agencies - Fiscal Year 2010/2011  
 Status of Low and Moderate Income Housing Funds  
 Sch C Agency Financial and Program Detail  
 NORCO

Indebtedness For Setasides Deferred \$0

Other Housing Fund Assets

<u>Category</u>	<u>Amount</u>	<u>Remark</u>
SERAF Total Receivable	\$0	
Loan Receivable for Housing Activities	\$4,866,414	
Other	\$3,000,000	SERAF total receivable [Suspensions and Loans] also reported in Item 23, page 9.
Residual Receipt Loans	\$4,782,345	
Value of Land Purchased with Housing Funds	\$3,369,583	
<b>Total Other Housing Fund Assets</b>	<b>\$16,018,342</b>	
<b>Total Fund Equity</b>	<b>\$21,650,172</b>	

2006/2007	\$2920961			
2007/2008	\$3167575			
2008/2009	\$3099380	sum of 4 Previous Years' Tax Increment for 2010/2011	Prior Year Ending Unencumbered Balance	Excess Surplus for 2010/2011
2009/2010	\$2924741	\$12112657	\$4,554,118	\$0

<b>Sum of Current and 3 Previous Years' Tax Increments</b>	<b>\$12,017,382</b>
<b>Adjusted Balance</b>	<b>\$5,631,830</b>
<b>Excess Surplus for next year</b>	<b>\$0</b>
<b>Net Resources Available</b>	<b>\$5,631,830</b>
<b>Unencumbered Designated</b>	<b>\$0</b>
<b>Unencumbered Undesignated</b>	<b>\$5,631,830</b>
<b>Total Encumbrances</b>	<b>\$0</b>
<b>Unencumbered Balance</b>	<b>\$5,631,830</b>
<b>Unencumbered Balance Adjusted for Debt Proceeds</b>	<b>\$0</b>
<b>Unencumbered Balance Adjusted for Land Sales</b>	<b>\$0</b>
<b>Excess Surplus Expenditure Plan</b>	<b>No</b>
<b>Excess Surplus Plan Adoption Date</b>	

Site Improvement Activities Benefiting Households

<u>Income Level</u>	<u>Low</u>	<u>Very Low</u>	<u>Moderate</u>	<u>Total</u>
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California Redevelopment Agencies - Fiscal Year 2010/2011  
 Status of Low and Moderate Income Housing Funds  
 Sch C Agency Financial and Program Detail  
 NORCO

*Land Held for Future Development*

<u>Site Name</u>	<u>Num Of Acres</u>	<u>Zoning</u>	<u>Purchase Date</u>	<u>Estimated Start Date</u>	<u>Remark</u>
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*Use of the Housing Fund to Assist Mortgageors*

<i>Income Adjustment Factors</i>	<input type="text"/>	<i>Requirements Completed</i>	<input type="text"/>
<i>Home</i>	<input type="text" value="\$"/>	<i>Hope</i>	<input type="text" value="\$"/>

*Non Housing Redevelopment Funds Usage*

*Resource Needs*

*LMIHF Deposits/Withdrawals*

<u>Document Name</u>	<u>Document Date</u>	<u>Custodian Name</u>	<u>Custodian Phone</u>	<u>Copy Source</u>
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*Achievements*

*Description*

California Redevelopment Agencies - Fiscal Year 2010/2011  
Sch D General Project Information  
NORCO

Project Area Name: PROJECT 1

Project Name: DEFERRED LOAN PROGRAM

UNIT INVENTORY

			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Other Provided with LMIHF</u>								
<u>Unit</u>								
<b>Non-Substantial Rehabilitation</b>								
Agency	Owner	Non-Elderly	2	6	4	0	0	12
Agency	Owner	Elderly	9	4	0	0	0	13
<b>Unit Total</b>			11	10	4	0	0	25

Project Name: EMERGENCY GRANT

UNIT INVENTORY

			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Other Provided with LMIHF</u>								
<u>Unit</u>								
<b>Non-Substantial Rehabilitation</b>								
Agency	Owner	Non-Elderly	0	2	4	0	0	6
Agency	Owner	Elderly	5	14	1	0	0	20
<b>Unit Total</b>			5	16	5	0	0	26

Project Name: HOME IMPROVEMENT GRANT

UNIT INVENTORY

			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Other Provided with LMIHF</u>								
<u>Unit</u>								
<b>Non-Substantial Rehabilitation</b>								
Agency	Owner	Non-Elderly	0	1	1	0	0	2
Agency	Owner	Elderly	8	16	2	0	0	26
<b>Unit Total</b>			8	17	3	0	0	28

California Redevelopment Agencies - Fiscal Year 2010/2011  
 Sch D General Project Information  
 NORCO

Project Area Name: PROJECT 1

Project Name: S.W.A.T. SUBSIDY PROGRAM

UNIT INVENTORY

			<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Mod</u>	<u>Became Ineligible</u>	<u>Total</u>
<u>Other Provided with LMHF</u>								
		<u>Unit</u>						
<u>Subsidy</u>								
Agency	Owner	Non-Elderly	5	2	0	0	0	7
Agency	Owner	Elderly	114	54	0	0	0	168
<b>Unit Total</b>			<b>119</b>	<b>56</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>175</b>

**SCHEDULE HCD E**  
**CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES**  
*(This Form is Information Only: Actual Obligation is based on Implementation Plan)*

**Report Year: 2010/2011**

**Agency: NORCO**

**NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).**

<b>PART I</b> [H & SC Section 33413(b)(1)] <b>AGENCY DEVELOPED</b>	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low Income</u> Units (line 4 x 50%)	0
<b>PART II</b> [H & SC Section 33413(b)(2)] <b>NON-AGENCY DEVELOPED UNITS</b>	
6. New Units	0
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	0
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	0
10. Subtotal of Inclusionary Obligation Accrued this year for <u>Very Low Income</u> Units (line 9 x 40%)	0
<b>PART III</b> <b>TOTALS</b>	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	0
12. Total Increase in <u>Very Low Income</u> Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0



**MINUTES**  
**CITY OF NORCO**  
CITY COUNCIL  
SPECIAL MEETING  
CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE  
NOVEMBER 29, 2011

- 
1. CALL TO ORDER: Mayor Hanna called the meeting to order at 6:05 p.m.
  2. ROLL CALL: Mayor Berwin Hanna, **Present**  
Mayor Pro Tem Kevin Bash, **Present**  
Council Member Kathy Azevedo, **Present**  
Council Member Greg Newton, **Absent**  
Council Member Harvey C. Sullivan, **Present**
  3. PLEDGE OF ALLEGIANCE: Council Member Azevedo
  4. CITY COUNCIL CONSENT CALENDAR ITEM:
    - A. Adoption of **Resolution No. 2011-\_\_\_**, Reciting the Fact of the Regular Municipal Election held in said City on Tuesday, November 8, 2011, Declaring the Result Thereof and Such other Matters as Provided by Law.  
**Recommended Action: Adopt Resolution No. 2011-\_\_\_.** (City Clerk)

**M/S Bash/Azevedo to adopt Resolution No. 2011-69, reciting the fact of the Regular Municipal Election held in said City on Tuesday, November 8, 2011, declaring the result thereof and such other matters as provided by law. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NEWTON**  
**ABSTAIN: NONE**

5. ISSUANCE OF THE OATH OF OFFICE TO THE RECENTLY ELECTED CITY COUNCIL MEMBERS: **City Clerk Jacobs administered the oath of office to Kathy Azevedo, Berwin Hanna and Herb Higgins.**
6. PUBLIC COMMENTS:

**Vern Showalter.** Mr. Showalter congratulated the new Members of the City Council and extended his best wishes to them.
7. ADJOURNMENT: There being no further business to come before the City Council, Mayor Hanna adjourned the meeting at 6:20 p.m.

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BRENDA K. JACOBS, CMC  
CITY CLERK



**MINUTES  
CITY OF NORCO**

CITY COUNCIL  
REGULAR MEETING

CITY COUNCIL CHAMBERS – 2820 CLARK AVENUE  
NOVEMBER 16, 2011

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CALL TO ORDER: Mayor Hanna called the meeting to order at 6:00 p.m.

ROLL CALL: Mayor Berwin Hanna, **Present**  
Mayor Pro Tem Kevin Bash, **Present**  
Council Member Kathy Azevedo, **Present**  
Council Member Greg Newton, **Present**  
Council Member Harvey C. Sullivan, **Present**

**Staff Present:** Bryan, Cooper, Groves, Jacobs, King, Okoro, Petree and Thompson

City Attorney Harper – **Present**

THE CITY COUNCIL RECESSED TO CLOSED SESSION (SECTION 54954) TO CONSIDER MATTERS:

**Section 54956.9 – Conference with Legal Counsel – Existing Litigation**

Case Name: Norco Patients Care, Inc. vs City of Norco

Case Number: RIC 1116164

RECONVENE PUBLIC SESSION: Mayor Hanna reconvened the meeting at 7:00 p.m.

REPORT OF ACTION(S) TAKEN IN CLOSED SESSION (§54957.1): **City Attorney Harper stated that there were no reportable actions resulting from the item discussed in Closed Session.**

PLEDGE OF ALLEGIANCE: Mayor Hanna

INVOCATION: Corona Church of the Open Doors  
*Pastor Fred Griffin*

PRESENTATION: Certificate of Recognition  
*Dr. Jennifer Wells and  
"Jester The Wonder Mule"*

Mayor Hanna presented Dr. Wells with a certificate of recognition for her, and her mule Jester's, achievements in being a top 100 finalist on the television program America's Favorite Trail Horse Competition on October 25, 2011.

Mayor Hanna introduced and acknowledged Ms. Emily Hartley for signing a National Letter of Intent to join the Oklahoma State University NCAA Division I Equestrian Team.

1. CITY COUNCIL CONSENT CALENDAR ITEMS:

Council Member Newton pulled Items 1.D. and 1.F. for discussion.

**M/S Azevedo/Bash to adopt the remaining items as recommended on the City Council Consent Calendar. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

- A. City Council Minutes:  
Regular Meeting of November 2, 2011  
Recommended Action: **Approve the City Council Minutes** (City Clerk)
- B. Recap of Actions Taken at the Planning Commission Regular Meeting of November 9, 2011. **Recommended Action: Receive and File** (Planning Director)
- C. Procedural Step to Approve Ordinances after Reading of Title Only.  
**Recommended Action: Approval** (City Clerk)
- D. Fiscal Year 2010 - 2011 Year-End Budget to Actual Report.  
**Recommendation: Receive and file.** (Deputy City Manager/Director of Finance) **PULLED FOR DISCUSSION**
- E. Approval of a Transitional Memorandum of Understanding (MOU) with the Norco Firefighters Association (NFA), a Required Step in Implementing the Cooperative Agreement with the County of Riverside to Provide Fire Protection and Emergency Medical Services. **Recommended Action: Approve the Transitional MOU with the Norco NFA and direct the City Manager to sign and implement it.** (City Manager and Deputy City Manager/Director of Finance)
- F. Approval of an Increase in the Contract Amount with DMC Design Group, Inc. for Design Services on the Hamner Avenue Widening Project. **Recommend Action: Approve the increase to the design service contract with DMC Design Group, Inc. in the amount of \$80,000 for the Hamner Avenue Widening Project.** (Senior Engineer) **PULLED FOR DISCUSSION**

2. ITEM(S) PULLED FROM THE CITY COUNCIL CONSENT CALENDAR:

**Item 1.D.** Fiscal Year 2010 - 2011 Year-End Budget to Actual Report.  
**Recommendation: Receive and file.** (Deputy City Manager/Director of Finance)

**Council Member Newton** complimented staff on the FY 2010-2011 Year-End Budget to Actual Report, noting that even though budget is fragile, it is going in a positive direction.

**M/S Newton/Bash to receive and file the 2010-2011 Year-End Budget to Actual Report. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

Item 1.F. Approval of an Increase in the Contract Amount with DMC Design Group, Inc. for Design Services on the Hamner Avenue Widening Project. **Recommend Action: Approve the increase to the design service contract with DMC Design Group, Inc. in the amount of \$80,000 for the Hamner Avenue Widening Project.** (Senior Engineer)

**Council Member Newton** complimented staff for their work on this project.

**M/S Newton/Bash to approve the increase to the design service contract with DMC Design Group, Inc. in the amount of \$80,000 for the Hamner Avenue Widening Project. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

3. CITY COUNCIL PUBLIC HEARINGS:

- A. Proposed Projects for Use of Community Development Block Grant Funds (Program Year 2012-2013) Through the U. S. Department of Housing and Urban Development and the County of Riverside Economic Development Agency

*Applications for 2012-2013 Community Development Block Grant Funds are due to the Riverside County Economic Development Agency no later than December 15, 2011. The City has been asked to estimate funding needs based on current Program Year 2011-12. Applications for funding are being presented for consideration and approval to submit to the County for review.*

**Recommended Action: Approve the projects as submitted.** (Housing Manager)

**Housing Manager DeGrado** presented the information regarding the public hearing item.

**Mayor Hanna OPENED the public hearing, indicating that proper notification had been made and asked for the appearance of those wishing to speak. With no one wishing to speak, Mayor Hanna CLOSED the public hearing.**

**M/S Bash/Hanna to approve the proposed projects for use of Community Development Block Grant Funds (Program Year 2012-2013) as submitted. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN  
NOES: NONE  
ABSENT: NONE  
ABSTAIN: NONE**

- B. City-initiated Proposals to A.) Amend Title 18 of the Norco Municipal Code by Amending the Provisions of Chapter 18.13 Entitled "A-1 Zone-Agricultural Low Density", Amending the Provisions that Regulate Roosters within the A-1 Zone; and B.) Amend the Norco Hills Specific Plan to Establish Provisions to Regulate Fowl and the Number of Animals not Otherwise Categorized as an Animal Unit

*Based on recommendations of a sub-committee appointed by the Planning Commission, the Planning Commission adopted Resolution 2011-61 recommending a change in the number of allowed roosters on an agricultural-low density residential lot and the method used to count roosters. In addition, the Planning Commission adopted Resolution 2011-62 recommending an addition to the Norco Hills Specific Plan referring the regulation of all animals not covered by an "animal unit" to the regulations of the A-1 (Agricultural Low Density) zone.*

**Recommended Actions:**

**1.) Adopt Ordinance No. \_\_\_ for first reading, approving Zone Code Amendment 2011-04;**

**2.) Adopt Ordinance No. \_\_\_ for first reading, approving Specific Plan 91-05, Amendment 6; and**

**3.) Establish a six-month grace period for owners to either come into compliance or obtain approval of a conditional use permit; and, direct staff to bring back an amendment to the Norco Municipal Code establishing a fine. (Planning Director)**

**Planning Director King** presented the information regarding the public hearing item. He briefly noted the issues discussed by the sub-committee and the resulting recommendations to the Planning Commission. He further presented the recommendations made by the Planning Commission to the City Council.

**Council Member Newton** questioned the enforceability of the ordinance as written. Planning Director King noted that this ordinance would improve enforcement.

**Mayor Pro Tem Bash** questioned why the City has not gone in with warrants to evaluate the problems on the sites. He added that there are citizens that are concerned about their rights and the problems in the neighborhoods. He noted concern regarding how to preserve the animal-keeping nature in the City and at the same time protect the neighborhoods.

**Council Member Azevedo** received confirmation from staff that the special interest groups would not be charged a fee for a conditional use permit.

**Council Member Sullivan** noted concern regarding making changes to the fees for a conditional use permit. He received confirmation from Animal Control Supt. Charles Hemmings that Animal Control has had no problems as far as compliance.

**Director Petree** noted that the problem is defining a "rooster" for counting purposes in the current Norco Municipal Code.

**Mayor Hanna** asked Supt. Hemmings about the 25 count plus the "teen agers". Supt. Hemmings replied that when we can establish them as males, they would be counted.

**Mayor Hanna OPENED the public hearing, indicating that proper notification had been made and asked for the appearance of those wishing to speak.**

**James Hesley.** Mr. Hesley spoke in opposition to the ordinances, noting that they were written because of one person and the rest of the community is being penalized.

**Lance Gregory.** Mr. Gregory commented on the rooster/hen issue, noting that if there are clear violations they need to be enforced. He added that "rural" does not mean just horses, but it is a lifestyle. He supports the recommendation from the Planning Commission.

**Laticia Peacock.** Ms. Peacock noted that she lives adjacent to property with all of the chickens, adding that the noise has been reduced and she does not any longer smell anything.

**Brian Peacock.** Mr. Peacock stated that he is concerned about the wording regarding non-animal units and what will happen in the future. He added that he moved to Norco because it is an animal-keeping community and rural, noting that he is not bothered by the roosters next door following the action taken by the City bringing them to compliance.

**Randy Walker.** Mr. Walker spoke in opposition of the ordinances, noting that he wanted to keep the rural atmosphere in the City.

**Linda Dixon.** Ms. Dixon commented on persons that came to Norco and spoke on how their animal-keeping rights were taken away. She stated that the City has been slow in going after the ones violating our laws.

**Daniel Bove.** Mr. Bove noted that Animal Control has good ideas and the Council should listen to them, adding that the problem is site-specific and not City-wide.

**Laura Bonilla.** Ms. Bonilla commented on her positive experience raising roosters.

**Pat Overstreet.** Ms. Overstreet noted the comments made and asked where these people were when the problems in the Norco hills were discussed. She stated that she is in favor of the ordinance and does not want to see property values drop.

**Vern Showalter.** Mr. Showalter stated that the Council needs to remember that Norco is an animal-keeping City, not just a horse town. He stated that the ordinance as written is not enforceable.

**Jodie Webber.** Ms. Webber commented on her opposition to giving special interest groups fee waivers, adding that the Planning Commission could approve a variance for them instead. She also noted that a twenty-four hour notice is unreasonable, adding that the other conditions are far too onerous.

**Vo Lap.** Mr. Lap stated that he loves animals and does not want the number of roosters cut, adding that he does not want anything changed.

**Rick Verduzco.** Mr. Verduzco stated that he moved to Norco because of the rural atmosphere, noting that there is only one problem in the Norco hills. He added that he is opposed to the ordinances and does not want anything changed.

**Michael Ochoa.** Mr. Ochoa spoke in opposition of the proposed amendment to the A-1 zones, noting that the Issue is basically up in the hills.

**Robert Castellon.** Mr. Castellon stated that he lives in Norco because of the rural atmosphere, noting that he does not want to be penalized because of one person.

**Sid Sykes.** Mr. Sykes noted that this ordinance does not make sense because there are just a hand-full of people that are causing the problem.

**Russell Sykes.** Mr. Sykes commented on the economic side of this for the City.

**Robbin Grundmeyer.** Ms. Grundmeyer stated that the terminology needs to be made clear regarding roosters with age defined terms. She noted some confusion regarding who would be defined as a "special interest group." She further noted that she is really concerned as a resident regarding the passing of this ordinance.

**Dan Leach.** Mr. Leach commented on the individuals that raise roosters as a commercial endeavor. He noted that the Council needs to do something, adding that this is not conducive to their quality of life.

**Paul Braeger.** Mr. Braeger stated that twenty-five roosters on one-half acre is excessive, adding that he is in favor of the ordinances.

**Kerry Bolle.** Ms. Bolle commented on the excessive noise and the abuse of laws.

**Adam Candill.** Mr. Candill stated that his main concern is the scale of what the neighborhood is dealing with, adding that their quality of life is being affected. He stated that property is being bought for the sole reason of raising roosters.

**Vo Tu.** Mr. Tu stated that his reason for moving to Norco was for the rural atmosphere, adding that he feels that his family is being discriminated against.

**Wendy Pregler.** Ms. Pregler spoke in opposition of the ordinance, noting that her roosters are her pets.

**Kristie Taber.** Ms. Taber stated that she lives across from the first house purchased for the purpose of raising roosters. She noted that the persons raising all of the roosters are abusing the system, adding that she supports the ordinances.

**Peter Vribe.** Mr. Vribe spoke in opposition of the ordinances, noting that he works in a feed store and fears that they will lose customers.

**Celeste Tittle.** Ms. Tittle asked if this was a noise problem, and if so, pass a noise ordinance. She noted her concerns that this is the beginning of ridding Norco of its animal-keeping atmosphere, adding that she trusts the Animal Control officers and the Council should go with what they recommend.

**Ed Dixon.** Mr. Dixon commented on a possible solution to the problem.

**RECESS: Mayor Hanna recessed the City Council at 8:35 p.m.**

**RECONVENE: Mayor Hanna reconvened the City Council at 8:47 p.m.**

**Mayor Hanna CLOSED the public hearing.**

The City Council Members thanked everyone in attendance, noting that this helps them in the decision making process. They further commented on the compliance issues and the possible need to send this issue back to the Planning Commission for further discussion. The Council agreed that it all comes down to being a good neighbor.

The City Council Members commented on their concerns regarding the numbers of roosters allowed on the defined sizes of property. They agreed that they wanted to make sure the concerns of the neighborhood are met.

**M/S Sullivan/Bash to deny the Planning Commission’s recommendation and adopt Ordinance No. 938 for first reading, approving Zone Code Amendment 2011-04, with the following modification made to SECTION 1 (D) ii. of the Ordinance:**

**ii. ~~Offspring of permitted adult roosters shall not be counted in determining the permitted number of roosters on a given lot, until the offspring reach age seven months.~~ When it can be determined that a bird is a stag it shall be included in the count regardless of the age of the stag. For purposes of this section of the Municipal Code a stag is a rooster less than one year old.**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN  
NOES: NONE  
ABSENT: NONE  
ABSTAIN: NONE**

**M/S Sullivan/Bash to adopt Ordinance No. 939 for first reading, approving Specific Plan 91-05, Amendment 6.**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN  
NOES: NONE  
ABSENT: NONE  
ABSTAIN: NONE**

**4. CITY COUNCIL ACTION ITEMS:**

**A. Approval of an Ordinance of the City Council of the City of Norco Deleting Chapter 5.50 “Employment of Undocumented Workers” from the Norco Municipal Code. Code Change 2011-\_\_\_**

*On September 15, 2010, the City Council adopted Ordinance No. 927, adding Chapter 5.50 “Employment of Undocumented Workers” to the Norco Municipal Code effective as of January 1, 2011. On October 9, 2011, Assembly Bill 1236, effective January 1, 2012, was approved by the Governor and filed with the Secretary of State, which prohibits the state, or a city, county, city and county, or special district, from requiring an employer other than one of those government entities to use an electronic employment verification system except when required by federal law or as a condition of receiving federal funds. It is therefore being recommended that the Council adopt an ordinance deleting Chapter 5.50 from the Norco Municipal Code as the City’s requirement for the use of E-Verify is no longer permitted by California State law as of January 1, 2012.*

**Recommended Action: Adopt Ordinance No. \_\_\_ for first reading.  
(City Attorney)**

**City Attorney Harper** presented the information regarding the public hearing item.

**Dave Henderson.** Mr. Henderson commented on the use of E-Verify and his opposition to the new State law prohibiting the City's enforcement of it.

**City Manager Groves** stated, for the record, that the City would not have the authority to enforce the requirements set forth in the E-Verify ordinance after January 1, 2012 because of State law.

**M/S Sullivan/Newton to deny the adoption of the Ordinance.** The motion was carried by the following roll call vote:

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**B. Review of City Sign Code Requirements**

*At the regular City Council meeting on August 17, 2011, Councilman Newton requested, and the City Council approved, that an item be placed on a future agenda to discuss the creation of a working group to review the City's Sign Code. It was discussed that the working group should include Council Members and appropriate commission members, and should not be a technical discussion that would impact staffing needs. It was also discussed that a key focus should be on the effect the Sign Codes have on businesses, as well as general community clutter.*

**Recommended Actions:**

- 1.) Create an ad hoc working group to review the City's Sign Code as it relates to commercially-zoned properties and make recommendations on changes that would benefit business owners while still protecting the health and safety of the public;**
- 2.) Appoint two City Council Members to serve as members of the working group;**
- 3.) Ask the Planning Commission and the Economic Development Advisory Council (EDAC) to also appoint two members each to serve as members of the working group; and**
- 4.) Direct the working group to bring any recommended changes to the City Council by March 31, 2012. (City Manager)**

**City Manager Groves** presented the item for discussion.

The City Council Member commented on the need to address the sign issues in the City. It was noted that a goal would be to receive input from local businesses.

**Ed Dixon.** Mr. Dixon stated that he is in support of this item.

**M/S Azevedo/Bash to 1.) Create an ad hoc working group to review the City's Sign Code as it relates to commercially-zoned properties and make recommendations on changes that would benefit business owners while still protecting the health and safety of the public; 2.) Appoint Mayor Pro Tem Bash and Council Member Sullivan to serve as members of the working group; 3.) Ask the Planning Commission and the Economic Development Advisory Council (EDAC) to also appoint two members each to serve as members of the working group; and 4.) Direct the working group to bring any recommended changes to the City Council by March 31, 2012. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

**5. PUBLIC COMMENTS:**

**Randy Maroney.** Mr. Maroney commented on the property he owns on Sixth Street and the difficulty in getting the required permits for the business located on that property. He noted that the business is clean and has no fire issues and further asked for the Council for its assistance.

**Tom Maroney.** Mr. Maroney commented on the business located at 1053 Sixth Street, noting that the place is clean with no violations. He further commented on the many code violations on Sixth Street that have not been addressed. He asked for the Council's help in getting a business license for this business, adding that this is the best tenant he has ever had.

**Jason Ferguson.** Mr. Ferguson resides at and operates the business located at 1053 Sixth Street. He commented on his business and requested help from the Council to get a business license. He noted that the containers on his property are for storage and he does not have people come to his business location, adding that he wants to be legal, but does not have money for a conditional use permit required for the containers.

**Jodie Webber.** Ms. Webber requested that the Specific Plans be placed on the City's website, adding that she would donate time to help scan them. She also asked about an update on the LMD No. 4 drains and how much money was spent and how much is left following the completion of the project.

**Dave Henderson.** Mr. Henderson thanked Council Member Newton for his service on the Council following his appointment after the passing of Malcolm Miller. He wanted to publically state "job well done and he is proud to call him his friend."

**Vern Showalter.** Mr. Showalter stated that he would like to serve on the sign committee. He commented on the tire shop business on Sixth Street and noted that it is a very clean-oriented business and the big issue is that he lives on the property. He also stated that he would request that the City let Sacramento know why the Council opposed overturning the E-Verify Ordinance.

6. OTHER MATTERS – COUNCIL:

**Mayor Hanna** presented Council Member Newton with a plaque recognizing his service to the people of the City of Norco as a City Council Member in 2011.

**Council Member Newton** stated that he was honored that he was asked to fulfill the remainder of Malcolm Miller's Council term.

**Council Member Newton:**

- ↓ Commented on a Golden Business Award that will be presented to Valley City Fence from Assemblyman Jeff Miller, noting that he had nominated them for the award.

**Mayor Pro Tem Bash:**

- ↓ Commented on the Thanksgiving dinners donated by the Kiwanis for the Senior Citizens in Norco and also commented on the "Miracle on Sixth Street."
- ↓ Noted the December 7<sup>th</sup> event to be held commemorating the 70<sup>th</sup> anniversary of the Navy in Norco, adding that he would like to see a good showing.
- ↓ Stated that there will be a Holiday Concert at the Senior Center on December 15<sup>th</sup>.
- ↓ Requested that the City Council recognize the Norco High School Freshman Football team at the next Council meeting for its undefeated season.
- ↓ Stated that Council Member Newton patrolled the trails in the Norco hills and added that he will be missed. He further noted that Council Member Newton is a numbers cruncher and helped save the City of Norco in making wise financial decisions.

**Council Member Azevedo:**

Recommended that the issue with the Rubber on Wheels business be placed on the next City Council agenda for discussion.

**M/S Azevedo/Bash to place an item on the next City Council agenda for discussion regarding the issue with Jason Ferguson (Rubber on Wheels business). The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

- ↓ Commented on the Parade of Lights to be held on December 3<sup>rd</sup> and asked staff if the decorations on Sixth Street will be put up on time. Director Petree stated that staff is in the process of putting up the banners and the wreaths.
- ↓ Received confirmation that Temescal Avenue will be resurfaced at a minimum from Second Street to Fourth Street.

**Council Member Sullivan:**

Recommended that an item be placed under "Other Matters" on a City Council agenda for discussion regarding the City's adopted specific plans.

**M/S Sullivan/Newton to place an item under "Other Matters" on a City Council agenda for discussion regarding the City's adopted specific plans. The motion was carried by the following roll call vote:**

**AYES: AZEVEDO, BASH, HANNA, NEWTON, SULLIVAN**  
**NOES: NONE**  
**ABSENT: NONE**  
**ABSTAIN: NONE**

- ↓ Commented on the upcoming Horse Expo in Pomona to be held from February 2 – 4, 2012, noting the possibility of the City sharing a booth with the Mustang Heritage Foundation at the event.
- ↓ Reported that Dr. Jennifer Wells will receive a Golden Business Award from Assemblyman Miller.
- ↓ Thanked Council Member Newton for his service on the City Council.

**Mayor Hanna:**

- ↓ Thanked Council Member Newton for everything he has done and noted that he has been an asset to the City.
- ↓ Reported that Thrifty Horse will receive a Golden Business Award from Assemblyman Miller.
- ↓ Stated that he has donated \$300 for the Senior Citizen breakfasts and \$300 to the Parade of Lights from his remaining campaign funds.

7. OTHER MATTERS – STAFF:

**City Manager Groves:**

- ↓ Stated that the Parks, Recreation & Community Services Department staff created a circulation plan for the Parade of Lights events with shuttles running for attendees.
- ↓ On behalf of the City staff, she thanked Council Member Newton for his efforts and service as a City Council Member.

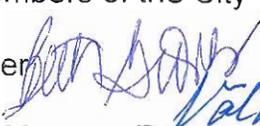
8. ADJOURNMENT: There being no further business to come before the City Council, Mayor Hanna adjourned the meeting at 10:35 p.m.

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BRENDA K. JACOBS, CMC  
CITY CLERK

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Andy Okoro, Deputy City Manager/Director of Finance 

DATE: December 7, 2011

SUBJECT: Approval of the Annual Reports for Community Facilities Districts 2001-1 and 2002-1 for the Fiscal Year Ended June 30, 2011

RECOMMENDATION: Staff recommends that the City Council receive and file the Annual Reports for Community Facilities Districts 2001-1 and 2002-1 for the Fiscal Year Ended June 30, 2011.

**SUMMARY:** Staff is recommending that the City Council receive and file the City's annual reports for Community Facilities Districts 2001-1 and 2002-1 for fiscal year ended June 30, 2011. This report has been prepared to meet the requirements Government Code Section 50075.3

**BACKGROUND/ ANALYSIS:** Government Code Section 50075.3 requires the Chief Fiscal Officer of a levying local agency to file a report with its governing body at least once a year on Community Facilities Districts formed on or after January 1, 2001. The report is to contain information on the amount of funds collected and expended as well as information on the status of any project required or authorized to be funded by the Community Facilities Districts (CFD).

CFD 2001-1 (Norco Ridge Ranch) was approved by the Council on February 2, 2001 and by the qualified electors, being the land owners, within the boundaries of the District on April 18, 2001. The completed public improvements financed with the Bonds issued by the District included the reconstruction of sanitary facilities; construction of domestic and reclaimed water transmission and storage facilities; storm drain facilities, including storm drains, channels, detention, retention and/or cache basins; street improvements including curbs, gutters, striping, lighting, signalization, signage; public walls and barriers; dry utilities; Horse arena improvements; and public park, recreation and/or open space facilities. These improvements have been completed and accepted for maintenance by the City.

CFD 2002-1 (KB Norco 50) was approved by the Council on March 20, 2002 and by the qualified electors on November 6, 2002. The proceeds of the CFD Bonds issued were used to pay for public improvements consisting of sewer, water, storm drain and street

improvements. The improvements also included curbs, gutters, asphalt pavement, equestrian trail, parkway trees and irrigation. All improvements have been completed and accepted by the City for maintenance since September 21, 2005.

Attachments 1 and 2 provide summary of fiscal year 2010/2011 revenues and expenditures for CFD Districts 2001-1 and 2002-1 respectively. Revenues consist of assessment levies on property owners and interest income. Revenues derived from the assessment are used to pay for debt service on the Bonds issued to finance the improvements which benefit property owners in each District. During the fiscal year ended June 30, 2011, District 2001-1 generated total revenues of \$2,446,576 and made total expenditures of \$2,228,507 while District 2002-1 generated total revenues of \$177,080 and made total expenditures of \$472,483 including "Bond Call" of \$310,000.

FINANCIAL INPACT: This report is for information only.

/jk-79702

Attachments: 1) Financial Report for CFD 2001-1  
2) Financial Report for CFD 2002-1

City of Norco  
Statement of Sources and Uses of Funds  
Community Facilities District 2001-1  
(Norco Ridge Ranch)  
Fiscal Year Ended June 30, 2011

Beginning Fund Balance		\$ 2,844,856
Revenues:		
CFD 2001-1 Assessments	2,418,556	
Transfer from Debt Service Reserve Fund	6,776	
Interest Income	<u>21,244</u>	
 Total Revenues		 2,446,576
Expenditures:		
Debt Service	2,145,544	
Administrative and Miscellaneous	<u>82,963</u>	
 Total Expenditures		 <u>2,228,507</u>
Excess (Deficient) of Revenues over Expenditures		<u>218,069</u>
Ending Fund Balance		<u><u>\$ 3,062,925</u></u>

City of Norco  
 Statement of Sources and Uses of Funds  
 Community Facilities District 2002-1  
 (KB Norco 50)  
 Fiscal Year Ended June 30, 2011

Beginning Fund Balance		\$ 430,188
Revenues:		
CFD 2002-1 Assessments	176,848	
Interest Income	232	
Total Revenues		177,080
Expenditures:		
Current Year Debt Service	146,756	
Bond Call	310,000	
Transfer to Debt Service Reserve Fund	1,038	
Administrative and Miscellaneous	14,689	
Total Expenditures		472,483
Excess (Deficient) of Revenues Over Expenditures		(295,403)
Ending Fund Balance		\$ 134,785

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Andy Okoro, Deputy City Manager/Director of Finance 

DATE: December 7, 2011

SUBJECT: Approval of a Resolution Amending the Norco General Employees Association Memorandum of Understanding to include two additional classifications

RECOMMENDATION: Adopt **Resolution No. 2011 \_\_\_**, amending the Norco General Employees Association Memorandum of Understanding dated July 1, 2010-June 30, 2012

**SUMMARY:** In order to accommodate changes in job duties made as a result of eliminating two positions from the FY 2011-2012 budget for the Animal Control Division, staff is requesting City Council approval to reclassify one of the existing Animal Control Officer positions to Senior Animal Control Officer. Additionally, due to the transition of City of Norco fire safety employees to State Civil Service employment, staff is recommending approval from City Council to move the position of Fire Prevention Specialist from the Norco Firefighters Association Bargaining Unit to the Norco General Employees (NGEA) Bargaining Unit effective January 1, 2012.

**BACKGROUND/ANALYSIS:** As part of the FY 2011-2012 budget, two full-time positions were eliminated from Animal Control Division. The eliminated positions were Animal Control Supervisor and Kennel Officer. The elimination of these positions resulted in re-assignment of duties with increased responsibility for one of the Animal Control Officer positions. A new job specification for the position of Senior Animal Control Officer has been prepared to recognize the changes in job duties. Staff is recommending that the City Council approve the attached job specification for Senior Animal Control Officer. This position will be represented by the Norco General Employees Association.

Effective January 2012, City of Norco fire safety employees will transition to State Civil Service employment and the Fire Prevention Specialist (non-safety) will remain a City of Norco employee. The current memorandum of understanding with the Norco General Employees Association does not include representation for the Fire Prevention Specialist position. Staff is recommending that this position be added to the NGEA Bargaining Unit for employer-employee relations representation purposes. The City has conferred with the NGEA on this matter and both parties agree to the inclusion of this position in the NGEA MOU.

NGEA MOU Amendments

Page 2

December 7, 2011

FINANCIAL IMPACT: Funding for these positions was included in the FY2011-2012 adopted operating budget.

Attachments: Resolution No. 2011-\_\_\_\_

/mp-79773

## RESOLUTION NO. 2011-\_\_\_\_\_

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, AMMENDING THE NORCO GENERAL EMPLOYEES MEMORANDUM OF UNDERSTANDING DATED JULY 1, 2010-JUNE 30, 2012**

WHEREAS, two full-time positions were eliminated from the Animal Control Division as part of the FY 2011-2012 budget; and

WHEREAS, re-assignment of duties resulted in increased responsibility for one of the Animal Control Officer positions; and

WHEREAS, a new job specification for Senior Animal Control officer has been prepared to recognize the changes in job duties; and

WHEREAS, effective January 2012, City of Norco fire safety employees will transition to State civil Service employment ; and

WHEREAS, the Fire Prevention Specialist (non-safety) will remain a City of Norco employee; and

WHEREAS, a memorandum of understanding was approved by City Council resolution on November 3, 2010; and

WHEREAS, effective January 1, 2012, the Norco General Employees Association will be the sole representative for the Fire Prevention Specialist and Senior Animal Control Officer; and

WHEREAS, employees in these classifications are non-exempt under the provisions of the Federal Fair Labor Standards Act.

NOW THEREFORE, BE IT RESOLVED that effective January 1, 2012, the Norco General Employees Association Memorandum of Understanding dated July 1, 2010 – June 30, 2012 shall be amended as follows:

#### Article 2. RECOGNITION

The following classifications shall be added to Subsection 1:

Fire Prevention Specialist  
Senior Animal Control Officer

Those Sections and Subsections, other than those listed in this Resolution, and as set forth in the Norco General Employees Association Memorandum of Understanding dated July 1, 2010 – June 30, 2012, shall be upheld and shall remain effective.

Resolution No. 2011-\_\_\_\_\_  
Page 2  
December 7, 2011

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on December 7, 2011.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, City Clerk of the City of Norco, California do hereby certify that the foregoing Resolution was introduced and adopted by the City Council of the City of Norco at a regular meeting held on December 7, 2011 by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California on December 7, 2011.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

/mp-79772

## SENIOR ANIMAL CONTROL OFFICER

**SALARY:** \$39,384 - \$47,871

**DEFINITION:**

To perform, lead and oversee the enforcement of municipal ordinances governing the control of animals; court appearances and case management; respond to animal emergencies; and to educate the public on animal care, ownership/ordinance requirements. Under general supervision, patrols streets and provides animal control and animal protection services for the City of Norco.

**ESSENTIAL FUNCTIONS:**

Essential functions, as defined under the Americans with Disabilities Act, may include the following tasks, knowledge, skills and other characteristics. This list of tasks is ILLUSTRATIVE ONLY, and is not a comprehensive listing of all functions and tasks performed by positions in this class.

**TYPICAL DUTIES & RESPONSIBILITIES:**

Leads, assigns, directs and reviews the work of assigned staff train assigned and other support staff in work procedures; conducts field training of new personnel; reviews staff report writing and citation preparation; assists staff with preparation of court appearances, testimony, and evidence collection. Interprets, reviews and revises field operational policies.

Patrols City for stray animals; investigates reports of animal abuse, nuisances and related code enforcement issues and takes appropriate corrective action; explains ordinances to public; issues citations for violations of state and City animal control laws and ordinances; prepares and files citations in court; appears and testifies in court; maintains and updates records and files.

Feeds and cares for animals impounded at the animal shelter; assists public with animal adoption, care and licensing; euthanizes and disposes of animals as necessary; monitors rodeos, dog shows and other special animal related events; issues citations for illegal parking, unregistered vehicles and other related violations; performs other related duties as assigned.

**CLASS CHARACTERISTICS:**

This is the advanced journey or lead class in the Animal Control Officers series. Incumbents perform the full range of duties as assigned and receive only occasional instruction or assistance as new or unusual situations arise, and are fully aware of the operating procedures and policies of the work unit. Employees in this class are distinguished from the Animal Control Officer class in that the Senior level provides technical and /or functional guidance over assigned staff. This is a general employee position in the Animal Control Division of the Parks, Recreation and Community Services Department. This position performs a variety of animal welfare duties.

**CONTACTS AND RELATIONSHIP:**

This position has the majority of its interaction with the public, and other City employees.

**QUALIFICATION GUIDELINES:**

The knowledge and abilities which are required to perform the duties and responsibilities of this class are as follows:

**SENIOR ANIMAL CONTROL OFFICER**

**DESIRABLE QUALIFICATIONS:**

Experience: Four years of experience as an Animal Control Officer working with animals.

Education: High School Diploma or equivalent. Graduation from an Animal Control Academy. Possess POST 832. Certificate requirements: First Aid, CPR, Chemical Capture and Euthanasia within six months of employment.

Knowledge: Knowledge of animal control laws, rules, and regulations; domestic, wild and large animal control and handling and rescue methods and techniques. Knowledge of public relations, education, and training method and techniques. Knowledge of City codes and ordinances; principles of supervision; instruction and training; and problem solving techniques.

Ability: Skill in handling, rescuing and caring for wild and domestic animals. Skill in developing and implementing a variety of educational programs. Skill in oral and written communications and in establishing and maintaining effective working relationships. Ability to analyze situations quickly and objectively, and recognize actual and potential dangerous situations, and determine proper course of action. Use good leadership skills. Make sound decisions.

**A typical way to obtain the knowledge and abilities is as follows:**

Education: Learn animal control laws, rules, and regulations by taking classes or attending an academy.

AND

Experience: Obtain experience in handling animals. Any combination of experience and education that would provide the required knowledge and skills would be qualifying.

License Required: Valid California Drivers' License with good driver record.

**PHYSICAL REQUIREMENTS**

Work is performed in animal shelter and outdoor environments. Work requires frequent standing, walking, bending, and lifting up to 100 pounds. Maybe exposed to sick, injured, and dead wild and domestic animals, moving equipment and machinery, irate citizens, extreme weather, moving traffic, uneven terrain, infectious diseases and air and water borne pathogens.

**SUPERVISION RECEIVED** Superintendent

**SUPERVISION EXERCISED** None.

**FAIR LABOR STANDARDS ACT DESIGNATION:** Non-Exempt

**FIRE PREVENTION SPECIALIST**

**SALARY:** \$42,555 - \$51,726

**DEFINITION:**

Under general supervision, performs technical fire prevention inspection and enforcement tasks to insure compliance with applicable codes to include state and local fire, life and safety and building codes and ordinances; provides information to the public regarding fire safety practices and procedures and performs related work as required.

**ESSENTIAL FUNCTIONS:**

Essential functions, as defined under the Americans with Disabilities Act, may include the following tasks, knowledge, skills and other characteristics. This list of tasks is ILLUSTRATIVE ONLY, and is not a comprehensive listing of all functions and tasks performed by positions in this class.

**TASKS:**

Fire Prevention Specialist is a non-sworn technical class in the Fire Department with duties specifically related to the inspection of a variety of structures for compliance with applicable codes and ordinances. Inspects single story and multi-story commercial and industrial buildings and private and public facilities to determine compliance with fire safety codes and ordinances. Identifies and recommends correction of common fire and life safety hazards; issues notices, warnings and written evaluations. Checks building plans and installation of sprinkler systems, fire alarm systems and other fire protection devices and equipment for compliance with applicable codes. Checks a variety of other plans and issues permits as required. Performs new occupancy inspections and verifies business licenses as needed. Inspects care facilities and other licensed occupancies. Uses a personal computer and applicable software to prepare detailed inspection reports and a variety of other reports and correspondence.

Advises a variety of individuals on requirements related to hazardous processes and operations regarding hazardous chemicals, flammable liquids and highly combustible materials. Collects, analyzes and evaluates data. Makes oral presentations and gives demonstrations to a variety of groups and operates audio-visual, videotape and photographic equipment. Develops and participates in public information and education programs and prepares pamphlets, brochures and other informational and educational materials. Drives a vehicle on City business. Maintains inspection records and technical and statistical data. Responds to public inquiries and complaints related to fire safety matters, investigates complaints and performs follow up work on complaint resolution. Performs other projects/tasks as assigned.

The Fire Prevention Specialist has substantial contact with the public, requiring diplomacy and tact when dealing with code violations and policies. Other contact is established and maintained with departmental staff, other City employees, other City departments and other governmental agencies involved in enforcement activities.

**CLASS CHARACTERISTICS:** This is a general employee position in the Fire Department. It is a Miscellaneous position for retirement purposes.

**CONTACTS AND RELATIONSHIP:**

This position has the majority of its interaction with the public, and other City employees.

**QUALIFICATION GUIDELINES:**

The knowledge and abilities which are required to perform the duties and responsibilities of this class are as follows:

**DESIRABLE QUALIFICATIONS:**

Experience: One year of direct and responsible public contact work to include making oral presentations to groups. Some inspection/investigation related experience is helpful but not required

Education: Graduation from high school or equivalent. Some college course work or formal training in Fire Science, Fire Technology or a closely related field.

Knowledge: Knowledge of inspection principles and practices. Knowledge of methods of making oral presentations to groups. Knowledge of basic report writing. Knowledge of English usage, spelling and grammar. Knowledge of research methods and techniques.

Ability: Ability to learn, interpret, explain and enforce applicable fire and City codes and ordinances. Ability to learn to read and comprehend plans and specifications. Ability to learn practices, procedures and methods used in fire inspection. Ability to learn procedures and applications used in various types of construction. Ability to use good judgment and make sound decisions in accordance with established procedures and policies. Ability to analyze, compile and evaluate data. Ability to communicate effectively orally and in writing. Ability to understand and follow oral and written directions independently. Ability to meet the public with fact and courtesy. Ability to prepare clear and concise reports and correspondence and record data. Ability to operate a personal computer and use applicable software. Ability to establish and maintain effective relationships with those contacted in the course of work.

License Required: Valid California Drivers' License with good driver record.

**PHYSICAL REQUIREMENTS:**

Work is performed in office and field work site environments. Work requires frequent standing, walking, climbing, crawling, bending and lifting up to 35 pounds. May be exposed to irate and hostile individuals, extreme weather, construction sites, enclosed spaces and heights.

**SUPERVISION RECEIVED:** Fire Chief

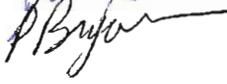
**SUPERVISION EXERCISED:** None

**FAIR LABOR STANDARDS ACT DESIGNATION:** Non-Exempt

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Peter Bryan, Fire Chief 

DATE: December 7, 2011

SUBJECT: Approval of a Grant for the Acceptance of a Mass Casualty and Shelter Trailer with Supplies

RECOMMENDATION: Approve a Memorandum of Understanding (MOU) with the Riverside County Operational Area and accept a mass care and shelter cache and trailer.

**SUMMARY:** In 2008, the Riverside County Operational Area identified a need to equip and distribute mass care and shelter supplies within geographic locations of the County. In 2010, the County secured funding from the U.S. Department of Homeland Security. Norco Fire Department applied for one of the cache supplies, on behalf of the City of Norco. We have been notified that the grants are approved and supplies are being assigned.

**BACKGROUND/ANALYSIS:** The mass care and shelter cache supplies will be housed in trailers in various locations. The supplies will provide care for 100 persons. The housing agencies are required to secure, maintain, license, insure, and regularly inspect the supplies and trailer. Restocking of supplies are the responsibility of any agency who uses the supplies. The supplies must be available through the Operational Area through mutual aid.

The City has the option to accept or reject housing for the supplies. Such supplies could benefit Norco citizens if the need for sheltering and care occurs. The work required to "maintain" the supplies and the cost to the City is minimal.

The Corydon Station has adequate space inside the fenced area for storage of the trailer. Personnel can perform the necessary "maintenance." The City must maintain the supplies and trailer for seven (7) years from time of acceptance.

The County has prepared the attached Memorandum of Understanding for approval, and Staff recommends approval of the MOU.

**FINANCIAL IMPACT:** The estimated cost annually is approximately \$1,000.00 for trailer maintenance and licensing. Insurance can be incorporated into the City's self-insurance; optional insurance can be obtained at any point if desired. Fund 463 is the most appropriate cost center to fund the program.

/mb-79836

Attachment: Memorandum of Understanding



**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**COUNTY OF RIVERSIDE,  
ON BEHALF OF ITS FIRE DEPARTMENT,  
OFFICE OF EMERGENCY SERVICES**

**and the**

**CITY OF NORCO**

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### Attachments:

Attachment 1 - Office of Justice Programs Financial Guide 2005 – Part III Chapter 6

Attachment 2 - OMB Circular A87, Attachment B Selected Items of Cost, Section 15

MEMORANDUM OF UNDERSTANDING

BETWEEN

COUNTY OF RIVERSIDE  
AND THE CITY OF NORCO

THIS MEMORANDUM OF UNDERSTANDING (MOU) is made and entered into as of this twenty-first day of September 2011, by and between the County of Riverside, on behalf of its Fire Department, Office of Emergency Services, a political subdivision of the State of California, hereinafter referred to as "OES", representing the Riverside County Operational Area, and the City of Norco, hereinafter referred to as "City". City and OES will sometimes collectively be hereinafter referred to as the "Parties".

RECITALS

WHEREAS, the County of Riverside, Fire Department, representing the Riverside County Operational Area, has secured Homeland Security Grant Funding from the State of California Emergency Management Agency, to purchase and outfit unincorporated county areas and each city within the county, with one hundred person mass care and shelter trailers ("Trailers"); and

WHEREAS, the acquisition of these Trailers and equipment will assist each city in their pursuit to enhance their mass care and sheltering capabilities to better protect against, respond to and recover from catastrophic emergencies; and

WHEREAS, the Parties desire to enter into this MOU to provide the terms and conditions for each city that receives a Trailer under this grant funding program;

NOW, THEREFORE, the parties hereto agree as follows:

I. PURPOSE.

The purpose of this MOU is to: 1) document the transfer of ownership of one (1) trailer(s) from OES to the City of Norco; and 2) obligate and document the acknowledgement of the City to adhere to Office of Justice Programs Financial Guide 2005 – Part III Chapter 6 (Attachment 1) and the State OMB Circular A-87, Attachment B, Selected Items of Cost, Section 15 "Equipment and Other Capital Expenditures," (Attachment 2).

II. BACKGROUND.

In 2008, emergency managers within the Riverside County Operational Area (OA) identified significant preparedness shortfalls with regard to their ability to properly shelter one-tenth of the overall population as suggested by federal standards. Because of this shortfall, OES has secured Homeland Security grant funding for Fiscal Year 2009 and Fiscal Year 2010 to outfit each city and portions of the county unincorporated areas with one hundred person mass care and shelter trailers. Securing such trailers will pave the way for enhanced mass care and shelter capabilities in Riverside County.

III. TERMS AND CONDITIONS.

A. MOU MODIFICATION PROCESS.

After execution of this MOU, any and all requests for modifications to this MOU shall be made in writing to: Riverside County Fire Department Office of Emergency

Services (OES) at 4080 Lemon Street, Basement Room 8, Riverside, CA 92501 Attn. Peter Lent, Deputy Director. OES reserves the right to deny, edit or accept requests for modifications. OES reserves the right to amend the terms of this MOU if required to remain in compliance with federal or state grant requirements. The City shall be notified at least thirty business days in advance of any potential revisions to the terms of this MOU.

B. TERM OF MOU.

The terms of this MOU shall remain in effect for a period of seven years from the date of the signing of this document by all involved parties. Over the course of this MOU, the City agrees to utilize the Trailer solely for its intended purpose of mass care and shelter.

C. RESPONSIBILITIES/OBLIGATIONS.

By accepting the Trailer(s), City of Norco, hereby agrees to accept and uphold the following responsibilities and obligations during the term of this MOU:

- 1) Store the Trailer in a secured area. The City will be responsible to determine the location and the type(s) of security to be used to secure the Trailer.
- 2) City shall be responsible for all costs associated with maintaining the trailer to lawfully operate and transport the trailer, including payment of the initial and annual California Department of Motor Vehicles registration fees and coverage. Insurance can be provided either by a specific insurance policy for the equipment or by a program of self-insurance.
- 3) City must utilize at least a three quarter-ton pickup truck or greater to tow the vehicle.
- 4) Replace any lost, stolen, damaged or used items with equivalent items within a reasonable timeframe not to exceed sixty (60) days from the date of loss or use. If the Trailer incurs any damage or theft during the period of this MOU, the City agrees to replace the Trailer and/or all of its contents with equivalent items and return the Trailer to the same level of supplies and conditioning as to which they were before the theft, damage or use occurred. This requirement shall apply to the Trailer and all of the components within the Trailer including all equipment and supplies.
- 5) Shall not mark, sticker, wrap or otherwise alter the appearance of the Trailer by adding their City logo or other identifying emblems, logos, or lettering. City agrees to leave the sticker identifier on the Trailer that will be on the Trailer at the time of delivery. This three inch block-style numbering shall remain in place for the duration of this MOU. City also agrees to utilize the original lock and keys, for all locks and keys on or in the Trailer, which will be provided with the Trailer at time of delivery.
- 6) Maintain all necessary components to keep the Trailer and all equipment in working order during the term of this MOU, up to and including but not limited to: tires, batteries, solar panels, regular

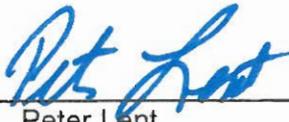
military cots, enhanced functional needs cots, disposable blankets, light switches, manual vent fans, rolling carts and doors.

- 7) As required by the grant, the City agrees to allow the Trailer(s) to be utilized by other jurisdictions if requested through appropriate Mutual Aid channels. The City understands and agrees that if the Trailer is requested as a Mutual Aid resource, that the requesting jurisdiction will be responsible to pick up, re-stock and return the Trailer to the City within sixty days (60) of the end of the incident for which the Trailer/resource was requested, in its original condition.
  
- 8) Comply with all the requirements of the Office of Justice Programs Financial Guide 2005 – Part III Chapter 6 (Attachment 1) and the State OMB Circular A-87, Attachment B, Selected Items of Cost, Section 15 “Equipment and other Capital Expenditures”(Attachment 2).

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized representatives to execute this Agreement.

DATED: 9.21.11

COUNTY OF RIVERSIDE

By:   
Peter Lent  
Deputy Director

CITY OF NORCO

Signed: \_\_\_\_\_  
Authorized Representative of the City

# **ATTACHMENT 1**

**OFFICE of JUSTICE PROGRAMS  
FINANCIAL GUIDE 2005 – PART III  
CHAPTER 6**

## Chapter 6: Property and Equipment

### HIGHLIGHTS OF CHAPTER:

- Acquisition of Property and Equipment
- Screening
- Loss, Damage, or Theft of Equipment
- Equipment Acquired with Crime Control Act Block/Formula Funds (BJA)
- Equipment Acquired with Juvenile Justice Act (OJJDP) Formula and Victims of Crime Act (OVC) Assistance (Formula) Funds
- Equipment and Non-Expendable Personal Property Acquired with Discretionary Funds
- Real Property Acquired with Formula Funds
- Real Property Acquired with Discretionary Funds
- Federal Equipment
- Replacement of Property (Equipment and Non-Expendable Personal Property)
- Retention of Property Records
- Supplies
- Copyrights
- Patents, Patent Rights, and Inventions

## ACQUISITION OF PROPERTY AND EQUIPMENT

Recipients/subrecipients are required to be prudent in the acquisition and management of property with Federal funds. Expenditure of funds for the acquisition of new property, when suitable property required for the successful execution of projects is already available within the recipient or subrecipient organization will be considered an unnecessary expenditure.

NOTE: Equipment purchased using funds made available under Federal grants shall be year 2000 compliant and shall be able to process all time/date data after December 31, 1999.

## SCREENING

Careful screening should take place before acquiring property in order to ensure that it is needed, with particular consideration given to whether equipment already in the possession of the recipient/subrecipient organization can meet identified needs. While there is no prescribed standard for such review, recipient/subrecipient procedures may establish levels of review dependent on factors such as the cost of the proposed equipment and the size of the recipient or subrecipient organization.

The establishment of a screening committee may facilitate the process; however, a recipient or subrecipient may utilize other management techniques which it finds effective as a basis for determining that the property is needed and that it is not already available within the recipient's organization.

The awarding agency's program monitors must ensure that the screening referenced above takes place and that the recipient/subrecipient has an effective system for property management.

Recipients/subrecipients are hereby informed that if the awarding agency is made aware that the recipient/subrecipient does not employ an adequate property management system, project costs associated with the acquisition of the property may be disallowed.

## LOSS, DAMAGE, OR THEFT OF EQUIPMENT

Recipients/subrecipients are responsible for replacing or repairing the property which is willfully or negligently lost, stolen, damaged, or destroyed. Any loss, damage, or theft of the property must be investigated and fully documented and made part of the official project records.

## EQUIPMENT ACQUIRED WITH CRIME CONTROL ACT BLOCK/FORMULA FUNDS (BJA)

Equipment acquired shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows.

1. **Title.** The Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 USC §3789, et seq., Section 808, requires that the title to all equipment and supplies purchased with funds made available under the Crime Control Act shall vest in the criminal justice agency or non-profit organization that purchased the property, if it provides written certification to the State

office that it will use the property for criminal justice purposes. If such written certification is not made, title to the property shall vest in the State office, which shall seek to have the equipment and supplies used for criminal justice purposes elsewhere in the State prior to using it or disposing of it in any other manner.

2. **Use and Management.** A subrecipient or State shall use and manage equipment in accordance with its procedures as long as the equipment is used for criminal justice purposes.
3. **Disposition.** When equipment is no longer needed for criminal justice purposes, a State shall dispose of equipment (for both the State and subrecipients), in accordance with State procedures, with no further obligation to the awarding agency.

#### **EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS**

Equipment acquired under an award shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows.

1. **Title.** Title to equipment acquired under an award or subaward will vest upon acquisition in the recipient or subrecipient subject to the obligations and conditions set forth in 28 CFR Part 66.
2. **Use.**
  - a. A State shall use equipment acquired under an award in accordance with State laws and procedures. The awarding agency encourages the States to follow the procedures set forth in this Guide.
  - b. Other government recipients and subrecipients shall use equipment in accordance with the following requirements:
    - (1) Equipment must be used by the recipient or subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.
    - (2) The recipient or subrecipient shall also make equipment available for use on other projects or programs currently or previously supported by the Federal government, providing such use does not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered and treated as program income to the project, if appropriate.
    - (3) Notwithstanding program income, the recipient or subrecipient shall not use equipment acquired with funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted or contemplated by Federal statute.

- (4) When acquiring replacement equipment, recipients or subrecipients may use the equipment to be replaced as a trade-in or sell the equipment and use the proceeds to offset the cost of the replacement equipment, subject to the written approval of the awarding agency.

**3. Management.**

- a. A State shall manage equipment acquired under an award to the State in accordance with State laws and procedures.
  - b. Other government recipient and subrecipient procedures for managing equipment (including replacement), whether acquired in whole or in part with project funds, will, at a minimum, meet the following requirements:
    - (1) Property records must be maintained which include:
      - (a) Description of the property;
      - (b) Serial number or other identification number;
      - (c) Source of the property;
      - (d) Identification of title holder;
      - (e) Acquisition date;
      - (f) Cost of the property;
      - (g) Percentage of Federal participation in the cost of the property;
      - (h) Location of the property;
      - (i) Use and condition of the property; and
      - (j) Disposition data, including the date of disposal and sale price.
    - (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
    - (3) A control system must exist to ensure adequate safeguards to prevent:
      - (a) Loss;
      - (b) Damage; or
      - (c) Theft of the property.
- Any loss, damage, or theft shall be investigated by the recipient and subrecipient, as appropriate.

- (4) Adequate maintenance procedures must exist to keep the property in good condition.
- (5) If the recipient or subrecipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

**4. Disposition.**

- a. A State recipient shall dispose of its equipment acquired under an award to the State in accordance with State laws and procedures.
- b. Other government recipients and subrecipients shall dispose of the equipment when original or replacement equipment acquired under the award or subaward is no longer needed for the original project or program, or for other activities currently or previously supported by a Federal agency. Disposition of the equipment will be made as follows:
  - (1) Items with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency.
  - (2) Items with a current per unit fair market value in excess of \$5,000 may be retained or sold, and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment. Seller is also eligible for sale costs.
  - (3) In cases where a recipient or subrecipient fails to take appropriate disposition actions, the awarding agency may direct the recipient or subrecipient to take other disposition actions.

**EQUIPMENT AND NON-EXPENDABLE PERSONAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS**

- 1. **Title.** Title to equipment acquired with Federal funds will vest upon acquisition in the recipient subject to the obligations and conditions set forth in 28 CFR Part 66 for State and local units of government, and in 28 CFR Part 70 for other recipients.
- 2. **Use.** A State shall use equipment acquired under an award by the State in accordance with State laws and procedures.

Local government recipients shall use equipment in accordance with the requirements contained in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."

Other recipients shall use non-expendable personal property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program, the recipients shall use the non-expendable personal property in connection with its other Federally-sponsored activities in the following order of priority:

- a. Other projects of the awarding agency needing the property.

- b. Grants of a State needing the property.
- c. Projects of other Federal agencies needing the property.

### 3. Management.

- a. A State shall manage its equipment acquired under an award in accordance with State laws and procedures.
- b. Local government recipients and subrecipients shall manage equipment in accordance with requirements stated in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIM OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."
- c. Other recipients' property management standards for non-expendable personal property shall include the following procedural requirements:
  - (1) Property records shall be maintained accurately and include:
    - (a) A description of the property;
    - (b) Manufacturer's serial number, model number, Federal stock number, or other identification number;
    - (c) Source of the property, including the award number;
    - (d) Whether title vests in the recipient or the Federal government;
    - (e) Acquisition date (or date received, if the property was furnished by the Federal government) and cost;
    - (f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired (not applicable to property furnished by the Federal government);
    - (g) Location, use, and condition of the property at the date the information was reported;
    - (h) Unit acquisition cost; and
    - (i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal-sponsoring agency for its share.
  - (2) A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.

- (3) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of non-expendable property shall be investigated and fully documented. If the property was owned by the Federal government, the recipient shall promptly notify the Federal agency.
- (4) Adequate maintenance procedures shall be implemented to keep the property in good condition.
- (5) Where the recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

#### 4. Disposition.

- a. A State shall dispose of its equipment acquired under the award by the State in accordance with State laws and procedures.
- b. Local government recipients and subrecipients shall follow the disposition requirements in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIM OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."
- c. Other recipients shall adhere to the following disposition requirements for non-expendable personal property:
  - (1) A recipient may use non-expendable personal property with a fair market value of less than \$5,000 for other activities without reimbursement to the Federal government, or may sell the property and retain the proceeds.
  - (2) A recipient may retain non-expendable personal property with a fair market value of \$5,000 or more for other uses provided that compensation is made to the awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient shall request disposition instructions from the awarding agency. The awarding agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported to the General Services Administration by the Federal agency to determine whether a requirement for the property exists in other Federal agencies. The awarding agency shall issue instructions to the recipient no later than 120 days after the recipient's request, and the following procedures shall govern:
    - (a) If so instructed, or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the property and reimburse the awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the grant. However, the recipient shall be permitted to deduct and retain from the Federal share \$100 or

10 percent of the proceeds, whichever is greater, for the recipient's selling and handling expenses.

- (b) If the recipient is instructed to ship the property to other agencies needing the property, the recipient shall be reimbursed by the benefiting Federal agency with an amount computed by applying the percentage of the recipient's participation in the cost of the project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.
  - (c) If the recipient is instructed to otherwise dispose of the property, the recipient shall be reimbursed by the awarding agency for such costs incurred in its disposition.
5. **Transfer of Title.** The awarding agency may reserve the right to transfer title to property acquired with Federal funds that have a fair market value of \$5,000 or more to the Federal government or a third party named by the awarding agency, when such a third party is otherwise eligible under existing statutes. Such transfers are subject to the following standards:
- a. The property must be identified in the award or otherwise made known to the recipient in writing.
  - b. The awarding agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the awarding agency fails to issue disposition instructions within the 120 calendar day period, the recipient shall follow standards set in 28 CFR Parts 66 and 70.
  - c. When title to property is transferred, the recipient shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

#### **REAL PROPERTY ACQUIRED WITH FORMULA FUNDS**

- 1. **Land Acquisition.** Block/formula funds CANNOT be used for land acquisition.
- 2. **Title.** Subject to the obligations and conditions set forth in the award, title to real property acquired under an award or subaward vests, upon acquisition, in the recipient or subrecipient.
- 3. **Use of Real Property.** The recipient and its subrecipients may use real property acquired, in whole or in part, with Federal funds for the authorized purposes of the original grant or subaward as long as needed for that purpose. The subrecipients shall maintain an inventory report which identifies real property acquired, in whole or in part, with block or formula funds. The recipient or subrecipient shall not dispose of or encumber its title or other interests.
- 4. **Disposition.** The subrecipient shall obtain approval for the use of the real property in other projects when the subrecipient determines that the real property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federally-sponsored projects or programs that have purposes consistent with those authorized for support by the State. When the real property is no longer needed as provided above, the

subrecipient shall request disposition instructions from the State. The State shall exercise one of the following:

- a. Direct the real property to be transferred to another subrecipient or a criminal justice activity needing the property, provided that use of such real property is consistent with those objectives authorized for support by the State.
- b. Return all real property furnished or purchased wholly with Federal funds to the control of the awarding agency. In the case of real property purchased in part with Federal funds, the subrecipient may be permitted to retain title upon compensating the awarding agency for its fair share of the property. The Federal share of the property shall be computed by applying the percentage of the Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property. In those instances where the subrecipient does not wish to purchase real property originally purchased in part with Federal funds, disposition instructions shall be obtained from the awarding agency.

#### **REAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS**

1. **Land Acquisition.** Discretionary funds CANNOT be used for land acquisition.
2. **Title.** Subject to obligations and conditions set forth in 28 CFR Parts 66 and 70, title to real property acquired under an award vests upon acquisition with the recipient.
3. **Use of Property.** The use of property by the recipient is subject to the same principles and standards as outlined for property acquired with formula funds.
4. **Disposition.** The recipient shall follow the same principles and standards as outlined for subrecipients, except the recipient shall request disposition instructions from the Federal agency, not the State.
5. **Transfer of Title.** With regard to the transfer of title to the awarding agency or to a third party designated/approved by the awarding agency, the recipient or subrecipient shall be paid an amount calculated by applying the recipient's or subrecipient's percentage of participation in the purchase of the real property to the current fair market value of the property.

#### **FEDERAL EQUIPMENT**

In the event a recipient or subrecipient is provided Federally-owned equipment, the following requirements apply:

1. **Title** remains vested in the Federal government.
2. **Recipients or subrecipients shall manage the equipment** in accordance with the awarding agency's rules and procedures and submit an annual inventory listing.
3. **When the equipment is no longer needed**, the recipient or subrecipient shall request disposition instructions from the awarding agency.

### REPLACEMENT OF PROPERTY (EQUIPMENT AND NON-EXPENDABLE PERSONAL PROPERTY)

When an item of property is no longer efficient or serviceable but the recipient/subrecipient continues to need the property in its criminal justice system, the recipient/subrecipient may replace the property through trade-in or sale and subsequent purchase of new property, provided the following conditions are met:

1. **Similar Function.** Replacement property must serve the same function as the original property and must be of the same nature or character, although not necessarily of the same grade or quality.
2. **Credits.** Value credited for the property, if the property is traded in, must be related to its fair market value.
3. **Time.** Purchase of replacement property must take place soon enough after the sale of the property to show that the sale and the purchase are related.
4. **Compensation.** When acquiring replacement property, the recipient/subrecipient may use the property to be replaced as a trade-in or the proceeds from the sale of the property to offset the cost of the new property.
5. **Prior Approval.** State subrecipients shall obtain the written permission of the State to use the provisions of this section prior to entering into negotiation for the replacement or trade-in of property.

### RETENTION OF PROPERTY RECORDS

Records for equipment, non-expendable personal property, and real property shall be retained for a period of three years from the date of the disposition or replacement or transfer at the discretion of the awarding agency. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

### SUPPLIES

1. **Title.** Title to supplies acquired under an award or subaward vests, upon acquisition, in the recipient or subrecipient, respectively.
2. **Disposition.** If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the funding support and the supplies are not needed for any other Federally-sponsored programs or projects, the recipient or subrecipient shall compensate the awarding agency for its share. The amount of compensation shall be computed in the same manner as for non-expendable personal property or equipment.

## **COPYRIGHTS**

The awarding agency reserves a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal government purposes:

1. The copyright in any work developed under an award or subaward; and
2. Any rights of copyright to which a recipient or subrecipient purchases ownership with support.

## **PATENTS, PATENT RIGHTS, AND INVENTIONS**

If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal award or subaward funds, such facts must be promptly and fully reported to the awarding agency. Unless there is a prior agreement between the recipient and the awarding agency on disposition of such items, the awarding agency shall determine whether protection on the invention or discovery shall be sought. The awarding agency will also determine how rights in the invention or discovery (including rights under any patents issued thereon) shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, dated August 23, 1971, and statement of Government Patent Policy, as printed in 36 FR 16839). Government-wide regulations have been issued at 37 CFR Part 401 by the Department of Commerce.

# **ATTACHMENT 2**

## **OMB A87 ATTACHMENT B SELECTED ITEMS OF COST SECTION 15**

### **“EQUIPMENT & OTHER CAPITAL EXPENDITURES”**

Only the pertinent portions of this document have been included as an attachment to  
this MOU

# OMB A87 SECTION 15

## b. Donated services received:

(1) Donated or volunteer services may be furnished to a governmental unit by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the Federal Grants Management Common Rule.

(2) The value of donated services utilized in the performance of a direct cost activity shall, when material in amount, be considered in the determination of the governmental unit's indirect costs or rate(s) and, accordingly, shall be allocated a proportionate share of applicable indirect costs.

(3) To the extent feasible, donated services will be supported by the same methods used by the governmental unit to support the allocability of regular personnel services.

## 13. Employee morale, health, and welfare costs.

a. The costs of employee information publications, health or first-aid clinics and/or infirmaries, recreational activities, employee counseling services, and any other expenses incurred in accordance with the governmental unit's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance are allowable.

b. Such costs will be equitably apportioned to all activities of the governmental unit. Income generated from any of these activities will be offset against expenses.

14. Entertainment. Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

## 15. Equipment and other capital expenditures.

a. For purposes of this subsection 15, the following definitions apply:

(1) "Capital Expenditures" means expenditures for the acquisition cost of capital assets (equipment, buildings, land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the governmental

unit's regular accounting practices.

(2) "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the governmental unit for financial statement purposes, or \$5000.

(3) "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

(4) "General purpose equipment" means equipment, which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

b. The following rules of allowability shall apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of the awarding agency.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.

(4) When approved as a direct charge pursuant to Attachment B, section 15.b (1), (2), and (3) above, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate and negotiated with the awarding agency. In addition, Federal awarding agencies are authorized at their option to waive or delegate the prior approval requirement.

(5) Equipment and other capital expenditures are unallowable as indirect costs. However, see section 11, Depreciation and use allowance, for rules on the allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also, see section 37, Rental costs, concerning the allowability of rental costs for land, buildings, and equipment.

(6) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable use allowances or depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the cognizant agency.

(7) When replacing equipment purchased in whole or in part with Federal funds, the governmental unit may use the equipment to be replaced as a trade-in or sell the property and use

## CITY OF NORCO STAFF REPORT

TO: Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Deborah L. DeGrado, Housing Manager 

DATE: December 7, 2011

SUBJECT: Approval to Participate in the Riverside County Mortgage Certificate (MCC) Program

RECOMMENDATION: **Adopt Resolution No. 2011-\_\_\_\_\_**, Approving Participation in the Riverside County Mortgage Credit Certificate (MCC) Program.

**SUMMARY:** The Riverside County Board of Supervisors has authorized the County Economic Development Agency (EDA) to apply to the California Debt Limit Allocation Committee for an allocation of Mortgage Credit Certificates on or about March 2012. Adopting of the attached resolution is necessary for the City to participate in the County's MCC Program.

**BACKGROUND/ANALYSIS:** A Mortgage Credit Certificate (MCC) entitles qualified home buyers to reduce the amount of federal tax liability on a home mortgage. This tax credit allows the buyer to qualify more easily for a loan by effectively increasing the stated income of the buyer.

The Riverside County MCC Program allows a 15% rate, which can be applied against the interest paid on the mortgage loan. The borrower can then claim a credit on their taxes equal to 15% of the interest paid during the year. Since the taxes paid by the borrower are being reduced, the annual take-home pay is effectively increased. The borrower can still deduct the remaining part of the interest paid as a standard deduction. When underwriting a loan, a lender takes this potential increase in income into consideration and the borrower is able to qualify for a larger loan than would otherwise be possible.

This program can be used with all types of homes, including foreclosures, new and resale single-family and/or manufactured homes, and may be the "extra cushion" future homebuyers will need to purchase in Norco.

The EDA will be submitting an application for funding on or before March 2012 for applicants acquiring homes within Riverside County. Program guidelines include income restrictions, as well as limits on the purchase price of the home. Future Norco

homebuyers can qualify for the MCC on their own through their lender, even if the City is not providing any down payment assistance.

The City of Norco has participated in the MCC Program in past years. Seven clients in Norco were assisted in FY 2010-2011. Staff recommends approval of the attached resolution, to provide another tool for qualified homebuyers to purchase homes in Norco.

FISCAL IMPACT: No impact to the City or the Redevelopment Agency budget. Potential buyers can qualify through a lender to receive the MCC assistance from the County.

/dg – 79883

Attachment: Resolution No. 2011-\_\_\_\_\_

**RESOLUTION NO. 2011-\_\_\_\_\_**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO APPROVING PARTICIPATION IN THE RIVERSIDE COUNTY MORTGAGE CREDIT CERTIFICATE (MCC) PROGRAM**

WHEREAS, the Tax Reform Act of 1986 established the Mortgage Credit Certificate Program (MCC Program) as a means to assisting qualified individuals with the acquisition of new and existing single-family housing; and

WHEREAS, pursuant to Division 31, Part 1, Chapter 3.5, Article 3.4 of the California Health and Safety Code Sections 50197 et seq., local issuers are authorized to issue Mortgage Credit Certificates (Certificates) and administer the MCC Program; and

WHEREAS, the Riverside County Board of Supervisors and the County of Riverside adopted Resolution No. 87-564 on December 22, 1987 establishing a Mortgage Credit Certificate Program; and

WHEREAS, the Riverside County Board of Supervisors has authorized the Riverside County Economic Development Agency (EDA) to administer the MCC Program pursuant to applicable federal, state and local policies and procedures, and to enter into those agreements necessary for administration of the MCC Program; and

WHEREAS, the County of Riverside (County) will be applying to the California Debt Limit Allocation Committee for a mortgage credit certificate allocation on or about March, 2012; and

WHEREAS, the City of Norco wishes to participate in the MCC Program administered by the EDA in connection with loans that will be made available for acquisition of new and existing single-family homes in Norco; and

WHEREAS, adoption of this Resolution is necessary for the City of Norco to be included as a participating unit of general government under the Riverside County MCC Program; and

WHEREAS, the City agrees to cooperate with the County of Riverside to offer the MCC Program within the City jurisdiction to assist persons or households of limited income to purchase new or existing single-family residences located in the City; and

WHEREAS, the City, by adopting this Resolution, hereby gives notice of its election to participate in the Riverside County MCC Program.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Norco that:

1. The City agrees to participate in the MCC Program administered by the EDA in connection with mortgage loans it will make available for the acquisition of new and existing single-family housing in Riverside County; and

2. The City will assist the County of Riverside to market the MCC Program within the City's jurisdictional boundary by publishing a general public notice in the local newspaper at least twice a year.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on December 7, 2011.

\_\_\_\_\_  
Mayor, City of Norco

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was regularly introduced and adopted by the City Council of the City of Norco California, at a regular meeting thereof held on December 7, 2011 by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

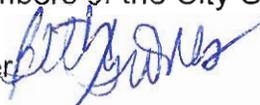
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on December 7, 2011.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

/dg – 79881

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: William R. Thompson, Director of Public Works 

DATE: December 7, 2011

SUBJECT: Accept Bids and Award Contract for the Temescal Avenue, Reservoir Drive, Detroit Street and Pedley Avenue Street Overlay Project

RECOMMENDATION: Award the contract for the Temescal Avenue, Reservoir Drive, Detroit Street and Pedley Avenue Street Overlay Project to All American Asphalt in the amount of \$328,000 and authorize the City Manager to approve contract change orders up to 10 percent of the contract amount.

**SUMMARY:** Bids for the Temescal Avenue, Reservoir Drive, Detroit Street and Pedley Avenue Street Overlay Project were opened on November 29, 2011 with All American Asphalt being the lowest responsible bidder. It is recommended that the City Council award a contract to All American Asphalt in the amount of \$328,000.

**BACKGROUND/ANALYSIS:** Staff completed plans and specifications for bidding purposes and on November 29, 2011 bids were received. A total of seven (7) bids were received with the combined bids ranging from \$328,000 to \$399,110.43 with the lowest responsible bid submitted by All American Asphalt. This is eighteen percent below staff's estimate of \$400,000.

Staff evaluated the \$328,000 bid amount and will meet with representatives from All American Asphalt to finalize the project scope and scheduling. Funding for the proposed overlay project was identified in the 2011/12 approved Measure "A" Capital Improvement Program (CIP) budget in the amount \$200,000 and in the approved Street CIP in the amount of \$150,000. Staff has completed and sent a categorical Notice of Exemption (NOI) to the County of Riverside for recordation to address environmental requirements associated with this project.

The contractor's license and references were checked and found to be satisfactory. The bid summary sheet has been attached for Council's review. It is staff's recommendation to award a contract in the amount of \$328,000 to All American Asphalt to complete the street overlay project.

**FINANCIAL IMPACT:** \$200,000 from the Measure "A" Capital Improvement Program Fund (137) Project No. 4922-5 and 4922-34 and \$150,000 from the Street Capital Improvement Program Fund (149), Project No. 4921-7

Attachment: Bid Summary

# City of Norco

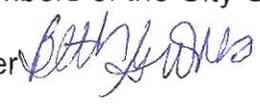
## Temescal Avenue, Reservoir Drive, Detroit Street, Pedley Avenue Overlay

November 29, 2011 @ 10:00 A.M.

Company Name / Address	BID
Ali America Asphalt P.O. Box 2229 Corona, CA 92878-2229	\$ 328,000.00
United Paving Co. 14660 Industry Circle La Mirada, CA 90638	\$ 396,553.26
Hardy & Harper, Inc. 1312 E. Warner Ave. Santa Ana, CA 92705	\$ 336,000.00
Silvia Construction, Inc. 9007 Center Avenue Rancho Cucamonga, CA 91730-5311	\$ 385,592.71
Sequel Contractors, Inc. 13546 Imperial Hwy. Santa Fe Springs, CA 90670	\$ 378,505.97
Palp, Inc. DBA Escel Paving Company 2230 Lemon Avenue Long Beach, CA 90806	\$ 399,110.43
R.J. Noble Company 15505 E. Lincoln Avenue Orange, CA 92856	\$ 382,155.19

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Brian K. Petree, Director  
Parks, Recreation and Community Services

DATE: December 7, 2011

SUBJECT: Approval of a Contract to Purchase CXT Precast ADA Restrooms Using the State of California Department of General Services California Multiple Award Schedule (CMAS)

RECOMMENDATION: Staff recommends that the City Council authorize the City Manager to execute a contract in an amount not-to-exceed \$310,000 to purchase two Precast ADA Restrooms from CXT, Precast Products Inc., using the State of California DGS CMAS.

SUMMARY: The City Council is requested to authorize the purchase of two precast ADA restrooms using the State of California Multiple Award Schedule (CMAS) for handicap accessible restrooms for the George Ingalls Equestrian Event Center. CMAS is a listing of State approved sellers of precast buildings, vehicles and equipment. The fabricated restroom is specified engineered materials from CXT, Precast Products, Inc., which are the approved source recommended under the State of California CMAS schedule. Staff is recommending purchase of the prefabricated ADA restrooms in the amount not to exceed \$310,000.00 for the purchase and delivery of restrooms for the George Ingalls Equestrian Event Center.

BACKGROUND/ANALYSIS: The City Council is requested to approve a contract for purchase of ADA precast restrooms and to authorize the City Manager to execute a contract for the purchase of two ADA restrooms for the George Ingalls Equestrian Event Center.

The Council approved the George Ingalls Equestrian Event Center Master Plan in 2007, which identified the placement of restrooms at the Event Center. Earlier this year the department completed the sewer, water and storm drain infrastructure project and is now ready to move forward with restroom installation.

This approval is to award the contract for purchase of two ADA precast restrooms from the CMAS. The Norco Municipal Code (Sec.3.24.140) gives authority to purchase from the State of California, Department of General Services Multiple Award Schedule (CMAS). The recommended restrooms are an approved source from the CMAS and have been applied in other parks with in the City. The two restrooms will be located at the north end of Moreno Arena and south end of the Clark Arena as identified on the

ADA Prefabricated Restrooms

Page 2

December 7, 2011

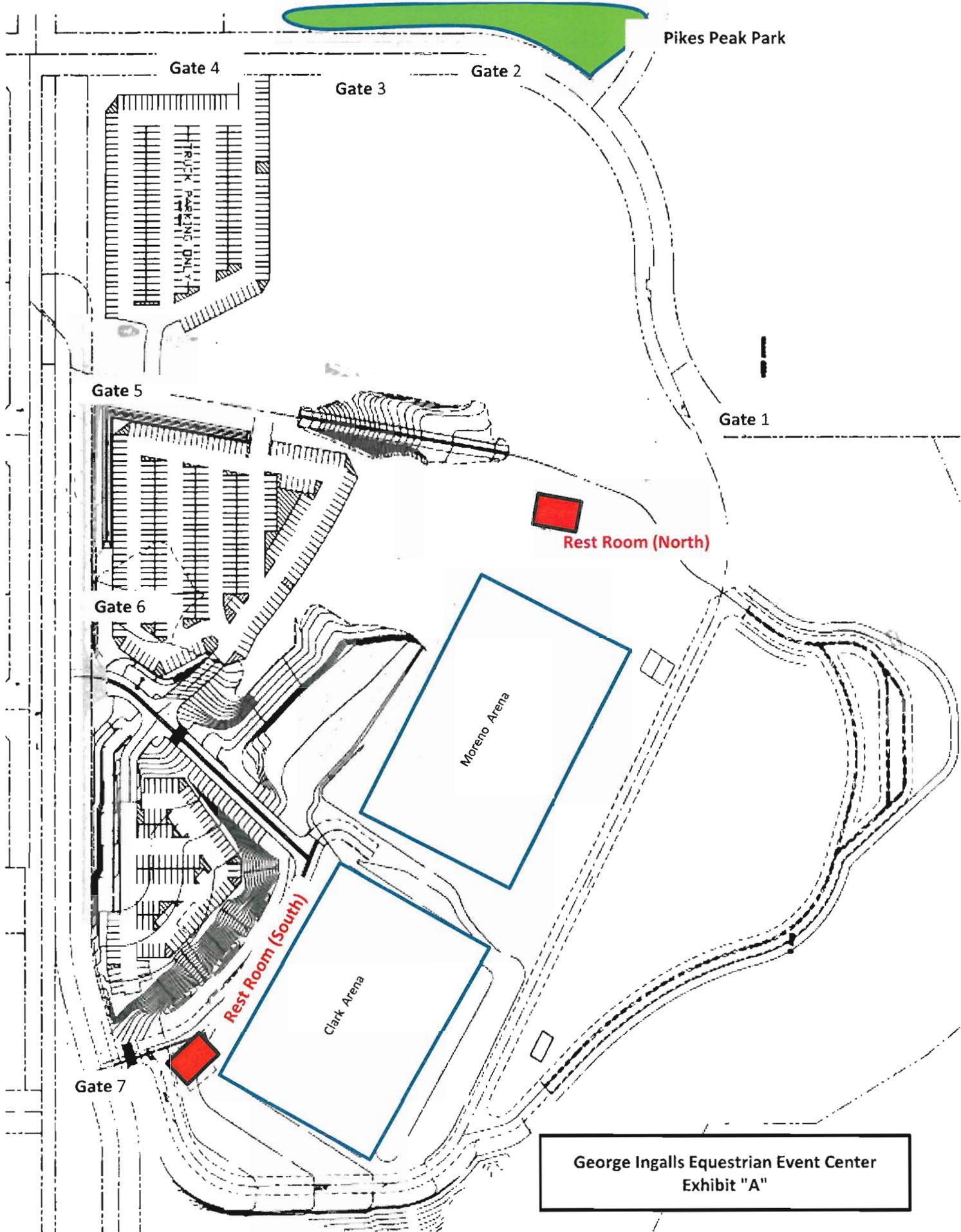
site map (Exhibit "A"). These two restrooms will be large enough to handle occupancy use of 2000 patrons over an 8 hour period.

Precast restrooms are an excellent use at this facility and are recommended by the City Engineer. By purchasing through the CMAS, staff anticipates a savings as high as 15% over a conventional design. The 2011/2012 Capital Improvement Program Budget identifies the restrooms as part of the process for this next phase of the George Ingalls Equestrian Event Center.

FINANCIAL IMPACT: Funding for this project is included in the 2011/2012 Capital Improvement Program Budget using Community Development Block Grant public improvement funds of \$250,000 (Account # 123-915-43115) and Prop 40 grant funds of \$60,000 (Account # 141-940-43140).

/bp – 79851

Attachment: Exhibit "A", Site map, Restroom Location



Pikes Peak Park

Gate 4

Gate 3

Gate 2

Gate 5

Gate 1

Rest Room (North)

Moreno Arena

Rest Room (South)

Clark Arena

Gate 7

George Ingalls Equestrian Event Center  
Exhibit "A"

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Ross Cooper, Lieutenant 

DATE: December 7, 2011

SUBJECT: Resolution Amending the Budget to Accept the California Supplemental Law Enforcement Services Fund Grant

RECOMMENDATION: Adopt **Resolution No. 2011-\_\_\_**, increasing revenue, appropriation and expenditure in the amount of \$100,000 in the Supplemental Law Enforcement Services Fund Grant.

**SUMMARY:** Upon acceptance from Council, the State of California will grant the City \$100,000 to supplement front line law enforcement services. It can help fund one of the two Community Oriented Policing deputies.

**BACKGROUND/ANALYSIS:** Staff submitted a grant request to the US Department of Justice Community Oriented Policing Hiring Program for \$62,994 to help retain one of the two Community Oriented Policing deputies. This grant was anticipated in the current budget; however, we were recently advised that our grant request was not funded.

The State budget initially excluded the Supplemental Law Enforcement Services Funding (SLESF) program, so the City's budget did not include this possible revenue of \$100,000; however, SLESF was included in the State budget when it was adopted. The SLESF provides money to local governmental agencies to support front line law enforcement services. Since it must supplement, not supplant existing funding, it cannot be used to replace General Fund expenses, it can, however fund that portion of the Community Oriented Policing deputy position which is not being funded by the Federal grant. This grant revenue can also be expended over two years.

**FINANCIAL IMPACT:** Staff recommends that City Council accept this grant, increase revenue \$100,000 (162-000-53260); increase appropriation and expenditure \$62,994 (162-772-34115); decrease revenue \$62,994 (160-000-53210) and decrease appropriation and expenditure \$62,994 (160-772-34115) in FY 2012. The balance of \$37,006 in grant funds will be included in the FY2013 budget.

/rlf-79859

Attachment: Resolution No. 2011-\_\_\_

RESOLUTION NO. 2011-\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO,  
CALIFORNIA INCREASING REVENUE, APPROPRIATION AND  
EXPENDITURE IN THE AMOUNT OF \$100,000 IN THE SUPPLEMENTAL  
LAW ENFORCEMENT SERVICES FUND GRANT**

WHEREAS, the City will receive a California Supplemental Law Enforcement Services Fund (SLESF) grant of \$100,000 from the State of California to fund front line law enforcement services; and

WHEREAS, the US Department of Justice Community Oriented Policing Hiring Program did not fund our grant request for \$62,994 to help retain one of the Community Oriented Policing deputies; and

WHEREAS, the SLESF grant can be used to help retain one of the Community Oriented Policing deputies.

NOW, THEREFORE, the City Council of the City of Norco does hereby increase revenue \$100,000 (162-000-53260); increase appropriation and expenditure \$62,994 (162-772-34115); decrease revenue \$62,994 (160-000-53210) and decrease appropriation and expenditure \$62,994 (160-772-34115) in FY2012. The balance of \$37,006 in grant funds will be included in the FY 2013 budget.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on December 7, 2011.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, Brenda K. Jacobs, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on December 7, 2011 by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on December 7, 2011.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California  
/rlf-79860

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Ross Cooper, Lieutenant 

DATE: December 7, 2011

SUBJECT: Resolution Increasing Revenue, Appropriation and Expenditure in the California Office of Traffic Safety Grant Fund

RECOMMENDATION: Adopt **Resolution No. 2011-\_\_\_**, increasing revenue, appropriation and expenditure in the amount of \$64,750 in the California Office of Traffic Safety Grant Fund.

**SUMMARY:** Upon approval from the City Council, the State of California will grant the City \$82,750 to conduct 8 sobriety checkpoints between October 2011 and September 2012. This grant covers 100% of the salary and benefit cost; it does not require a local match. Accepting this grant will increase sheriff staff time in Norco by 1,250 hours at no cost to the City.

**BACKGROUND/ANALYSIS:** The California Office of Traffic Safety (OTS) is awarding grants to local law enforcement agencies who are participating in the Sobriety Checkpoint Program. The City has received similar OTS grants in prior years to fund DUI checkpoints. OTS has found that while California has made great strides in the fight against driving under the influence (DUI), alcohol-involved fatalities have steadily increased both nationally and in California since 1999. OTS is offering local law enforcement agencies grants to conduct sobriety checkpoints during the Winter Holiday Mobilization period (December 2011 to January 2012), the Labor Day Holiday Mobilization period (August 2012 to September 2012) and throughout the rest of the year.

The Office of Traffic Safety is granting the City of Norco \$82,750 to fund 8 sobriety checkpoints. OTS reimburses 100% of the staff salary and benefit cost for these sobriety checkpoints. A local funding match is not required. Six of these checkpoints are scheduled this fiscal year and will be paid for with \$64,750 in grant funds. The remaining two sobriety checkpoints are scheduled in FY2013 (July 2012 and August 2012) and will be paid for with \$18,000 in grant funds which staff will include in the FY2013 budget.

**FINANCIAL IMPACT:** Staff recommends that the City Council accept this grant, increase revenue \$64,750 (165-000-53275); increase appropriation and expenditure \$54,000 (165-772C-34115) and \$10,750 (165-772C-30425) in FY 2012. The balance of \$18,000 in grant funds will be included in the FY2013 budget. Acceptance of this grant increases Sheriff's staff time by 1,250 hours at no cost to the City.

/rlf-79857

Attachments: Resolution No. 2011-\_\_\_

## RESOLUTION NO. 2011-\_\_\_\_

### A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA INCREASING REVENUE, APPROPRIATION AND EXPENDITURE IN THE AMOUNT OF \$64,750 IN THE CALIFORNIA OFFICE OF TRAFFIC SAFETY GRANT FUND

WHEREAS, the City of Norco desires to work with the California Office of Traffic Safety to improve traffic safety in Norco; and

WHEREAS, the City will receive a Sobriety Checkpoint Program grant of \$82,750 from the California Office of Traffic Safety for 8 sobriety checkpoints, \$64,750 for FY 2012 and \$18,000 for FY 2013.

NOW, THEREFORE, the City Council of the City of Norco does hereby increase revenue \$ 64,750 (1 65-000-53275); increase appropriation and expenditure \$54,000 (165-772C-34115) and \$10,750 (165-772C-30425) to fund sobriety checkpoints in Norco in FY 2012; and will include the balance of the grant (\$18,000) in the FY 2013 budget.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on December 7, 2011.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, Brenda K. Jacobs, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on December 7, 2011 by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on December 7, 2011.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California  
/rlf-79858

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager *Beth Groves*

PREPARED BY: Brenda K. Jacobs, City Clerk *B. Jacobs*

DATE: December 7, 2011

SUBJECT: **Ordinance No. 938, Second Reading.** Amending Title 18 of the Norco Municipal Code by Amending the Provisions of Chapter 18.13 Entitled "A-1 Zone-Agricultural Low Density", Amending the Provisions that Regulate Roosters within the A-1 Zone

RECOMMENDATION: Adopt **Ordinance No. 938** for second reading.

SUMMARY: The first reading of Ordinance No. 938 was held on November 16, 2011 and was adopted by the City Council with a 5-0 vote with the following revision to SECTION 1, (D) ii.:

~~ii. Offspring of permitted adult roosters shall not be counted in determining the permitted number of roosters on a given lot, until the offspring reach age seven months.~~ When it can be determined that a bird is a stag it shall be included in the count regardless of the age of the stag. For purposes of this section of the Municipal Code a stag is a rooster less than one year old.

Ordinance No. 938 amends Title 18, Sections 18.13.06D and 18.13.08R of the Norco Municipal Code (NMC) amending provisions that regulate roosters within the A-1 zone.

/bj-79670

Attachment: Ordinance No. 938

## ORDINANCE NO. 938

**A ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORCO APPROVING AN AMENDMENT TO TITLE 18, SECTIONS 18.13.06(D) AND 18.13.08(Q) WITH ANY RELATED CROSS-REFERENCES IN OTHER CHAPTERS AS NEEDED TO AMEND PROVISIONS THAT REGULATE ROOSTERS WITHIN THE A-1 ZONE. ZONE CODE AMENDMENT 2011-04.**

WHEREAS, the City initiated Zone Code Amendment 2011-04, an amendment to Norco Municipal Code Title 18, amending Sections 18.13.06 (D) and 18.13.08 (Q); and

WHEREAS, the Zone Code Amendment has been duly submitted to said City's Planning Commission for decision at a public hearing for which proper notice was given; and

WHEREAS, the Zone Code Amendment was scheduled for public hearing on October 26, 2011 on or about 7 p.m. in the Council Chambers at 2820 Clark Avenue, Norco, California 92860; and

WHEREAS, at the time set, the Planning Commission did hold a public hearing and did receive both oral and written testimony pertaining to the Zone Code Amendment; and

WHEREAS, based on findings of fact, the Planning Commission adopted Resolution 2011-61 recommending to the City Council that Zone Code Amendment 2011-04 be approved for reasons set forth in said Resolution; and

WHEREAS, hearing of said Zone Code Amendment was duly noticed and scheduled for public hearing by the City Council at their meeting of November 16, 2011, on or about 7 p.m. in the Council Chambers of the Norco City Hall, 2820 Clark Avenue, Norco, California, 92860; and

WHEREAS, said City Council held a public hearing and received oral and written testimony pertaining to said Zone Code Amendment; and

WHEREAS, the City of Norco acting as the Lead Agency has determined that the requested Zone Code Amendment is categorically exempt from the California Environmental Quality Act (CEQA) and the City of Norco Environmental Guidelines.

NOW, THEREFORE, the City Council of the City of Norco does hereby ordain as follows:

SECTION 1: Norco Municipal Code Title 18 "Zoning" is hereby amended as follows.

Section 18.13.06 Permitted Uses

(D) Agricultural Uses:

1. Farms devoted to the hatching, raising, butchering, or marketing on a commercial scale of chickens, turkeys, or other fowl or poultry and rabbits, fish, frogs, mink, chinchilla, or other small animal farms of a similar nature; provided, however, that not more than 500 turkeys per acre, in addition to brooding stock, shall be kept, fed, or maintained on a parcel of less than five acres. No commercial poultry operation shall be established on a parcel containing less than nine acres or with a width of less than 300 feet, and all poultry buildings and structures shall be set back a minimum of 25 feet from the rear and side lines of the parcel and 50 feet from any public road or highway.

i. The maximum number of roosters permitted, for noncommercial keeping, in relation to lot size shall be determined as follows:

<b>Lot Size</b>	<b>Maximum Roosters</b>
10,000 but less than 19,999 sq. ft.	13
20,000 but less than 24,999 sq. ft.	25
25,000 but less than 29,999 sq. ft.	38
30,000 but less than 34,999 sq. ft.	50
35,000 but less than 39,999 sq. ft.	63
40,000 or more	75

ii. ~~Offspring of permitted adult roosters shall not be counted in determining the permitted number of roosters on a given lot, until the offspring reach age seven months.~~ When it can be determined that a bird is a stag it shall be included in the count regardless of the age of the stag. For purposes of this section of the Municipal Code a stag is a rooster less than one year old.

iii. All properties with more than 25 roosters shall be required to have roosters contained on the property at all times, with said roosters maintained a minimum of 50 feet from the nearest adjacent residence. Any operation consisting of 75 or more roosters shall be considered a commercial operation and have the same restrictions pertaining to a commercial poultry business.

Section 18.13.08 Uses Which May be Permitted by Conditional Use Permit

(Q) The noncommercial keeping of roosters in excess of the number allowed in Section 18.13.06(D)(1)(i).

SECTION 2: EFFECTIVE DATE: This Ordinance shall become effective 30 days after final passage thereof.

SECTION 3: SEVERABILITY: If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The Council hereby declares that it would have passed this Ordinance, and each section, subsection, sentence, clause, and phrase, hereof, irrespective of the fact that any one or more of the sections, subsections, sentences, clauses, or phrases hereof be declared invalid or unconstitutional.

SECTION 4: POSTING: The Mayor shall sign this Ordinance and the City Clerk shall attest thereto and shall cause the same within 15 days of its passage to be posted at no less than five public places within the City of Norco.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held December 7, 2011.

\_\_\_\_\_  
Mayor Pro Tem of the City of Norco,  
California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, City Clerk of the City of Norco, California, do hereby certify that the foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Norco, California, duly held on November 16, 2011 and thereafter at a regular meeting of said City Council duly held on December 7, 2011, it was duly passed and adopted by the following vote of the City Council:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on December 7, 2011.

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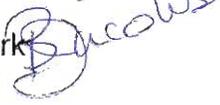
Brenda K. Jacobs, City Clerk  
City of Norco, California

/sk-79904

# CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Brenda K. Jacobs, City Clerk 

DATE: December 7, 2011

SUBJECT: **Ordinance No. 939, Second Reading.** Amending the Norco Hills Specific Plan to Establish Provisions to Regulate Fowl and the Number of Animals not Otherwise Categorized as an Animal Unit.

RECOMMENDATION: Adopt **Ordinance No. 939** for second reading.

SUMMARY: The first reading of Ordinance No. 939 was held on November 16, 2011 and was adopted by the City Council with a 5-0 vote.

This Ordinance amends the Norco Hills Specific Plan regulations for animals not defined or regulated by an animal unit to be subject to the same standards and restrictions as outlined in the A-1 zone district, and other applicable Codes for governing the same for residential animal-keeping, in the Norco Municipal Code.

/bj-79884

Attachment: Ordinance No. 939

## ORDINANCE NO. 939

**A ORDINANCE OF THE CITY COUNCIL OF THE CITY OF NORCO APPROVING AMENDMENT 6 TO THE NORCO HILLS SPECIFIC PLAN CHAPTER C SECTION 1, PARAGRAPH (i) WITH ANY RELATED CROSS-REFERENCES IN OTHER CHAPTERS AS NEEDED TO ADD A PROVISION TO REGULATE ANIMALS NOT OTHERWISE REGULATED BY AN ANIMAL UNIT. SPECIFIC PLAN 91-05 AMENDMENT 6.**

WHEREAS, the City initiated Specific Plan 91-05, Amendment 6, an amendment to Chapter C, Section 1, Paragraph (i) to add a provision to regulate animals not otherwise regulated by an animal unit; and

WHEREAS, the Specific Plan Amendment has been duly submitted to said City's Planning Commission for decision at a public hearing for which proper notice was given; and

WHEREAS, the Specific Plan Amendment was scheduled for public hearing on October 26, 2011 on or about 7 p.m. in the Council Chambers at 2820 Clark Avenue, Norco, California 92860; and

WHEREAS, at the time set, the Planning Commission did hold a public hearing and did receive both oral and written testimony pertaining to the Specific Plan Amendment; and

WHEREAS, based on findings of fact, the Planning Commission adopted Resolution 2011-62 recommending to the City Council that Specific Plan 91-05 Amendment 6 be approved for reasons set forth in said Resolution; and

WHEREAS, hearing of said Specific Plan Amendment was duly noticed and scheduled for public hearing by the City Council at their meeting of November 16, 2011, on or about 7 p.m. in the Council Chambers of the Norco City Hall, 2820 Clark Avenue, Norco, California, 92860; and

WHEREAS, said City Council held a public hearing and received oral and written testimony pertaining to said Specific Plan Amendment; and

WHEREAS, the City of Norco acting as the Lead Agency has determined that the requested Specific Plan Amendment is categorically exempt from the California Environmental Quality Act (CEQA) and the City of Norco Environmental Guidelines.

NOW, THEREFORE, the City Council of the City of Norco does hereby ordain as follows:

SECTION 1: Specific Plan 91-05, Norco Hills Specific Plan is hereby amended as follows.

C. Regulations

(1) Equestrian Residential District

i. Animal Keeping

1) Numbers Permitted: The maximum number of animal units (AU by the Norco Municipal Code) shall be based on the average natural slope. The maximum number of animals based on an apportionment per acres shall be as follows:

Table 5

Average Natural Slope	Maximum Number of AU per 40,000 square foot lot
0 – 9.9%	4.0
10 – 19.9%	3.0
20 – 29.9%	2.0
30 – 39.9%	1.0
40 + above	.5

Animals not defined or regulated by an animal unit are subject to the same standards and restrictions as outlined in the A-1 zone district, and other applicable Codes for governing the same for residential animal-keeping, in the Norco Municipal Code.

\* Note: Allowable animal units shall be permitted based on lot size rounded to the nearest 5000 square-foot increment.

SECTION 2: EFFECTIVE DATE: This Ordinance shall become effective 30 days after final passage thereof.

SECTION 3: SEVERABILITY: If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Ordinance. The Council hereby declares that it would have passed this Ordinance, and each section, subsection, sentence, clause, and phrase, hereof, irrespective of the fact that any one or more of the sections,

subsections, sentences, clauses, or phrases hereof be declared invalid or unconstitutional.

SECTION 4: POSTING: The Mayor shall sign this Ordinance and the City Clerk shall attest thereto and shall cause the same within 15 days of its passage to be posted at no less than five public places within the City of Norco.

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held December 7, 2011.

\_\_\_\_\_  
Mayor Pro Tem of the City of Norco,  
California

ATTEST:

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

I, BRENDA K. JACOBS, City Clerk of the City of Norco, California, do hereby certify that the foregoing Ordinance was introduced at a regular meeting of the City Council of the City of Norco, California, duly held on November 16, 2011 and thereafter at a regular meeting of said City Council duly held on December 7, 2011, it was duly passed and adopted by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on December 7, 2011.

\_\_\_\_\_  
Brenda K. Jacobs, City Clerk  
City of Norco, California

/sk-79776

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Peter Bryan, Fire Chief 

DATE: December 7, 2011

SUBJECT: Public Hearing Confirming Costs for 2011 Tumbleweed Abatement

RECOMMENDATION: Adopt **Resolution No. 2011-\_\_\_\_**, confirming the report of costs for abatement of tumbleweeds and hazardous vegetation as a public nuisance and imposing special assessment liens on vacant parcels within the City.

**SUMMARY:** The 2011 Tumbleweed Abatement Report of Costs lists property owners whose vacant parcels were abated by the City's weed abatement contractor in October 2011. After Council adopts the Resolution, property owners will be invoiced for payment of the abatement.

**BACKGROUND/ANALYSIS:** The City's weed abatement contractor has completed the removal of tumbleweeds from vacant properties whose owners failed to abate. The Notices to Abate Tumbleweeds were mailed on August 11, 2011 pursuant to Council's declaration on March 2, 2011 that seasonal, recurring tumbleweeds and hazardous vegetation constitute a public nuisance. The deadline to comply with the abatement notice was September 19, 2011.

Exhibit "A" – 2011 Tumbleweed Abatement Report of Costs shows both the contractor's cost and the Fire Department's administrative fee. Property owners will be invoiced for these costs; and if not paid, property liens will be assessed through the Riverside County Auditor-Controller's Office.

**FINANCIAL IMPACT:** Costs to abate weeds on vacant property are paid by the property owner or special assessment property tax liens.

/mb-79699

Attachments: Resolution No. 2011-\_\_\_\_\_  
Exhibit "A" – 2011 Tumbleweed Abatement Report of Costs

## RESOLUTION NO. 2011-\_\_\_\_\_

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NORCO, CALIFORNIA, CONFIRMING THE REPORT OF COSTS FOR ABATEMENT OF WEEDS AND HAZARDOUS VEGETATION AS A PUBLIC NUISANCE AND IMPOSING SPECIAL ASSESSMENT LIENS ON VACANT PARCELS WITHIN THE CITY**

WHEREAS, the City Council declared that seasonal and recurring weeds and hazardous vegetation, growing upon and in front of vacant property in the City of Norco, constitute a public nuisance and also declared its intent to provide for abatement by adopting Resolution No. 2011-13 on March 2, 2011; and

WHEREAS, the Notice to Destroy Weeds and Hazardous Vegetation was given to property owners of vacant property in accordance with Chapter 13, Article 2, Section 39567.1 of the State of California Government Code and Resolution No. 2011-13; and

WHEREAS, the City Council held a Public Hearing on May 4, 2011, and all objections to the proposed abatement of weeds and hazardous vegetation on vacant parcels were heard and considered in accordance with the State of California Government Code and Resolution No. 2011-13; and

WHEREAS, the City Council ordered the Fire Chief to have such nuisances abated by adopting Resolution No. 2011-23 on May 4, 2011; and

WHEREAS, an itemized report showing the cost to abate the nuisances that were on or in front of vacant parcels has been prepared and submitted to the City Council for confirmation; and

WHEREAS, a copy of the report of costs was posted near the door of the Council Chamber at least three days prior to the Public Hearing; and

WHEREAS, the Public Hearing being held by City Council is for the purpose of receiving and considering the report of costs showing abatement costs and hearing objections from property owners liable to be assessed for such costs.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Norco, California, does hereby find and declare that the 2011 Tumbleweed Abatement Report of Costs, Exhibit "A" on nuisance abatement for vacant parcels is confirmed, and that the costs are also confirmed as special assessment property liens against the vacant parcels whose property owners do not pay the invoiced amount.

Resolution No. 2011-\_\_\_\_  
Page 2  
December 7, 2011

PASSED AND ADOPTED by the City Council of the City of Norco at a regular meeting held on December 7, 2011.

\_\_\_\_\_  
Mayor of the City of Norco, California

ATTEST:

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

I, Brenda Jacobs, City Clerk of the City of Norco, California, do hereby certify that the foregoing Resolution was adopted by the City Council of the City of Norco, California, at a regular meeting thereof held on December 7, 2011 by the following vote of the City Council:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Norco, California, on December 7, 2011.

\_\_\_\_\_  
Brenda Jacobs, City Clerk  
City of Norco, California

/mb-79700

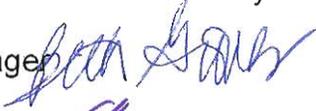
NORCO FIRE DEPARTMENT

2011 TUMBLEWEED ABATEMENT REPORT OF COSTS  
Exhibit "A"

PARCEL NO.	OWNER OF RECORD	PARCEL ACREAGE	CONTRACTOR'S FEE	ADMIN FEE	TOTAL CHARGE
121074014-6	Amir & Fadia Ibrahim 3070 Shadow Canyon Cr Norco CA 92860	0.50	70.00	70.00	140.00
121092016-4	Lot 65 Trust 2337 Norco Dr Norco CA 92860	0.47	70.00	70.00	140.00
123310021-5	Rosemary Butler c/o Daniel Saylor 2825 E Cortez West Covina CA 91791	0.58	110.00	110.00	220.00
123310025-9	Vu Duong 2235 Bowman Av Tustin CA 92782-1246	1.00	105.00	105.00	210.00
123310026-0	Vu Duong 2235 Bowman Av Tustin CA 92782-1246	1.24	168.20	168.20	336.40
125270012-8	Eugene Eustaquio 3 Dogwood South Irvine CA 92612	1.08	99.40	99.40	198.80
126050017-0	DW August Inc. 1331 Tiffany Ranch Rd Arroyo Grande CA 93420	0.43	70.00	70.00	140.00
131090034-7	Kadva Patinar 102 E Eucalyptus Dr Anaheim Hills CA 92808	1.17	70.00	70.00	140.00
Total Charges			\$ 762.60	\$ 762.60	\$ 1,525.20

## CITY OF NORCO STAFF REPORT

TO: Honorable Mayor and Members of the City Council

FROM: Beth Groves, City Manager 

PREPARED BY: Steve King, Planning Director 

DATE: December 7, 2011

SUBJECT: Discussion Regarding Rubber-on-Wheels – An Automotive Service Business located at 1053 Sixth Street in the C-4 Zone

SUMMARY: Rubber-on-Wheels is an existing business located at 1053 Sixth Street that is currently operating without a business license. Staff has not issued the business license because of existing code violations from that operation (ref. Exhibit "A" – Letter, dated October 31, 2011). The applicant approached the City Council at the last meeting requesting consideration on the issuance of the business license and that the business be allowed to remain at the stated address. Council Member Azevedo recommended, and the City Council approved, this matter be agendized for discussion.

BACKGROUND: Automotive service is not a permitted use, nor a conditionally-permitted use in the C-4 zone. There are other automotive service related businesses on Sixth Street that existed when those uses were permitted under previous zoning regulations and as such are legal non-conforming uses. The business in question has only been in operation since the adoption of the current C-4 zoning which does not allow automotive service or repair. It was explained to the owner of the business upon an initial information request that the only operation related to the business that could operate in the C-4 zone would be a business office use that could also serve as the dispatch center for the service vehicles to client locations. The business is a mobile tire service business. It was explained that there could be no service of vehicles on-site. It was also explained that the only way to have storage of tires on-site was to have them completely contained at all times within an approved storage container but that the use of the storage container first requires approval of a conditional use permit.

Since that time the business has opened without a business license, service is occurring on-site, there is outdoor storage of tires, and storage containers have been placed without the required conditional use permit approval. There is someone living in a residence on site; the attached letter said that this is illegal, which is incorrect. The house was approved with an original site plan in 1971 and that included the approval of the house and a business on the same site (ref. Exhibit "B" – Letter, dated December 20, 1988). The house as a residence is now a non-conforming use but can still be used as a residence and the residence can exist in conjunction with a business on the same property.

December 7, 2011

For the Rubber-on-Wheels business to remain at this location one of the following set of circumstances needs to occur:

1. The applicant/owner eliminates code violations so that a business license can be issued. This would involve: a) removal of all outdoor storage of tires with continuing maintenance of no outdoor storage or display of tires; b) obtain a conditional use permit for storage containers to be kept on-site which will require the payment of application fees totaling \$2,858 (CUP fee + environmental exemption fee + county filing fee) and approval by the Planning Commission; and c) stop any service on-site and maintain the business office with no service occurring on-site; or
2. A zone code amendment would need to be processed to allow auto repair and services as permitted or conditionally-permitted (CUP) uses in the C-4 zone similar to what used to be allowed along Sixth Street.

/sk-79907

Attachments: Exhibit "A" – Letter, dated October 31, 2011

Exhibit "B" – Letter, dated December 20, 1988



# CITY of NORCO

CITY HALL • 2870 CLARK AVENUE • NORCO CA 92860 • (951) 735-3900 • FAX (951) 270-5622

October 31, 2011

Business Owner  
Rubber on Wheels  
1053 Sixth Street  
Norco, CA 92860

Re: Requested Business License

This is in regards to a phone message responding to an Administrative Citation issued for Rubber on Wheels at 1053 Sixth Street. A business license has not been issued because Rubber on Wheels is operating illegally.

Automotive uses, including sales and service, are not permitted uses in the C-4 zone where the business is located. In an effort to work with you the City agreed that an office/dispatch operation could operate provided that there was no automotive work or services being performed at 1053 Sixth Street. The storage of tires is also prohibited. Again, in an effort to work with you, you were advised that storage containers could be used for storage, however an approved conditional use permit is required before the use of any cargo container/storage structure can occur. No conditional use permit has been approved for the use of a cargo carrier/storage container.

Reports have also been received that someone associated with the business is living on the premises. This is also illegal as a business cannot be operating on a site being used for a residential purpose and vice-versa. A business license will not be issued under these circumstances and continued operation will be in violation of the Norco Municipal Code.

The alleged violations that, if occurring need to stop, are:

1. Performing automotive services at 1053 Sixth Street.
2. Open storage of tires.
3. Use of cargo containers for storage without a conditional use permit.
4. Someone living on the property.
5. Operating without a valid business license.

If you have any questions please contact me at (951) 270-5662 or Ken Swank the City's Code Enforcement Officer at (951) 270-5684.

Sincerely,

Steve King  
Planning Director  
/sk-79726

**EXHIBIT** "A"

## CITY COUNCIL

BERWIN HANNA  
Mayor

KEVIN BASH  
Mayor Pro Tem

KATHY AZEVEDO  
Council Member

GREG NEWTON  
Council Member

HARVEY SULLIVAN  
Council Member

December 20, 1988  
88DCD368

Ms. Lenny Wilridge  
SW Realtors  
2085A River Road  
Norco, California 91760

Re: 1053 Sixth Street--Change in Business Occupancy.

Dear Ms. Wilridge:

As per our phone conversation of yesterday, this letter is intended to confirm the use of 1053 Sixth Street for a postal delivery business.

The subject property had been approved for a commercial operation in 1971 (ref: Site Plan 71-4). The proposed commercial business will be allowed to utilize this location, as a postal delivery business (transporation) is a permitted use.

In addition, as you had questioned, the residential portion of the property is a legal, permitted use (also reviewed and approved with Site Plan 71-4). Therefore, if this portion of the structure was destroyed and/or damaged by any means, the City would allowed said structure to be rebuilt.

Lastly, as noted, any significant improvement to the site (i.e., driveway extension, new structures, etc.) will require building permits and could subject the site to additional reviews by the City.

If you should require any additional information from this office, please do not hesitate to contact me.

Sincerely,

  
James E. Daniels  
Planning Director

JED:sd

FRANK L. MARRIOTT  
Mayor

JOHN M. COBBE  
Mayor Pro Tem

CITY COUNCIL

STEVE M. NATHAN  
Chairman

ALAN W. BROWN  
Councilman

EXHIBIT

"B"