



**City Council  
Successor Redevelopment Agency  
Financing Authority  
Housing Authority**

**AGENDA**

**Wednesday**

**Regular**

**Closed Session 5:30 p.m.  
Regular Session 6:30 p.m.**

**October 16, 2013**

**City Hall  
100 West California Avenue  
Ridgecrest CA 93555**

**(760) 499-5000**

**Daniel O. Clark, Mayor  
Marshall 'Chip' Holloway, Mayor Pro Tempore  
James Sanders, Council Member  
Lori Acton, Council Member  
Steven P. Morgan, Council Member**

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LAST ORDINANCE NO. 13-03  
LAST RESOLUTION CITY COUNCIL NO. 13-80

## **CITY OF RIDGECREST**

### **CITY COUNCIL REDEVELOPMENT SUCCESSOR AGENCY HOUSING AUTHORITY FINANCING AUTHORITY**

#### **AGENDA**

Regular Council  
Wednesday October 16, 2013

#### **CITY COUNCIL CHAMBERS CITY HALL**

100 West California Avenue  
Ridgecrest, CA 93555

**Closed Session – 5:30 p.m.**

**Regular Session – 6:00 p.m.**

This meeting room is wheelchair accessible. Accommodations and access to City meetings for people with other handicaps may be requested of the City Clerk (499-5002) five working days in advance of the meeting.

In compliance with SB 343. City Council Agenda and corresponding writings of open session items are available for public inspection at the following locations:

1. City of Ridgecrest City Hall, 100 W. California Ave., Ridgecrest, CA 93555
2. Kern County Library – Ridgecrest Branch, 131 E. Las Flores Avenue, Ridgecrest, CA 93555
3. City of Ridgecrest official website at <http://ci.ridgecrest.ca.us>

**CALL TO ORDER**

**ROLL CALL**

**APPROVAL OF AGENDA**

**PUBLIC COMMENT – CLOSED SESSION**

**AGENDA - CITY COUNCIL - REGULAR**

October 16, 2013

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**CLOSED SESSION**

- GC54956.8 Real Property Negotiations – APN number 0330-060-03, 940 North China Lake Blvd – Agency Negotiators Dennis Speer, City Manager and Gary Parsons, Economic Development Programs Manager
- GC54956.9 Conference With Legal Counsel – Existing Litigation – City Of Ridgecrest v. Matasantos

**REGULAR SESSION – 6:00 p.m.**

- Pledge Of Allegiance
- Invocation

**CITY ATTORNEY REPORT**

- Closed Session
- Other

**PUBLIC COMMENT**

**PRESENTATIONS**

1. Presentation Of A Proclamation Recognizing The Month Of October As Energy Awareness Month Clark
2. Presentation of City of Ridgecrest Parks Update Patin

**CONSENT CALENDAR**

3. Accept For Filing The Quarterly Investment Report Ending June 30, 2013 McQuiston
4. Adopt A Resolution Accepting The Other Post Employment Benefits (OPEB) Actuarial Study As Of June 30, 2013 Prepared By Nyhart Epler McQuiston
5. Adopt A Resolution Of The Ridgecrest City Council Authorizing Application For And Acceptance Of The United States Department Of Justice, COPS Hiring Program Grant Strand
6. Adopt A Resolution Authorizing Allocation Of Federal Asset Forfeiture Funds To The FY14 Budget To Purchase New Office Furniture For The Police Department Strand
7. Adopt A Resolution Authorizing A Proclamations For Relay For Life And Native American Heritage Month AND Scheduling Presentation Date And Time Ford

**AGENDA - CITY COUNCIL - REGULAR**

October 16, 2013

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8. Approval Of Draft Minutes Of The Regular Council Meeting Dated October 2, 2013 Ford

**ORDINANCES**

9. Ordinance No. 13-04, An Ordinance Of The City Council Of The Cityof Ridgecrest Adopting Zoning Text Amendment No. 12-02, By Amending Chapter XX (Zoning) Of The Municipal Code By Permitting Towers In Excess Of 35 Feet To Be Erected Subject To A Conditional Use Permit Within The Estate Residential Zone Districts,( E-1,E-2 And E-3), The Single Family Residential Zone District, (R-1), The Residential Mobile Home District, (Rmh), The Agricultural Zone District, (A-5), And The Medium-Density Multi-Family Districts, (R-2,R-3 And R-4). Applicant: City Of Ridgecrest Planning Department Alexander

**DISCUSSION AND OTHER ACTION ITEMS**

10. Budget Projection Update For Fiscal Year 2013-14 McQuiston

**COMMITTEE REPORTS**

**Activate Community Talents And Interventions For Optimal Neighborhoods Task Force (ACTION)**

Members: Jim Sanders  
Meetings: 3<sup>rd</sup> Tuesday of the Month at 4:00 P.M., Kerr-McGee Center  
Next Meeting: To Be Announced

**Veterans Advisory Committee**

Members: Dan Clark  
Meetings: 1<sup>st</sup> and 3<sup>rd</sup> Monday of the Month At 6:00 p.m., Council Conference Room  
Next Meeting: To Be Announced

**Ridgecrest Area Convention And Visitors Bureau (RACVB)**

Members: Chip Holloway  
Meetings: 1<sup>st</sup> Wednesday Of The Month, 8:00 A.M.  
Next Meeting: Time and Location To Be Announced

**OTHER COMMITTEES, BOARDS, OR COMMISSIONS**

**CITY MANAGER REPORT**

**MAYOR AND COUNCIL COMMENTS**

**ADJOURNMENT**

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Presentation of a Proclamation recognizing the month of October as Energy Awareness Month in the City of Ridgecrest

**PRESENTED BY:**

Daniel Clark – Mayor

**SUMMARY:**

Kern Council of Governments has requested cities throughout Kern County recognize Energy Awareness Month.

Ridgecrest has had an ongoing relationship with the Kern Watch program and actively supports their mission with efforts to go 'Green'. City has made arrangements for representatives of Kern Watch program attend our Council meeting to be presented the proclamation.

**FISCAL IMPACT:**

No Fiscal Impact

Reviewed by Finance Director

**ACTION REQUESTED:**

Approve and Present a proclamation recognizing the month of October as Energy Awareness Month.

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested:

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September 27, 2013

Dennis Speer  
City of Ridgecrest  
100 West California Avenue  
Ridgecrest, CA 93555

Dear Dennis,

Your Kern Energy Watch Partnership reminds you that the month of October 2013 is Energy Awareness Month. The theme this year is "Act Now: Turn words into action; turn action into results".

I am asking you to turn words into action – please ask your city council to make a proclamation officially declaring Energy Awareness Month in your community.

You will find a draft proclamation attached to this email. Please send a copy of the proclamation to the Kern Energy Watch Coordinator, Linda Urata at Kern Council of Governments. She will forward the document to the utility program managers.

In support of Energy Awareness month, please feel free to contact Tami Popek to request Take 5 posters and Energy Saving stickers to be given away in your community. Please display your Energy Leader Partner banner from Southern California Edison. A press release and photograph will be sent to your local newspaper and to your office for use on your website or in other city publications. You may proudly display your banner publicly as opportunities present themselves, such as when the city council pronounces Energy Awareness Month!

Other materials available from the Federal Energy Management Program are available at this website:

[http://www1.eere.energy.gov/femp/services/energy\\_aware.html](http://www1.eere.energy.gov/femp/services/energy_aware.html)

I appreciate your consideration of this request and would like to take this opportunity to tell you that Kern Energy Watch values your partnership.

Sincerely,

Linda Urata, Coordinator  
Kern Energy Watch Partnership

Ec: Kern Energy Watch representative: Doreen Morgan  
City Clerk: Rachel Ford  
Program Managers: PG&E, Southern California Edison and Southern California Gas Company

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***A Proclamation of  
The City of Ridgecrest, California  
DECLARING OCTOBER 2013 AS ENERGY AWARENESS MONTH***

- WHEREAS:** Ridgecrest is an active member of the Kern Energy Watch Partnership, which is a partnership between local governments in Kern County, Pacific Gas & Electric Company, Southern California Edison Company, Southern California Gas Company, Kern Economic Development Corporation, and Kern Council of Governments; and
- WHEREAS:** citizens and businesses spend substantial amounts of money and resources for energy and it makes economic sense and good public policy to encourage energy awareness in Ridgecrest; and
- WHEREAS:** asking individuals to take five minutes to review their daily routine to conserve energy, empower others to take action, and join together to save energy and money; and
- WHEREAS:** energy efficiency programs enhance our environment by improving air quality, reducing greenhouse gases and other pollutants, and conserving natural resources; and
- WHEREAS:** Kern Energy Watch will host the Energy Action Plan Summit for local governments on October 30, 2013 in Bakersfield; and
- WHEREAS:** October 7<sup>th</sup>-11<sup>th</sup>, 2013 was celebrated as Rideshare Week, promoting saving energy in the transportation sector by encouraging people to ride their bikes, carpool, vanpool, ride the bus, or walk; and
- WHEREAS:** Energy efficiency improvements can be realized through wise energy attitudes, behaviors, and organizational decisions; and
- WHEREAS:** the 2013 Energy Awareness Month theme is "Act Now: Turn words into action, turn action into results."

***Now, therefore, be it proclaimed***

***The City Council of the City of Ridgecrest does hereby proclaim The month of October 2013 is declared to be Energy Awareness Month to be celebrated by the City of Ridgecrest, its employees, residents of all ages, and businesses throughout the community.***

***Proclaimed this 16<sup>th</sup> Day of October 2013***

  
***Daniel O Clark, Mayor***

  
***Marshall Chip Holloway***  
***Mayor Pro Tem***

  
***Lori Acton***  
***Council Member***

  
***James Sanders***  
***Council Member***

  
***Steven P. Morgan***  
***Council Member***

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**CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM**

**SUBJECT:**

Investment Reports for quarter ending June 30, 2013

**PRESENTED BY:**

Rachell McQuiston, Finance Director/City Treasurer

**SUMMARY:**

Government Code Section 53646 and the City's Investment Policy require that Treasurer of the City of Ridgecrest submit a quarterly investment report to the City Council on a quarterly basis. The attached reports show the summary of investments for quarters ending June 30, 2013. The reports show where the City's money is invested, value, yield and interest accrued.

Majority of the City's cash is invested in the Local Agency Investment Fund (LAIF) which is a money market fund that is administered by the State Treasurer. LAIF is a high quality investment in terms of safety, liquidity and yield which are the primary objectives of the City's investment policy.

The investments in the reports meet the requirements of the City of Ridgecrest's adopted investment policy.

**FISCAL IMPACT:**

None

**ACTION REQUESTED:**

Receive and file the attached investment report.

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested:

(Rev. 2-14-07)

Action Date: Oct. 16, 2013

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**City of Ridgecrest**  
**QUARTERLY INVESTMENT REPORT**  
**For the Quarter Ending June 30, 2013**

<b>Investments</b>	<b>Balance 3/31/2013</b>	<b>Deposit</b>	<b>Withdrawals</b>	<b>Balance 6/30/2013</b>	<b>Current Yield</b>	<b>Accrued Qtrly Interest</b>
Union Bank of California-Checking	1,299,459.72	9,856,092.10	<b>(7,801,615.16)</b>	3,353,936.66		
LAIF Accounts-City	10,184,929.12	1,506,887.32	<b>(500,000.00)</b>	11,191,816.44	0.24%	6,598.87
LAIF Accounts-Assessment Dist	448,045.57	356.98	-	448,402.55	0.24%	272.26
LAIF Accounts-RDA	29,266,705.19	24,311.22	<b>(1,000,000.00)</b>	28,291,016.41	0.24%	17,671.63
<b>Total Cash Balances</b>	<b>41,199,139.60</b>	<b>11,387,647.62</b>	<b>(9,301,615.16)</b>	<b>43,285,172.06</b>		<b>24,542.76</b>

To the best of my knowledge, there are no misstatements of material amounts within this Treasurer's Cash Summary Report; or omissions of material amounts to cause the Treasurer's Cash Summary Report to be misleading.

I certify that this report accurately reflects all City of Ridgecrest investments and complies with the investment policy of the City as approved by the governing board.

Reviewed by Rachelle McQuiston  
Finance Director

Prepared by Tess Sloan  
Assistant Finance Director

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## CITY COUNCIL AGENDA ITEM

**SUBJECT:**

Acceptance of the Actuarial Valuation report of the City's OPEB

**PRESENTED BY:**

Rachel McQuiston, Finance Director

**SUMMARY:**

The City of Ridgecrest provides postretirement health benefits for eligible retirees and their dependents at retirement. In general, to be eligible for retiree health benefits, an employee must retire from the City and began receiving a pension benefit thru CalPERS. The City's financial obligation is to provide \$115 per month subject to the CalPERS statutory minimum required contribution. In 2014, the minimum contribution is scheduled to increase to \$119. Employees who are member of the Police Employees Association of Ridgecrest ("PEAR") and who retired between the dates of March 15, 2005 to August 31, 2011 are eligible for a \$100 per month reimbursement for non-CalPERS coverage with proof of verification. PEAR members who retire after August 31, 2011 are eligible to \$250 per month reimbursement for non-CalPERS coverage. Currently the City has 23 retirees participating in the CalPERS health plan and four PEAR retirees are receiving the \$100 per month reimbursement directly from the City for their non-CalPERS coverage.

As part of the GASB 45 compliance, the City engaged the services of Nyhart Epler to perform actuarial services related to GASB 45. In 2008 the City set up an irrevocable trust with CalPERS to prefund 100% of its post employment retirement benefit obligation. From FY 2008 to FY 2013, the City has contributed to the trust a total of \$349,637. The current market value of the trust as of June 30, 2013 is \$449,520.

The Actuarial Valuation study as of 6/30/2013 shows City's actuarial accrued liability (AAL) of \$961,858. Factoring the value of the assets in the trust as of June 30, 2013, the unfunded actuarial accrued liability (UAAL) is equal to \$512,338. Assuming this amount is to be amortized in 24 years on a level percentage of pay basis, the amortization would be \$36,317 per year.

The table below shows the calculation of the annual required contribution (ARC) under GASB 45 for the fiscal years ending June 30, 2014 and June 30, 2015.

	FY 2013/2014	FY 2014/2015
Normal Cost at End of Fiscal Year	\$ 41,631	\$ 44,799
Amortization of UAAL	36,317	37,406
Annual Required Contribution	<u>\$ 77,948</u>	<u>\$ 82,206</u>

**FISCAL IMPACT:**

\$77,948 in FY 2014 and \$82,206 in FY 2015

**ACTION REQUESTED:**

Approval of the attached resolution.

**CITY MANAGER'S RECOMMENDATION:**

As requested.

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**RESOLUTION NO. 13-XX**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIDGECREST  
ACCEPTING THE OPEB ACTUARIAL STUDY AS OF JUNE 30, 2013 PREPARED BY  
NYHART EPLER**

**WHEREAS**, the Government Accounting Standards Board (GASB) establishes financial accounting and reporting standards for state and local government entities, which recognize GASB as the official source of generally accepted accounting principles for state and local government; and

**WHEREAS**, GASB Standard No. 45 establishes the guidelines for accounting and financial reporting of other post employment benefits (OPEB) and requires each public agency to engage biennially a certified actuary to calculate the current and future costs and liabilities of an agency's OPEB; and

**WHEREAS**, the City of Ridgecrest engaged the services of Nyhart Epler to perform actuarial services related to GASB 45; and

**WHEREAS**, the only post employment benefit offered to the City of Ridgecrest employees is the mandatory minimum employer contribution required by Government Code Section 22892(a) & (b) under the Public Employees' Medical and Hospital Care Act for those employees who upon retirement, elect to enroll in the CalPERS health benefits program; otherwise if they elect to get their health insurance coverage outside CalPERS, the City does not give them any other benefit unless they retire after March 17, 2005 and are members of Police Employee Association of Ridgecrest (PEAR). In which case, upon presentation of proof of other health insurance coverage, they are eligible to receive \$100 per month if the PEAR member retires between March 17, 2005 and August 31, 2011 or \$250 per month for those who retire after August 31, 2011; and

**WHEREAS**, resolution 08-16 authorized the prefunding 100% of the City of Ridgecrest's annual required contribution of its other post-employment benefit obligation and the establishment of its California Employers' Retiree Benefit Trust Fund with CalPERS

**NOW, THEREFORE, BE IT RESOLVED**, that the City Council of the City of Ridgecrest hereby accepts the actuarial valuation report from Nyhart Epler (attached herein).

**APPROVED AND ADOPTED** this 16<sup>th</sup> day of October, 2013, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Daniel O. Clark, Mayor

ATTEST:

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Rachel J. Ford, CMC, City Clerk

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# **City of Ridgecrest**

## **Actuarial Valuation Retiree Health Program As of June 30, 2013**

August 2013

Prepared By:  
Nyhart Epler  
450 B Street, Suite 750  
San Diego, CA 92101-8002  
(619) 239-0831  
[www.nyhart.com](http://www.nyhart.com)

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nyhart

EPLER

450 B Street, Suite 750  
San Diego, CA 92101-8002  
(p) 619-239-0831  
(f) 619-239-0807  
www.nyhart.com

September 24, 2013

**PRIVATE**

City of Ridgecrest  
Attn: Ms. Tess Sloan  
Accounting Manager  
100 West California  
Ridgecrest, CA 93555

Re: GASB Actuarial Valuation

Dear Ms. Sloan:

We are presenting our report of the June 30, 2013 actuarial valuation conducted on behalf of the City of Ridgecrest (the "City") for its retiree health program.

The purpose of the valuation is to measure the City's liability for retiree health benefits and to determine the City's accounting requirements under the Government Accounting Standard Board Statements No. 43 & 45 (GASB 43 & 45) in regard to unfunded liabilities for retiree health benefits. The objective of GASB 45 is to improve the information in the financial reports of government entities regarding their post-employment benefits (OPEB) including retiree health benefits. The objective of GASB 43 is to establish uniform reporting for OPEB Plans.

Nyhart Epler is the San Diego office of the Nyhart Company, an employee owned actuarial, benefits and compensation consulting firm specializing in group health and retiree health and qualified pension plan valuations. We have set forth the results of our valuation in this report.

We have enjoyed working on this assignment and are available to answer any questions.

Sincerely,  
Nyhart Epler

  
Marilyn K. Jones, ASA, MAAA, EA, FCA  
Consulting Actuary

MKJ:rl

Enclosure

As required by U.S. Treasury Regulations governing tax practice, IRS Circular 230 Tax Advice Disclaimer, you are hereby advised that any written tax advice contained herein was not written or intended to be used (and cannot be used) by any taxpayer for the purpose of avoiding penalties that may be imposed under the U.S. Internal Revenue Code.

**City of Ridgecrest  
Actuarial Valuation  
Retiree Health Program  
As of June 30, 2013**

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## **SECTION I. EXECUTIVE SUMMARY**

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### **Background**

The City of Ridgecrest (the "City") selected Nyhart Epler to perform an updated actuarial valuation of its retiree health program. The purpose of the actuarial valuation is to measure the City's liability for retiree health benefits and to determine the City's accounting requirements for other post-employment benefits (OPEB) under Governmental Accounting Standards Board Statements No. 43 & 45 (GASB 43 and GASB 45). GASB 45 requires accrual accounting for the expensing of OPEB. The expense is generally accrued over the working career of employees. GASB 43 requires additional financial disclosure requirements for funded OPEB Plans.

The City currently provides a contribution for retiree medical benefits to approximately 25 retired employees. In addition, approximately 93 active employees are earning credit towards eligibility for a City contribution for future retiree medical benefits. In general, to be eligible for a City contribution, an employee must retire from the City and began receiving a pension benefit through CalPERS. The City's financial obligation is to provide \$100 per month subject to the CalPERS statutory minimum required contribution (\$115 per month in 2013, \$119 per month in 2014, and indexed to medical price inflation for future years). Effective in 2005, employees who are members of the Police Employees Association of Ridgecrest ("PEAR") are eligible for a \$100 per month reimbursement for non-CalPERS coverage if retiring prior to September 1, 2011. This amount increases to \$250 per month for eligible PEAR employees retiring on or after September 1, 2011. The valuation has been performed assuming the City's defined contribution of \$100 per month and the \$100 and \$250 reimbursements for PEAR employees will be held constant in future years. Future increases would increase the liability. Section IV of the report details the plan provisions that were included in the valuation.

### **Results of the Retiree Health Valuation**

We have determined that the amount of the actuarial liability for the City's retiree health benefits, as of June 30, 2013 is \$1,213,364. This value is based on an assumed discount rate of 7.61%. The amount represents the present value of all benefits projected to be paid by the City for current and future retirees. If the City were to place this amount in a fund earning interest at the rate of 7.61% per year, and all other actuarial assumptions were met, the fund would have enough to pay the City's required contribution for retiree health benefits. This includes benefits for the current retirees as well as the current active employees expected to retire in the future. The valuation does not consider employees not yet hired as of the valuation date.

If the amount of the actuarial liability is apportioned into past service, current service and future service components; the past service component (actuarial accrued liability) is \$961,858, the current service component (normal cost or current year accrual) is \$38,687 and the future service component (not yet accrued liability) is \$212,819.

### Changes from Prior Valuation

The valuation reflects updated census and rate information. There were no changes to the plan provisions from those used in the prior valuation. There was an update to the retirement assumptions which were used to determine the liabilities and a slight change in the salary scale used to amortize the unfunded actuarial accrued liability. A reconciliation of the approximate change in the liability from the prior valuation is provided below:

<b>June 30, 2011 Valuation</b>	<b>\$1.149 Million</b>
Increases due to passage of time	0.106 Million
Estimated net experience gain	( 0.100 Million)
Increase due to new entrants	0.049 Million
Increase due to assumption change	<u>0.009 Million</u>
<b>June 30, 2013 Valuation</b>	<b>\$1.213 Million</b>

### Funding

The City's funding policy is to fund 100% of the annual required contribution as determined under GASB 45 through the California Employers' Retiree Benefit Trust (CERBT). The market value of assets in the CERBT as of June 30, 2013 is \$449,520. The unfunded actuarial accrued liability at June 30, 2013 is \$512,338. The funded ratio is 47% at June 30, 2013.

The CERBT provides participating employers with the choice of three investment allocation strategies. The expected rate of return of assets is dependent on the funding strategy of a participating employer and which investment allocation strategy is selected. For employers fully funding their annual required contribution, strategy 1 has a CERBT published median yield of 7.61%, strategy 2 has a published median yield of 7.06% and strategy 3 has a published median yield of 6.39%. The valuation was performed using a 7.61% discount rate assuming the City remains in strategy 1 for the 2013/2014 and 2014/2015 fiscal years and assumes no additional margin for adverse deviation applied to the CERBT stated median discount rate. The results for alternatives allocation strategies using a 7.06% and 6.39% discount rate are also provided in Section II-H of the report.

### Annual Required Contribution

The City's annual required contribution (ARC) for the fiscal year ending June 30, 2014 is \$77,948. The ARC is comprised of the present value of benefits accruing in the current fiscal year (normal cost with interest) plus a 24-year amortization (on a level percentage-of-pay basis) of the unfunded actuarial accrued liability. Thus, it represents a means to expense the plan's liabilities in an orderly manner. The increase in the net OPEB obligation at the end of the fiscal year will reflect any actual contributions made by the City during the period for retiree health benefits including any pre-funding amounts..

## Actuarial Basis

The actuarial valuation is based on the assumptions and methods outlined in Section VII of the report. To the extent that a single or a combination of assumptions is not met the future liability may fluctuate significantly from its current measurement.

The actuarial valuation is based on the assumptions and methods outlined in Section VI of the report. To the extent that a single or a combination of assumptions is not met the future liability may fluctuate significantly from its current measurement. As an example, the healthcare cost increase anticipates that the rate of increase in medical cost will be at moderate levels and decline over several years. Increases higher than assumed would bring larger liabilities and expensing requirements. A 1% increase in the healthcare trend rate for each future year would increase the annual required contribution by 27%.

Another key assumption used in the valuation is the discount (interest) rate which is based on the expected rate of return of plan assets. The valuation is based on a discount rate of 7.61%. A 0.5% decrease in the discount rate would increase the annual required contribution by 10%. A 0.5% increase in the discount rate would decrease the annual required contribution by 9%.

GASB 45 requires that implicit rate subsidies be considered in the valuation of medical costs. An implicit rate subsidy occurs when the rates for retirees are the same as for active employees. Since pre-Medicare retirees are typically much older than active employees, their actual medical costs are almost always higher than for active employees. It is our understanding that the City participates in a community-rated health plan (CalPERS Health Plan) and is exempt from valuing the implicit rate subsidy. A proposed Actuarial Standard of Practice would require all actuarial valuations to include the implicit rate subsidy in the valuation of health benefits. If adopted, this could lead GASB to eliminate the exemption from including the implicit rate subsidy in community-rated plans for future valuations. Inclusion of the implicit rate subsidy will typically result in higher liabilities and expense requirements.

The valuation is based on the census, plan and rate information provided by the City. To the extent that the data provided lacks clarity in interpretation or is missing relevant information can result in liabilities different than those presented in the report. Often missing or unclear information is not identified until future valuations.

## **SECTION II. FINANCIAL RESULTS**

### **A. Valuation Results as of June 30, 2013**

The table below presents the employer liabilities associated with the City's retiree health benefits determined in accordance with GASB 45. The actuarial liability is the present value of all benefits or contributions projected to be paid by the City under the program. The actuarial accrued liability reflects the amount attributable to the past service of current employees and retirees. The normal cost reflects the accrual attributable for the current period.

	<u>Pear</u>	<u>Race</u>	<u>Mgmt</u>	<u>Mid-Mgmt</u>	<u>Conf.</u>	<u>Total</u>
<b>1. Actuarial Liability (AL)</b>						
Actives	\$408,290	\$170,967	\$ 45,825	\$ 70,379	\$ 62,081	\$ 757,542
Retirees	<u>136,920</u>	<u>153,660</u>	<u>66,787</u>	<u>57,736</u>	<u>40,719</u>	<u>455,822</u>
Total AL	\$545,210	\$324,627	\$112,612	\$128,115	\$102,800	\$1,213,364
<b>2. Actuarial Accrued Liability (AAL)</b>						
Actives	\$250,062	\$117,503	\$ 35,305	\$ 58,737	\$ 44,429	\$ 506,036
Retirees	<u>136,920</u>	<u>153,660</u>	<u>66,787</u>	<u>57,736</u>	<u>40,719</u>	<u>455,822</u>
Total AAL	\$386,982	\$271,163	\$102,092	\$116,473	\$ 85,148	\$ 961,858
<b>3. Normal Cost</b>						
	\$ 20,872	\$ 9,768	\$ 2,218	\$ 2,877	\$ 2,952	\$ 38,687
<b>No. of Actives</b>						
	38	28	5	9	13	93
<b>Average Age</b>						
	38.5	48.2	51.3	57.5	40.8	44.2
<b>Average Past Service</b>						
	8.3	9.2	12.1	14.5	8.9	9.5
<b>No. of Retirees</b>						
	8	8	4	3	2	25
<b>Average Age</b>						
	64.2	68.5	69.7	57.7	64.6	65.7
<b>Average Retirement Age</b>						
	54.8	61.1	64.0	54.3	61.8	58.8

### **B. Reconciliation of Market Value of Plan Assets**

The reconciliation of Plan Assets for the last two fiscal years is presented below:

	<u>6/30/2012</u>	<u>6/30/2013</u>
1. Beginning Market Value of Assets	\$ 318,724	\$ 361,800
2. Contribution	42,669	45,208
3. Fund Earnings (gross)	778	43,104
4. Benefit Payments	0	0
5. Administrative Expenses	<u>( 371)</u>	<u>( 592)</u>
6. Ending Market Value of Assets	\$ 361,800	\$ 449,520
7. Approximate Rate of Return	0%	11%

Note: Assets reflect contributions made to the CERBT; exclude any direct payments made by the City for payment of benefits; rate of return assumes contributions and payments are made mid-year.

C. Development of Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets plus any contribution receivable or benefits payable. The table below presents the development of the actuarial value of assets at June 30, 2013.

1. Market Value of Assets at June 30, 2013	\$ 449,520
2. Contributions receivable	0
3. Benefits payable	<u>0</u>
4. Actuarial value of assets	\$ 449,520

D. Development of Unfunded Actuarial Accrued Liability (UAAL)

The table below presents the development of the unfunded actuarial accrued liability (UAAL). The UAAL is the excess of the actuarial accrued liability (AAL) over the actuarial value of eligible plan assets. Eligible assets under GASB 45 must be segregated and secured for the exclusive purpose of paying for the retiree health benefits.

1. Actuarial Accrued Liability (AAL)	\$ 961,858
2. Actuarial Value of Assets <sup>1</sup>	<u>( 449,520)</u>
3. Unfunded AAL (UAAL)	\$ 512,338

E. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

The amortization of the UAAL component of the annual required contribution (ARC) is being amortized over 24 years on a level percentage-of-pay basis. Under the level-percentage of pay method, the amortization payment is scheduled to increase in future years by assumed payroll increase.

1. Unfunded AAL (UAAL)	\$ 512,338
2. Amortization Factor	14.10743
3. Amortization of UAAL	\$ 36,317

F. Annual Required Contribution (ARC)

The table below presents the development of the annual required contribution ARC for the fiscal year ending June 30, 2014 and estimated for the fiscal year ending June 30, 2015.

	<u>2013/2014</u>	<u>2014/2015</u>
1. Normal Cost at End of Year	\$ 41,631	\$ 44,799
2. Amortization of UAAL at End of Year	<u>36,317</u>	<u>37,406</u>
3. Annual Required Contribution (ARC)	\$ 77,948	\$ 82,206
4. Estimated Payroll	\$5,189,000	\$5,344,000
5. ARC as Percentage of Payroll	1.5%	1.5%

G. Estimated Net OPEB Obligation/(Asset) at June 30, 2014

The table below presents an estimate of the net OPEB obligation/(asset) at the end of the 2014. The actual net OPEB obligation/(asset) will reflect actual contributions made for payment of retiree health benefits and expenses and to pre-fund.

	<u>6/30/2014</u>
1. Annual Required Contribution (ARC)	\$ 77,948
2. Interest on Net OPEB Obligation [G7 x 0.0761]	( 2,737)
3. Adjustment to ARC [minus G7/E2]	<u>\$ 2,550</u>
4. Annual OPEB Cost [1. + 2. + 3.]	\$ 77,761
5. Estimated City Contributions Made (Inclusive of Benefit Payments)	<u>( 77,948)</u>
6. Increase in Net OPEB Obligation/(Asset)	(\$ 187)
7. Net OPEB Obligation/(Asset) – June 30, 2013	<u>( 35,969)</u>
8. Net OPEB Obligation/(Asset) – June 30, 2014	(\$ 36,156)

H. Required Supplementary Information (Funding Progress @6/30/2013)

The table below presents a sample disclosure of the funding progress as of the beginning of the fiscal year.

1. Actuarial Accrued Liability (AAL)	\$ 961,858
2. Actuarial Valuation of Assets (AVA)	<u>( 449,520)</u>
3. Unfunded Actuarial Accrued Liability	\$ 512,338
4. Funded Ratio	47%
5. Current Payroll	\$5,189,000
6. Unfunded Actuarial Accrued Liability as Percentage of Payroll	10%

I. Sensitivity Analysis:

1. The impact of a 0.5% decrease in the discount (interest) rate on the City's total actuarial liability, actuarial accrued liability and the annual required contribution is provided below:

	<u>Dollar</u> <u>(\$)</u> <u>Increase</u>	<u>Percentage</u> <u>(%)</u> <u>Increase</u>
- Actuarial Liability	\$ 111,601	9%
- Actuarial Accrued Liability	\$ 70,504	7%
- Annual Required Contribution	\$ 7,879	10%

2. The impact of a 0.5% increase in the discount (interest) rate on the City's total actuarial liability, actuarial accrued liability and the annual required contribution is provided below:

	<u>Dollar</u> <u>(\$)</u> <u>Decrease</u>	<u>Percentage</u> <u>(%)</u> <u>Decrease</u>
- Actuarial Liability	(\$ 97,860)	(8%)
- Actuarial Accrued Liability	(\$ 63,412)	(7%)
- Annual Required Contribution	(\$ 7,181)	(9%)

3. The impact of a 1% increase in the healthcare trend rates on the City's total actuarial liability, actuarial accrued liability and the annual required contribution is provided below:

	<u>Dollar</u> <u>(\$)</u> <u>Increase</u>	<u>Percentage</u> <u>(%)</u> <u>Increase</u>
- Actuarial Liability	\$222,725	18%
- Actuarial Accrued Liability	\$151,529	16%
- Annual Required Contribution	\$ 21,227	27%

J. Liabilities - Alternative Discount Rates

The results below present the impact of the liability and annual required contribution using a discount rate to reflect pre-funding the retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) alternative allocation strategies 2 and 3 with discount rates of 7.06% and 6.39%, respectively. The results using a discount rate of 7.61% for comparison purposes is also provided.

	Discount Rate		
	<u>7.61%</u>	<u>7.06%</u>	<u>6.39%</u>
1. Actuarial Liability (AL)			
Actives	\$ 757,542	\$ 856,172	\$1,000,386
Retirees	<u>455,822</u>	<u>480,800</u>	<u>514,531</u>
Total AL	\$1,213,364	\$1,336,972	\$1,514,917
2. Actuarial Accrued Liability (AAL)			
Actives	\$ 506,036	\$ 559,040	\$ 633,868
Retirees	<u>455,822</u>	<u>480,800</u>	<u>514,531</u>
Total AAL	\$ 961,858	\$1,039,840	\$1,148,399
3. Actuarial Value of Assets	( 449,520)	( 449,520)	( 449,520)
4. Unfunded AAL (UAAL)	\$ 512,338	\$ 590,320	\$ 698,879
5. Amortization Factor	14.10743	15.83833	15.93807
6. Amortization of UAAL	\$ 36,317	\$ 37,272	\$ 43,850
<i>2013/2014 Annual Required Contribution</i>			
1. Normal Cost at End of Year	\$ 41,631	\$ 47,016	\$ 54,781
2. Amortization of UAAL at End of Year	<u>36,317</u>	<u>37,272</u>	<u>43,850</u>
3. Annual Required Contribution (ARC)	\$ 77,948	\$ 84,288	\$ 98,631
4. Estimated Payroll	\$5,189,000	\$5,189,000	\$5,189,000
5. ARC as Percentage of Payroll	1.5%	1.6%	1.9%
<i>2014/2015 Estimated ARC</i>			
1. Normal Cost at End of Year	\$ 44,799	\$ 50,336	\$ 58,282
2. Amortization of UAAL at End of Year	<u>37,406</u>	<u>38,390</u>	<u>45,165</u>
3. Annual Required Contribution (ARC)	\$ 82,206	\$ 88,726	\$ 103,447
4. Estimated Payroll	\$5,344,000	\$5,344,000	\$5,344,000
5. ARC as Percentage of Payroll	1.5%	1.7%	1.9%

### ***SECTION III. PROJECTED CASH FLOWS***

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The valuation process includes the projection of the expected retiree benefits/contributions to be paid by the City under the Plan. This expected cash flow takes into account the likelihood of each employee reaching age for eligibility to retire and receive health benefits. The projection is performed by applying the turnover assumption to each active employee for the period between the valuation date and retirement date. Once the employees reach their retirement date, a certain percent are assumed to enter the retiree group each year. Employees already over the latest assumed retirement age as of the valuation date are assumed to retire immediately. The per capita cost as of the valuation date is projected to increase at the applicable healthcare trend rates both before and after the employee's assumed retirement. The projected per capita costs are multiplied by the number of expected future retirees in a given future year to arrive at the cash flow for that year. Also, a certain number of retirees will leave the group each year due to expected deaths and this group will cease to be included in the cash flow from that point forward. Because this is a closed-group valuation, the number of retirees dying each year will eventually exceed the number of new retirees, and the size of the cash flow will begin to decrease and eventually go to zero.

The expected employer cash flows for selected future years are provided in the following table:

Projected Employer Cash Flows: All City Retirees – Representative Years

<u>Fiscal Year</u>	<u>Future Retirees</u>	<u>Retired Employees</u>	<u>City Total</u>
2013/14	\$ 1,277	\$ 34,270	\$ 35,547
2014/15	\$ 4,107	\$ 34,953	\$ 39,060
2015/16	\$ 7,350	\$ 35,689	\$ 43,039
2016/17	\$ 10,883	\$ 36,395	\$ 47,278
2017/18	\$ 14,662	\$ 37,064	\$ 51,726
2018/19	\$ 18,793	\$ 37,687	\$ 56,480
2019/20	\$ 23,410	\$ 38,259	\$ 61,669
2020/21	\$ 28,135	\$ 38,774	\$ 66,909
2021/22	\$ 32,827	\$ 39,224	\$ 72,051
2022/23	\$ 37,605	\$ 39,601	\$ 77,206
2023/24	\$ 42,424	\$ 39,897	\$ 82,321
2024/25	\$ 47,856	\$ 40,101	\$ 87,957
2025/26	\$ 53,535	\$ 40,197	\$ 93,732
2026/27	\$ 58,969	\$ 40,170	\$ 99,139
2027/28	\$ 64,466	\$ 40,012	\$ 104,478
2028/29	\$ 70,202	\$ 39,721	\$ 109,923
2029/30	\$ 76,086	\$ 39,297	\$ 115,383
2030/31	\$ 82,575	\$ 38,732	\$ 121,307
2031/32	\$ 88,967	\$ 38,017	\$ 126,984
2032/33	\$ 94,485	\$ 37,149	\$ 131,634
2033/34	\$ 100,765	\$ 36,133	\$ 136,898
2034/35	\$ 107,645	\$ 34,980	\$ 142,625
2035/36	\$ 114,668	\$ 33,695	\$ 148,363
2036/37	\$ 121,593	\$ 32,284	\$ 153,877
2037/38	\$ 128,547	\$ 30,756	\$ 159,303
2038/39	\$ 135,981	\$ 29,120	\$ 165,101
2039/40	\$ 143,920	\$ 27,386	\$ 171,306
2040/41	\$ 151,641	\$ 25,567	\$ 177,208
2041/42	\$ 158,379	\$ 23,677	\$ 182,056
2042/43	\$ 164,263	\$ 21,736	\$ 185,999
2043/44	\$ 169,021	\$ 19,770	\$ 188,791
2044/45	\$ 172,903	\$ 17,805	\$ 190,708
2045/46	\$ 176,000	\$ 15,867	\$ 191,867
2055/56	\$ 165,939	\$ 2,407	\$ 168,346
2065/66	\$ 112,307	\$ 0	\$ 112,307
2075/76	\$ 45,048	\$ 0	\$ 45,048
2085/86	\$ 5,222	\$ 0	\$ 5,222
2095/96	\$ 45	\$ 0	\$ 45
All Years	\$ 6,802,240	\$1,193,321	\$ 7,995,561

## **SECTION IV. BENEFIT PLAN PROVISIONS**

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This study analyzes the postretirement health benefit plan provided by the City. The City contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. The City's financial obligation is as follows:

The City provides \$100 per month subject to the minimum required employer contribution (plus any administration fees) under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 60 days of retirement with the City. The surviving spouse of an eligible retiree who elected spouse coverage under the CalPERS Health Plan is eligible for the employer contribution upon the death of the retiree. Employees retiring on or after March 17, 2005 who are members of the Police Employees Association of Ridgecrest ("PEAR") are also eligible for a reimbursement of up to \$100 per month for non-CalPERS health coverage. This benefit will be increased to \$250 per month for PEAR employees retiring on or after September 1, 2011.

The minimum required employer contributions is statutorily set under PEMHCA and is scheduled to increase in the future based on the medical portion of CPI. A history of the increases in past years and current amounts are as follows:

<b>Calendar Year</b>	<b>Minimum Required Employer Contribution</b>
2006	\$64.60
2007	\$80.80
2008	\$97.00
2009	\$101.00
2010	\$105.00
2011	\$108.00
2012	\$112.00
2013	\$115.00
2014	\$119.00
2015+	Adjusted Annually to reflect Medical Portion of CPI

## **SECTION V. VALUATION DATA**

The valuation was based on the census furnished to us by the City. The following tables display the age distribution for retirees and the age/service distribution for active employees as of the Measurement Date.

### **Age Distribution of Eligible Retired Participants & Beneficiaries\***

	<b>PEAR</b>	<b>Race</b>	<b>Mgmt</b>	<b>Mid-Mgt</b>	<b>Conf</b>	<b>Total</b>
<50	0	0	0	0	0	0
50-54	1	0	0	1	0	2
55-59	1	1	1	1	1	5
60-64	3	2	0	1	0	6
65-69	1	2	0	0	1	4
70-74	1	1	2	0	0	4
75-79	1	1	1	0	0	3
80-84	0	1	0	0	0	1
85+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	8	8	4	3	2	25
Average Age:	64.2	68.5	69.7	57.7	64.6	65.7
Average Retirement Age:	54.8	61.1	64.0	54.3	61.8	58.8

Note: Excludes 24 retirees who have not elected medical coverage under the CalPERS Health Plan.

### **Age/Service Distribution of All Benefit Eligible Employees\***

<b>Age</b>	<b>Service</b>									<b>Total</b>
	<b>0-4</b>	<b>5-9</b>	<b>10-14</b>	<b>15-19</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>35-39</b>	<b>40-44</b>	
20-24	2									2
25-29	6	5	2							13
30-34	3	4	2							9
35-39	2	3	5							10
40-44	6	2	5							13
45-49	3	2	5	2	0	1				13
50-54	4	3	5	0	3	1				16
55-59	2	1	1	3	1	1	1			10
60-64	1	1	2	0	0	1	0	0		5
65-69	0	1	1	0	0	0	0	0	0	2
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	29	22	28	5	4	4	1	0	0	93
Average Age:			44.2							
Average Service:			9.5							
Estimated Payroll:			\$5,189,000							

\* Counts exclude 5 Council Members who are eligible for medical coverage if retiring from the City at the end of their term.

Age/Service Distribution of Eligible PEAR Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	6	4								10
30-34	2	3	1							6
35-39	0	2	5							7
40-44	1	1	4							6
45-49	2	1	0	0						3
50-54	1	1	0	0	1	1				4
55-59	0	0	0	1	1	0				2
60-64	0	0	0	0	0	0	0			0
65-69	0	0	0	0	0	0	0	0		0
70+	0	0	0	0	0	0	0	0	0	0
Total:	12	12	10	1	2	1	0	0	0	38
Average Age:		38.5								
Average Service:		8.3								
Estimated Payroll:		\$2,159,000								

Age/Service Distribution of Eligible RACE Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	1									1
25-29	0	0	1							1
30-34	1	0	0							1
35-39	1	1	0							2
40-44	3	1	1							5
45-49	0	1	2	1						4
50-54	2	2	2	0	1					7
55-59	2	1	1	0	0	0	1			5
60-64	0	0	0	0	0	1	0	0		1
65-69	0	0	1	0	0	0	0	0	0	1
70+	0	0	0	0	0	0	0	0	0	0
Total:	10	6	8	1	1	1	1	0	0	28
Average Age:		48.2								
Average Service:		9.2								
Estimated Payroll:		\$1,057,000								

Age/Service Distribution of Eligible Management Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0	0								0
30-34	0	0								0
35-39	0	0								0
40-44	0	0								0
45-49	1	0	1	0	0	1				3
50-54	0	0	1	0	0	0				1
55-59	0	0	0	0	0	0	0			0
60-64	0	1	0	0	0	0	0	0		1
65-69	0	0	0	0	0	0	0	0	0	0
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	1	1	2	0	0	1	0	0	0	5
Average Age:		51.3								
Average Service:		12.1								
Estimated Payroll:		\$626,000								

Age/Service Distribution of Eligible Mid-Management Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0									0
30-34	0	0								0
35-39	0	0								0
40-44	0	0								0
45-49	0	0	1							1
50-54	0	0	1	0	1					2
55-59	0	0	0	2	0	1				3
60-64	1	0	1	0	0	0	0			2
65-69	0	1	0	0	0	0	0	0		1
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	1	1	3	2	1	1	0	0	0	9
Average Age:		57.5								
Average Service:		14.5								
Estimated Payroll:		\$746,000								

Age/Service Distribution of Confidential Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	1									1
25-29	0	1	1							2
30-34	0	1	1							2
35-39	1	0	0							1
40-44	2	0	0							2
45-49	0	0	1	1						2
50-54	1	0	1	0	0					2
55-59	0	0	0	0	0	0				0
60-64	0	0	1	0	0	0	0			1
65-69	0	0	0	0	0	0	0	0		0
70+	0	0	0	0	0	0	0	0	0	0
Total:	5	2	5	1	0	0	0	0	0	13
Average Age:		40.8								
Average Service:		8.9								
Estimated Payroll:		\$601,000								

## **SECTION VI. ACTUARIAL ASSUMPTIONS AND METHODS**

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Fiscal Year: July 1<sup>st</sup> to June 30<sup>th</sup>

Measurement Date: June 30, 2013

Fiscal Years Covered: FY2013/14 and FY2014/15

Discount Rate: 7.61% per annum. This discount rate assumes the City continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The 7.61% reflects the CERBT published median interest rate for strategy 1 without any additional margin for adverse deviation.

Sensitivity analysis showing a 0.5% increase or decrease in the discount rate is also provided.

Inflation: 2.8% per annum

*[The prior valuation used 3%]*

Payroll Increases: 3.0% per annum, in aggregate

*[The prior valuation used 3.25%]*

Pre-retirement Turnover: According to the termination rates under the CalPERS pension plan updated to reflect the most recent experience study. Sample rates for Miscellaneous employees are as follows:

Service	Entry Age			
	20	30	40	50
0	17.42%	16.06%	14.68%	13.32%
5	8.68%	7.11%	5.54%	0.97%
10	6.68%	5.07%	0.71%	0.38%
15	5.03%	3.47%	0.23%	0.04%
20	3.70%	0.21%	0.05%	0.01%
25	2.29%	0.05%	0.01%	0.01%
30	0.05%	0.01%	0.01%	0.01%

Sample rates for Safety employees are as follows:

Service	Entry Age			
	20	30	40	50
0	10.1%	10.1%	10.1%	10.1%
5	2.5%	2.5%	2.5%	0.9%
10	1.8%	1.8%	0.5%	0.5%
15	1.1%	1.1%	0.3%	0.3%
20	0.8%	0.2%	0.2%	0.2%
25	0.7%	0.1%	0.1%	0.1%
30	0.1%	0.1%	0.1%	0.1%

Pre-retirement Mortality:

According to the pre-retirement mortality rates under the CalPERS pension plan updated to reflect the most recent experience study. Sample deaths per 1,000 employees applicable to Miscellaneous employees are as follows:

Age	Males	Females
25	0.5	0.3
30	0.5	0.4
35	0.7	0.5
40	0.9	0.7
45	1.2	0.9
50	1.8	1.3
55	2.6	1.8
60	4.0	2.7

Sample deaths per 1,000 employees applicable to Safety employees are as follows:

Age	Males	Females
25	0.6	0.3
30	0.6	0.5
35	0.8	0.6
40	1.0	0.8
45	1.3	1.1
50	1.9	1.4
55	2.8	1.9
60	4.1	2.8

Post-retirement Mortality: According to the post-retirement mortality rates under the CalPERS pension plan updated to reflect the most recent experience study. Sample deaths per 1,000 employees applicable to Miscellaneous and Safety retirees are as follows:

Age	Males	Females
55	4.7	2.4
60	7.2	4.3
65	10.7	7.8
70	16.8	12.4
75	30.8	20.7
80	52.7	37.5
85	97.8	70.1
90	167.5	124.0

Retirement Age: According to the retirement rates under the CalPERS Pension Plan. The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year. Sample rates for Miscellaneous Classic members are as follows:

Age	Service at Retirement				
	15	20	25	30	35
50	4.25%	5.00%	5.75%	6.50%	7.25%
51-52	3.40%	4.00%	4.60%	5.20%	5.80%
53	4.25%	5.00%	5.75%	6.50%	7.25%
54	6.80%	8.00%	9.20%	10.40%	11.60%
55	14.03%	16.50%	18.98%	21.45%	23.93%
56	9.35%	11.00%	12.65%	14.30%	15.95%
57	9.78%	11.50%	13.23%	14.95%	16.68%
58	11.48%	13.50%	15.53%	17.55%	19.58%
59	12.75%	15.00%	17.25%	19.50%	21.75%
60	13.60%	16.00%	18.40%	20.80%	23.20%
61	13.18%	15.50%	17.83%	20.15%	22.48%
62	19.13%	22.50%	25.88%	29.25%	32.63%
63-64	16.58%	19.50%	22.43%	25.35%	28.28%
65	22.53%	26.50%	30.48%	34.45%	38.43%
66-69	16.58%	19.50%	22.43%	25.35%	28.28%
70-74	19.90%	23.40%	26.92%	30.42%	33.94%
75	100.0%	100.0%	100.0%	100.0%	100.0%

Sample rates for Safety Classic members are as follows:

Age	Service at Retirement				
	15	20	25	30	35
50	1.9%	1.9%	4.0%	6.0%	6.0%
51	2.4%	2.4%	4.9%	7.4%	7.4%
52	2.4%	2.4%	5.1%	7.7%	7.7%
53	5.9%	5.9%	12.1%	18.3%	18.3%
54	6.9%	6.9%	14.2%	21.5%	21.5%
55	11.6%	11.6%	24.0%	36.3%	36.3%
56	7.6%	7.6%	15.6%	23.6%	23.6%
57	5.8%	5.8%	12.0%	18.1%	18.1%
58	7.6%	7.6%	15.7%	23.7%	23.7%
59	9.4%	9.4%	19.3%	29.2%	29.2%
60	14.1%	14.1%	29.0%	43.8%	43.8%
61	9.4%	9.4%	19.3%	29.2%	29.2%
62	11.8%	11.8%	24.1%	36.5%	36.5%
63-64	9.4%	9.4%	19.3%	29.2%	29.2%
65	100.0%	100.0%	100.0%	100.0%	100.0%

\*Rates for new members reflect a 5 year set forward based on age for Miscellaneous and a 3 year set forward for Safety.

*[The prior valuation assumed no set forward and Safety Classic members were at the 2% @50 formula.]*

Participation Rates:

Employees Currently Retired: Employees currently retired who have elected CalPERS medical coverage are assumed to continue coverage for their lifetime and the lifetime of their spouse if covered.

Future Retirees: 50% of future non-PEAR active employees are assumed to elect retiree health coverage at retirement. 100% of future PEAR retirees are assumed to elect retiree health coverage at retirement with 50% electing the \$250 reimbursement benefit over the CalPERS benefit.

Future New Entrants:

None

Spouse Coverage:

Of those electing coverage approximately 20% are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses.

Contribution Increase:

The CalPERS' minimum required employer contribution is assumed to increase each year as described below:

Year	Trend
2015+	4.0%

**Actuarial Cost Method:** The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the “cost” is based on the projected benefit expected to be paid at retirement.

The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. For plans unrelated to pay, the normal cost is calculated to remain level in dollars; for pay-related plans the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

All employees eligible as of the measurement date in accordance with the provisions of the Plan listed in the data provided by the City were included in the valuation.

**Actuarial Value of Assets:** Market value of assets plus contribution receivables for the Plan Years ending on or prior to the Measurement Date.

**Amortization of UAAL:** The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level-percentage-of-pay method on a closed-basis. The remaining amortization period at June 30, 2013 is assumed to be 24 years.

## **SECTION VII. ACTUARIAL CERTIFICATION**

The results set forth in this report are based on the actuarial valuation of the retiree health benefit plans of the City of Ridgecrest (the "City") as of June 30, 2013.

The valuation was performed in accordance with generally accepted actuarial principles and practices and in accordance with GASB Statements No. 43 & 45. We relied on census data for active employees and retirees provided to us by the City. We also made use of plan information, premium information, and enrollment information provided to us by the City.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of anticipated experience and actuarial cost of the retiree health benefits program.

I am a member of the American Academy of Actuaries and believe I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Certified by:



Marilyn K. Jones, ASA, EA, MAAA, FCA  
Consulting Actuary

Date: 9/24/2013

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**5**

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**CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM**

**SUBJECT:**

Grant Application United States Department of Justice, COPS Hiring Program Grant.

**REIMBURSEMENT GRANT**

**PRESENTED BY:**

Ron Strand, Chief of Police

**SUMMARY:**

The United States Department of Justice, through the 2013 COPS Hiring Program, has awarded the Ridgecrest Police Department funding to hire an entry-level police officer to be assigned as a second School Resource Officer in the school district for three years (total DOJ grant award - \$125,000). The grant funds approximately 50% of the cost of the new position with SSUSD to provide matching funds of \$41,666 per year over the grant period.

This new hire must be a post-911 military veteran.

After the end of the grant, the City of Ridgecrest will be obligated to continue the employment of the grant funded officer position for an additional year.

The grant period begins October 1, 2013 and ends September 30, 2016.

**FISCAL IMPACT:**

Approximate revenue to the city in the amount of up to \$250,000 over a three year period of time.

Matching funds to be paid by the Sierra Sands Unified School District.

Reviewed by Administrative Services Director

**ACTION REQUESTED:**

Approval of Resolution

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested:

Submitted by:           RON STRAND

Action Date: October 16, 2013

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**RESOLUTION NO. 13-**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL AUTHORIZING APPLICATION FOR AND ACCEPTANCE OF THE UNITED STATES DEPARTMENT OF JUSTICE, COPS HIRING PROGRAM GRANT.**

**WHEREAS**, the United States Department of Justice is offering grants under the COPS Hiring Program and;

**WHEREAS**, this grant will fund 50% of actual expenditures relating to the employment of one entry level police officer for three years, including salaries and benefits, up to a maximum \$125,000 over the grant period from October 1, 2013 through September 30, 2016, and;

**WHEREAS**, the entry level officer must be a post-9/11 Military Veteran, and;

**WHEREAS**, the new police officer position will be assigned as a second School Resource Officer in the Sierra Sands Unified School District, and;

**WHEREAS**, the Sierra Sands Unified School District has agreed to match approximately 50% of the funding at \$41,666 per year over the grant period for the second School Resource Officer position, and;

**WHEREAS**, at the end of the grant the City of Ridgecrest will be obligated to continue employment of the grant funded officer position for a period of one year.

**NOW THEREFORE, BE IT RESOLVED** that the City Council of the City of Ridgecrest authorizes the City Manager, or his designee, to apply for this grant with the United States Department of Justice COPS Program, and to approve, sign and execute any and all documents relating to the grant award, including amendments, and;

**BE IT FURTHER RESOLVED** that the City Council authorizes the City Manager, or his designee, to enter into a MOU with Sierra Sands Unified School District for a second School Resource Officer, and;

**BE IT FURTHER RESOLVED** that grant funds received hereunder shall not be used to supplant expenditures controlled by this body, and;

**BE IT FURTHER RESOLVED** that this resolution shall remain in full force and effect until a resolution of the City Council is adopted amending or rescinding this resolution.

**APPROVED AND ADOPTED THIS** 16th day of October 2013, by the following vote.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Daniel O. Clark, Mayor

ATTEST:

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Rachel J. Ford, CMC, City Clerk

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**CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM**

**SUBJECT:**

Resolution of the Ridgecrest City Council allocating Federal Drug Asset Forfeiture funds to the FY14 budget to purchase new workspace office furniture and to refurbish cabinets in the Police Department

**PRESENTED BY:**

Ron Strand, Chief of Police

**SUMMARY:**

The Police Department is requesting to allocate Federal Drug Asset Forfeiture funds to the FY14 budget to purchase new workspace office furniture and to refurbish storage cabinets in the police department. The furniture in these workspaces is over 23 years old and needs to be replaced and/or refurbished.

Requested Allocation: **\$45,000** from 001-0000-347-0218 20ASSZ (Asset Seizure 210 fund) to FY14 budget expenditure account 001-4210-421-4104 20ASSZ.

The use of these seized funds for this purpose is appropriate under US Department of Justice guidelines for permissible uses of Equitable Shared Property. Any unused funds will be returned to the Asset Seizure fund balance account.

**FISCAL IMPACT:**

Funds are from a Federal Drug Asset Forfeiture - **no general funds involved.**

Reviewed by Administrative Services Director

**ACTION REQUESTED:**

Approval of Resolution

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested:

Submitted by: RON STRAND

Action Date: October 16, 2013

(Rev. 2-14-07)

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**RESOLUTION NO. 13-**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL ALLOCATING FEDERAL DRUG ASSET FORFEITURE FUNDS TO THE FY14 BUDGET TO PURCHASE NEW WORKSPACE OFFICE FURNITURE IN THE POLICE DEPARTMENT**

**WHEREAS**, the Police Department is requesting to allocate Federal Drug Asset Forfeiture funds to the FY14 budget to purchase new workspace office furniture and to refurbish storage cabinets in the police department, and;

**WHEREAS**, the furniture in these workspaces is over 23 years old and needs to be replaced and/or refurbished, and;

**WHEREAS**, the use of these seized funds for this purpose is appropriate under US Department of Justice guidelines for permissible uses of Equitable Shared Property, and;

**WHEREAS**, any unused funds will be returned to the Asset Seizure fund balance account.

**NOW THEREFORE, BE IT RESOLVED** that \$45,000 from the Asset Seizure fund balance account 001-0000-347-0218 20ASSZ be allocated to the FY14 budget expenditure account 001-4210-421-4104 20ASSZ.

**APPROVED AND ADOPTED THIS** 16th day of October, 2013, by the following vote.

AYES:  
NOES:  
ABSTAIN:  
ABSENT:

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Daniel O. Clark, Mayor

ATTEST:

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Rachel J. Ford, CMC  
City Clerk

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/HOUSING  
AUTHORITY/FINANCING AUTHORITY AGENDA ITEM**

SUBJECT: Approve A Resolution Of The Ridgecrest City Council Announcing Proclamations Prepared For The Month Of October

PRESENTED BY:

Rachel J. Ford, City Clerk

SUMMARY:

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various events and observations. The resolution lists proclamations that have been processed and will be presented.

1. Relay For Life Day – October 19, 2013
2. Native American Heritage Month – November 2013

The Relay For Life Day Proclamation will be presented at the opening ceremony for this year's Relay at 9:00am on October 19, 2013 at Cerro Coso Community College.

The Native American Heritage Month Proclamation will be presented at this year's 3<sup>rd</sup> Annual Traditional Cherokee Hog Fry & Inter-tribal Pow Wow on November 16, 2013 at the Desert Empire Fairgrounds.

FISCAL IMPACT: None  
None

Reviewed by Finance Director

ACTION REQUESTED:

Approve resolution recognizing the month of October proclamations

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Approve resolution and authorize City Clerk to mail proclamation to representatives.

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**RESOLUTION NO. 13-XX**

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL  
ANNOUNCING PROCLAMATIONS PREPARED FOR THE  
MONTH OF OCTOBER 2013**

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various event and observations. The following proclamations have been processed and will be presented:

**Proclamation Titles**

- Relay for Life Day – October 19, 2013 to be presented October 19, 2013 at the Relay for Life opening ceremony.
- Native American Heritage Month – November 2013 to be presented November 16, 2013 at the 3rd Annual Traditional Cherokee Hog Fry & Inter-tribal Pow Wow.

**APPROVED AND ADOPTED THIS 16<sup>th</sup>** day of October 2013 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

---

Daniel O. Clark, Mayor

ATTEST:

---

Rachel J. Ford, CMC  
City Clerk

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***A Proclamation of  
The City Of Ridgecrest, California  
Relay For Life Day***

***WHEREAS: The American Cancer Society Relay for Life is a life-changing event that gives everyone in more than 5,000 communities across the globe a chance to celebrate the lives of people who have battled cancer, remember loved ones lost, and fight against the disease; and***

***WHEREAS: Money raised during the Relay For Life of Ridgecrest California helps support research, education, advocacy, and patient services; and***

***WHEREAS: Relay For Life helps fund more than \$100 million in cancer research each year; and***

***WHEREAS: Cancer survivors are honored with a victory lap as they lead the way around the track, followed by teams who keep a representative walking on the track for 24 hours because cancer never sleeps; and***

***WHEREAS: Survivors and those remembered are represented by thousands of luminaria which line the running track, their candles glowing from dusk throughout the night;***

***Now, therefore, be it proclaimed:***

***The City Council of the City of Ridgecrest does hereby proclaim October 19, 2013 as "Relay for Life Day" in the City of Ridgecrest, and urge all citizens to increase their awareness of this disease and participate in this very worthwhile event.***

***Proclaimed October 16, 2013***

*Daniel O Clark*

***Daniel O Clark, Mayor***

*Marshall 'Chip' Holloway*

***Marshall 'Chip' Holloway  
Mayor Pro Tem***

*James S. Sanders*

***James Sanders  
Council Member***

*Lori Acton*

***Lori Acton  
Council Member***

*Steven P. Morgan*

***Steven P. Morgan  
Council Member***

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***A Proclamation of  
The City of Ridgecrest, California***

***Native American Heritage Month  
November 2013***

***WHEREAS, pluralism and diversity have been hallmarks of our Nation, as expressed by our national Motto: "E Pluribus Unum", meaning "out of many, one"; and***

***WHEREAS, our unity is derived from a mix of many diverse cultures; and***

***WHEREAS, the culture of Native American peoples, with its unique spiritual and artistic contributions, together with its vibrant customs and celebrations has made remarkable contributions to our national identity; and***

***WHEREAS, we wish to recognize and celebrate the rich culture and traditions of Native American peoples***

***Now, therefore, be it proclaimed:***

***The City of Ridgecrest, in recognition of the many contributions that Native Americans and Native American culture have made to our society, hereby proclaims the month of November 2013 as Native American Heritage Month and encourage our community to observe this month with appropriate programs, ceremonies, and activities to increase the awareness of the unique role played by Native American culture in shaping our nation's history and heritage.***

***Proclaimed this 16<sup>th</sup> Day of October 2013***



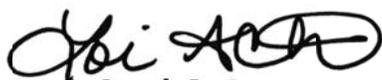
***Daniel O Clark, Mayor***



***Marshall 'Chip' Holloway  
Mayor Pro Tem***



***James Sanders  
Council Member***



***Lori Acton  
Council Member***



***Steven P. Morgan  
Council Member***

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/HOUSING  
AUTHORITY/FINANCING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of October 2, 2013

**PRESENTED BY:**

Rachel J. Ford, City Clerk

**SUMMARY:**

Draft Minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of October 2, 2013

**FISCAL IMPACT:**

None

Reviewed by Finance Director:

**ACTION REQUESTED:**

Approve minutes

**CITY MANAGER 'S RECOMMENDATION:**

Action as requested: Approve Draft Minutes

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**MINUTES OF THE REGULAR MEETING OF THE  
RIDGECREST CITY. SUCCESSOR AGENCY,  
FINANCING AUTHORITY, AND HOUSING AUTHORITY**

City Council Chambers  
100 West California Avenue  
Ridgecrest, California 93555

October 2, 2013  
5:30 p.m.

**Pursuant To California Government Code 54953 (B) (1) An Additional Call In Location Has Been Established For Council Members Who Will Attend This Meeting Via Teleconference At 313 Joyce Ave., Long Beach, MS. 39560**

**CALL TO ORDER**

**ROLL CALL**

**APPROVAL OF AGENDA**

**Added to the Agenda: Presentation of funds from Southern California Edison  
Removed from Agenda: Item No. 1 as duplicate action.**

*Motion To Approve Agenda As Amended Made By Council Member Morgan, Second By Council Member Sanders. Motion Carried By Voice Vote Of 4 Ayes; 0 Noes; 0 Abstain; And 1 Absent (Council Member Holloway)*

**PUBLIC COMMENT – CLOSED SESSION**

- None presented

**CLOSED SESSION**

- |               |  |
|---------------|--|
| GC54956.9(a)  | Conference With Legal Counsel – Existing Litigation, William Dale Howard v. City Of Ridgecrest Case Number 1:12-CV-01232-AWI-JLT |
| GC54956.9(a)  | Conference With Legal Counsel – Existing Litigation, Eva Balfour v. City Of Ridgecrest, Case No. S-1500-CV-280015 LHB            |
| GC54956.9 (a) | Conference with Legal Counsel – Liability Claim Of Carolyn Shields, Claim No. 13-09  |

## **AGENDA - CITY COUNCIL - REGULAR**

**October 2, 2013**

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GC54956.9 (a) Conference with Legal Counsel – Liability Claim Of Kurt Wilson, Claim No. 13-10

### **REGULAR SESSION – 6:30 p.m.**

- Pledge Of Allegiance
- Invocation

### **CITY ATTORNEY REPORT**

- Closed Session
  - Howard v. Ridgecrest: No action taken.
  - Balfour v. Ridgecrest: No action taken.
  - Claim of Carolyn Shields: Claim denied.
  - Claim of Kurt Wilson: No action taken, but direction given to staff.
- Other
  - None

### **PUBLIC COMMENT opened at 6:43 p.m.**

Renee Westalusk

- Thanked council and staff for letters to save staples
- Request of council to write letters to congress explaining harsh impact of government shutdown in the community.

Robert Leuck

- IWV Youth sports and asking for status on equipment reimbursement.

Jennifer Platz

- Ridgecrest Charter School traffic issue at intersection of Upjohn and downs.
- Asked for city to watch the traffic when school is let out.
- Walking children at risk from people driving dangerously and not following signs.
- School not willing to put crossing guards at the intersection.
- Asking for Council help to prevent students at Ridgecrest Charter School from being hurt. (760) 384-9111

Christina Witt

- Left turn sign was a start
- Exemplified incident that happened yesterday.
- Suggested moving the crosswalk because of new apartments.
- Suggested barricades for preventing left turns.
- Agrees that more needs to be done to protect the children
- Blatant disrespect from drivers.

## AGENDA - CITY COUNCIL - REGULAR

October 2, 2013

Page 3

Jerry Taylor

- Hope in solving the problem please do not put stop sign at church street
- Suggested dynamic crosswalk with flashing sign
- Agree with proper safety and water based paint does not last so needs to be repainted
- Suggested safe routes to schools for sidewalks that are non-existent
- Church and Upjohn Street also missing sidewalks.
- Spoke with resident on Upjohn, north side, east of Downs Street, who are looking for a dedication.
- Asked for future agenda item to discuss how to handle interaction with public for items coming to council with the elimination of committees.
- Look forward to city manager advertisement for vacancy being filled by interim at this time.

Dave Matthews

- Glad Staples is continuing, spoke with person and then read the following day they would be staying open.
- Citizens need to support them as best as they can.
- Regarding traffic situation and other school situations.
- Las Flores school problem exists during drop-off and pick-up of students
- Questioned if school district was providing transportation for students to ease congestion of traffic.

Mike Neel

- Distributed photos of Dale Howard property.
- Read report of points from the lawsuit.
- Read excerpt from Dale Howard statements in the local newspaper.
- Agrees with Mr. Howard's statements.
- Spoke on constitutional rights, property rights, and liberties.
- Read list of names of persons involved in the lawsuit.
- Asked God to end the actions and uphold citizen's property rights.
- Spoke on freedom.

Public Comment Closed At 7:08 P.M.

### **ACTION ITEM**

1. **Adopt A Resolution Appointing Steven P. Morgan As New City Council Member For Vacant Seat** **Speer**
  - Pulled as duplicate action.

**AGENDA - CITY COUNCIL - REGULAR**

October 2, 2013

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**CONSENT CALENDAR**

2. Adopt A Resolution Authorizing The City Manager To Sign The Notice Of Completion, Authorizing The City Clerk To File The Notice Of Completion And Authorizing The Release Of Retention On The Downs Street Project Phase I Between Inyokern Road And Ward Avenue Speer
3. Adopt A Resolution Authorizing The City Manager To Sign The Notice Of Completion, Authorizing The City Clerk To File The Notice Of Completion And Authorizing The Release Of Retention On The Downs Street Project Phase II Ward Avenue To Drummond Avenue and Phase III Downs Street at Felspar Avenue ADA Ramp Speer
4. Adopt A Resolution To Approve The Professional Services Agreement With The Engineering Firm Of Hall And Forman Inc. To Provide Construction Management On The Traffic Signal At The Intersection Of Upjohn Avenue And China Lake Boulevard And Authorizing The City Manager Dennis Speer, To Execute The Agreement Contingent Upon The City Attorney's Review And Approval Of The Agreement Speer
5. Adopt A Resolution To Accept Funding From The Transit System Safety, Security, And Disaster Response Account Under The California Transit Security Grant Program (CTSGP) For A Security Camera System At The Corporation Yard And Authorizing The City Manager, Dennis Speer Or His/Her Designee To Execute All Actions To Obtain CTSGP Funding Speer
6. Adopt A Resolution Approving A Proclamation Honoring Constitution Week Ford
7. Approval Of Draft Minutes Of The Regular Council Meeting Dated September 4, 2013 Ford
8. Approval Of Draft Minutes Of The Special Council Meeting Dated September 10, 2013 Ford

Items Pulled from Consent Calendar for discussion:

- Items 4, 6

*Motion To Approve Consent Calendar (As Amended) Made By Council Member Morgan, Second By Council Member Acton. Motion Carried By Voice Vote Of 4 Ayes; 0 Noes; 0 Abstain; And 1 Absent (Council Member Holloway)*

## AGENDA - CITY COUNCIL - REGULAR

October 2, 2013

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Discussion of items pulled from consent calendar

### Item No. 4

Dave Matthews

- In the past has supported this project but now urging City to not install traffic light because now spends less time going thru that intersection than those with lights.
  - Steve Morgan – given frustration with lights on China Lake Blvd., the lights will be sequenced properly once all are installed.

### Item No. 6

Christina Witt

- Agrees with Mr. Neel with regard to the Dale Howard property
- Spoke on forefathers.
- Spoke on fourth amendment.
- Spoke on vehicle violations.
- Spoke on constitution.

*Motion To Approve Items 4 And 6 Made By Council Member Morgan, Second By Council Member Sanders. Motion Carried By Voice Vote Of 4 Ayes, 0 Noes, 0 Abstain, And 1 Absent (Council Member Holloway)*

## DISCUSSION AND OTHER ACTION ITEMS

### **9. Nomination And Appointment To Fill A Vacancy On The Planning Commission** Ford

Rachel Ford

- Presented staff report

Dan Clark

- Nominated Wade Tallman

### Public Comment

- No comments were presented by the public.

*Motion To Approve Wade Tallman As Planning Commissioner Made By Council Member Sanders, Second By Council Member Acton. Motion Carried By Voice Vote Of 4 Ayes; 0 Noes; 0 Abstain; And 1 Absent (Council Member Holloway)*

## AGENDA - CITY COUNCIL - REGULAR

October 2, 2013

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### 10. Presentation Of Budget Update for Fiscal Year 2012-2013

McQuiston

Rachelle McQuiston

- Presented staff report
- Spoke on negative fund balance
- Asked council to consider future training

Steve Morgan

- Regarding wastewater, asked for explanation of negative balance and how long it will exist.
  - Rachelle McQuiston – explained that early payment of the loan will not help the fund balance; only new revenue will help the balance. Would like it cleared in 5 years. Borrowing did not affect the fund balance, but the historical recording of revenue is what shows the negative fund balance. Overall affect is 4.2 million
- Asked about any other negative fund balance issues council should be concerned about.
  - Rachelle McQuiston – no, reduction has gone from 4.2 million to 2.0 million due to unanticipated revenues received this year as a one-time receipt. Current budget is assumed based on actual expenditures where last year was based on a conservative estimate. Do not foresee other one time revenues being received. Will show in-depth projections at next council meeting.

Dan Clark

- Asked for clarification on wastewater debt, gas tax, and unanticipated revenues.
  - Rachelle McQuiston – recapped negative fund balance resulting from reversal of claimed revenues that were backed out while expenditures were not backed out.
- 2.1 million Unanticipated revenues, can council put into reserve.
  - Rachelle McQuiston – cannot have a designated reserve while a negative fund balance exists. Have a 'soft' reserve to prevent spending the reserve. To make the negative fund balance positive, each year more revenue is received then the difference pays down the negative fund balance.
- General fund increases 2.1 million over expenses not counting wastewater fund, why only a \$900k reserve.
  - Rachelle McQuiston – some funds were carved out such as police vehicles that were not funded.
  - Dennis Speer – approximately \$600k outstanding obligations from last year that have not been billed yet.
  - Rachelle McQuiston – can make the reserve higher.
- Goal is to make reserve 2-3 months of expenses. Will sit with Rachelle to discuss.

## AGENDA - CITY COUNCIL - REGULAR

October 2, 2013

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*Council Member Acton left the meeting.*

Jim Sanders

- Requested clarification of negative fund balance and wastewater loan.
  - Rachelle McQuiston – until the negative fund balance is paid down then will continue to show on our records but not for 30 years, only until we realize new revenue that exceeds the 4.2 million. We got cash which is recorded as revenue and had an increase in revenue. Cash affect is the loan which hits the balance sheet. Cash will be paid back over 30 years. Fund balance affect is not the same. Had to take all of it in one year so the only thing that will create a positive fund balance is revenue higher than expenses.
- Asked if City was running at a deficit
  - Rachelle McQuiston – every year we budget expenses equal to or below our anticipated revenues. Have cash in the bank, only the equity that is negative and eventually will go positive. Good on cash and good on revenues over expenses.
  - Dennis Speer - General fund carryover is based on cuts made by council with two obligations equaling \$600k still waiting to be paid.
- Clarified that the City does not have a cash flow problem.
  - Rachelle McQuiston – correct.

Steve Morgan

- Requested better presentation for public understanding
  - Rachelle McQuiston – will provide at next council meeting.

Dan Clark

- Requested breakdown of \$600k obligations.
  - Rachelle McQuiston – fire services, building fees, and software licensing.
- Want to put as much of one-time funding into reserve.
  - Rachelle McQuiston – city is solvent with cash in the bank and able to pay the bills.

Public Comment opened at 7:57pm

Dave Matthews

- Requested clarification of the fund with negative fund balance.

Carol Wilson

- Stated to council the country was founded on Christian principle and opening prayer should be to God, not other deity.

## AGENDA - CITY COUNCIL - REGULAR

October 2, 2013

Page 8

Jerry Taylor

- Asked council to consider presentation for citizens that is understandable to lay persons.
- Suggested in simple English rather than accounting language for general public.
- Being solvent is not obvious to the common citizen, suggested PowerPoint that is simplified to show the balances.
- Asked where city is at by department and account lines.

Renee Westalusk

- Asked how long there would be a negative fund balance
  - Rachelle McQuiston – Hoping no longer than 5 years as revenues climb.
- Questioned revenues.
  - Rachelle McQuiston – reviewed revenues versus expenditures for wastewater and transit.

### **11. Continued Discussion Of A Strategic Plan For FY 2013-14**

**Speer**

Dennis Speer

- Reviewed discussion from October 1, 2013 special meeting

Special meeting date scheduled for Saturday, October 26 beginning at 9:00am to create mission and vision statement, and establish core values. Location tentatively scheduled for Kerr McGee Center

- City Manager to facilitate the meeting.
- Advertising to public including newspaper, radio, website.

## **COMMITTEE REPORTS**

### **Activate Community Talents And Interventions For Optimal Neighborhoods Task Force (ACTION)**

Members: Jim Sanders, Dan Clark  
Meetings: 3<sup>rd</sup> Tuesday of the Month at 4:00 P.M., Kerr-McGee Center  
Next Meeting: To Be Announced

Jim Sanders – no report

### **Veterans Advisory Committee**

Members: Dan Clark  
Meetings: 1<sup>st</sup> and 3<sup>rd</sup> Monday of the Month At 6:00 p.m., Council Conference Room  
Next Meeting: To Be Announced

Dan Clark – reported on the veteran's stand down event

## **AGENDA - CITY COUNCIL - REGULAR**

**October 2, 2013**

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### **Ridgecrest Area Convention And Visitors Bureau (RACVB)**

Members: Chip Holloway

Meetings: 1<sup>st</sup> Wednesday Of The Month, 8:00 A.M.

Next Meeting: Date and Location to be announced

Dan Clark – read director's report

### **OTHER COMMITTEES, BOARDS, OR COMMISSIONS**

Steve Morgan

- Reported on Quad-State meeting and distributed agenda and proposed budget to Council Members.
- \$700 membership payment for Ridgecrest needs payment.
- Requested council consider letter to board of supervisors encouraging support of the Quad-State coalition.

### **CITY MANAGER REPORT**

Dennis Speer

- Deferred report to Steve Morgan who responded with update on the Ridgecrest Blvd. expansion project.
- Announced October 8, California Board of Transportation will meet in Modesto and one item will give \$6.2 million to Ridgecrest to fund repairs on Ridgecrest Blvd. from China Lake to Mahan.

### **MAYOR AND COUNCIL COMMENTS**

Steve Morgan

- Met with staff in economic development, finance, and parks. Associated with staff.
- Attended kern COG and discussed Ridgecrest Blvd. funding.
- Gathering more information on wind and solar farms.
- Commented on Garlock Road LAPW water project
- Announced viewfinders, fair, and Mick Gleason open forum.
- Lions club October 11-12 conference

Jim Sanders

- Thanked Steve for efforts with Quad-State and Ridgecrest Blvd project.
- Discussion for future agendas is what council would like to see in monthly report. Looking forward to seeing monthly updates to keep council and public updated.
- Referenced story about Benjamin Franklin and the accusation of writing the Stamp Act. Read Mr. Franklins response to the accusations.
- Stands by the principles for freedom and liberty.

**AGENDA - CITY COUNCIL - REGULAR**

**October 2, 2013**

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Dan Clark

- Thanked Steve Morgan for work on Kern COG and west Ridgecrest Blvd.
- Commented on the opening prayer. Bill of Rights protects freedom of religion. Need to be cognizant of other people's beliefs and respectful of them.
- Reported on preparations for the 50<sup>th</sup> anniversary events. Invited public to participate.
- Reported on the petroglyph festival.
- Thanked police, Southern California Edison, and Mediacom donations for 50<sup>th</sup> anniversary event.
- Thanked Council for participating in employee pancake breakfast
- Spoke on League of California cities committee meetings
- Announced Relay for Life October 19
- Thanked Staples for reconsideration and community for support. Encouraged community to purchase in-store or use the store kiosk to order online supplies.

**ADJOURNMENT at 8:35 pm**

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Rachel J. Ford, CMC, City Clerk



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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

An Ordinance Of The Ridgecrest City Council Amending Chapter XX Of The Municipal Code, (Zoning) To Permit Towers In Excess Of 35 Feet To Be Erected Subject To A Conditional Use Permit Within The Estate Density Zone Districts, (E-1, E-2 And E-3), The Single-Family Residential District, (R-1), The Residential Mobile Home District, (RMH), The Agricultural (A-5) District, And The Medium-Density Multi-Family Residential Districts, (R-2, R-3 And R-4). Applicant: City Of Ridgecrest Planning Department

**PRESENTED BY:**

Matthew Alexander, AICP

**SUMMARY:**

Currently the Ridgecrest Zoning Ordinance allows a building or structure height maximum of 35 feet within Residential Zoning Districts. This Zone Text amendment was initiated when a ham radio operator told the Planning Commission on September 25, 2012 that the technology has changed requiring state-of-the art ham radio antenna.

On November 27, 2013, the Planning Commission held a Public Hearing to consider recommending that the City Council amend the Zoning Ordinance to permit both Ham Radio and windmill towers in excess of 35' within residential zone districts subject to a CUP. In the opinion of the Planning Commission Ham Radio operators provide an invaluable service to the community during emergency situations. The Commission also recommends that windmills in excess of 35' also be considered with a CUP because the city should facilitate renewable energy. It was also recommended by the Planning Commission that other towers above 35' be permitted in residential zone districts with a CUP.

On August 21, 2013 the City Council approved the first reading of an Amendment to the Zoning Ordinance to permit towers in excess of 35 feet on a case by case basis subject to a Conditional Use Permit within the single family, multi family, agricultural and estate zoning districts. This way, neighbors will be appraised of the proposal, have an opportunity to comment and the Planning Commission will have the ability to require the applicant to meet reasonable conditions of approval.

**FISCAL IMPACT:**

None

Reviewed by Finance Director

**ACTION REQUESTED:**

Motion To Waive Reading In Full And To Adopt By Title Only, Ordinance No. 13-04, An Ordinance Of The Ridgecrest City Council Amending Chapter XX Of The Municipal Code, (Zoning) To Permit Towers In Excess Of 35 Feet To Be Erected Subject To A Conditional Use Permit Within The Estate Density Zone Districts, (E-1, E-2 And E-3), The Single-Family Residential District, (R-1), The Residential Mobile Home District, (RMH), The Agricultural (A-5) District, And The Medium-Density Multi-Family Residential Districts, (R-2, R-3 And R-4). Applicant: City Of Ridgecrest Planning Department

Requires A Second

Motion To Adopt, By Title Only, Ordinance 13-04, An Ordinance Of The Ridgecrest City Council Amending Chapter XX Of The Municipal Code, (Zoning) To Permit Towers In Excess Of 35 Feet To Be Erected Subject To A Conditional Use Permit Within The Estate Density Zone Districts, (E-1, E-2 And E-3), The Single-Family Residential District, (R-1), The Residential Mobile Home District, (RMH), The Agricultural (A-5) District, And The Medium-Density Multi-Family Residential Districts, (R-2, R-3 And R-4). Applicant: City Of Ridgecrest Planning Department

Requires A Second

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested: Approve two motions as requested.

Submitted by: Matthew Alexander  
(Rev. 02/13/12)

Action Date: October 16, 2013

## CITY COUNCIL RESOLUTION 13-04

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIDGECREST ADOPTING ZONING TEXT AMENDMENT NO. 12-02, BY AMENDING THE ZONING ORDINANCE AND FIRST READING, BY TITLE ONLY, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RIDGECREST ADOPTING ZONING TEXT AMENDMENT NO. 12-02, BY AMENDING CHAPTER XX (ZONING) OF THE MUNICIPAL CODE BY PERMITTING TOWERS IN EXCESS OF 35 FEET TO BE ERRECTED SUBJECT TO A CONDITIONAL USE PERMIT WITHIN THE ESTATE RESIDENTIAL ZONE DISTRICTS,( E-1,E-2 AND E-3), THE SINGLE FAMILY RESIDENTIAL ZONE DISTRICT, (R-1), THE RESIDENTIAL MOBILE HOME DISTRICT, (RMH), THE AGRICULTURAL ZONE DISTRICT, (A-5), AND THE MEDIUM-DENSITY MULTI-FAMILY DISTRICTS, (R-2,R-3 AND R-4). APPLICANT: CITY OF RIDGECREST PLANNING DEPARTMENT.

THE CITY COUNCIL OF THE CITY OF RIDGECREST RESOLVES as follows:

### SECTION 1. PURPOSE

This ordinance adopts Zoning Text Amendment No. 12-02

### SECTION 2. FINDINGS

1. On November 27, 2012 the Planning Commission held a public hearing and duly and regularly considered and recommended amending The Zoning Ordinance Text by amending Chapter XX of the Municipal Code, (Zoning) to permit Amateur Ham Radio Antennas and Windmill Towers in excess of 35 feet to be erected subject to a Conditional Use Permit within the Estate Density Zone Districts, (E-1, E-2 and E-3), the Single-Family Residential District, (R-1), the Residential Mobile Home District, (RMH), and the Agricultural (A-5) District.
2. On August 21, 2013 the City Council duly and regularly considered the first reading amending The Zoning Ordinance Text by amending Chapter XX of the Municipal Code, (Zoning) to permit Towers in excess of 35 feet to be erected subject to a Conditional Use Permit within the Estate Density Zone Districts, (E-1, E-2 and E-3), the Single-Family Residential District, (R-1), the Residential Mobile Home District, (RMH), the Agricultural (A-5) District, and the Medium-Density Multi-Family Residential Districts, (R-2, R-3 and R-4).
3. The Council finds, determines and declares:
  - a) This zoning text amendment will not be accompanied by any significant environmental impacts.
  - b) This zoning text amendment is consistent with the General Plan as adopted.

- c) This zoning text amendment will not have a significant impact on the environment and is not likely to cause environmental damage or serious public health problems,
- d) This zoning text amendment will promote the health, welfare and safety of the community.

**SECTION 3. DESCRIPTION**

The application for the proposed Zoning Text Amendment is hereby recommended for approval as shown in SECTION 4. APPROVAL, below.

**SECTION 4. APPROVAL**

The City Council hereby adopts this Ordinance Amendment by permitting Towers in excess of 35 feet to be erected subject to a Conditional Use Permit within the Estate Density Zone Districts, (E-1, E-2 and E-3), the Single-Family Residential District, (R-1), the Residential Mobile Home District, (RMH), the Agricultural (A-5) District., and the Medium-Density Multi-Family Residential Districts, (R-2, R-3 and R-4).

The City Clerk shall certify to the passage and adoption of the ordinance and shall cause this ordinance to be published in the manner required by law.

**APPROVED AND ADOPTED** this \_\_\_\_\_ day of \_\_\_\_\_, 2013, by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

\_\_\_\_\_  
Daniel O. Clark, Mayor

ATTEST:

\_\_\_\_\_  
Rachel J. Ford, CMC  
City Clerk

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**CITY COUNCIL/SUCCESSOR REDEVELOPMENT AGENCY/FINANCING  
AUTHORITY/HOUSING AUTHORITY AGENDA ITEM**

**SUBJECT:**

Executive Summary and Discussion of Fiscal Year 2013-14 Budget Projections

**PRESENTED BY:**

Rachelle McQuiston – Director of Finance

**SUMMARY:**

Pursuant to Council request, the Director of Finance has actively researched revenue and expenditure projections for the remaining Fiscal Year 2013-14 Budget.

At time of posting of the agenda, the projections worksheet was in process. These projections and the impact to the current budget will be presented and discussed at the Council meeting.

**FISCAL IMPACT:**

No Fiscal Impact

Reviewed by Finance Director

**ACTION REQUESTED:**

Discussion item only, no action required

**CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:**

Action as requested: Discussion and possible direction to staff

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