

**AGENDA
REGULAR MEETING
CITY OF BANNING
BANNING, CALIFORNIA**

April 26, 2011
5:00 p.m.

Banning Civic Center
Council Chambers
99 E. Ramsey St.

The following information comprises the agenda for a regular meeting of the City Council and a Joint Meeting of the City Council, Community Redevelopment Agency, Banning Financing Authority and the Banning Utility Authority.

Per City Council Resolution No. 2010-38 matters taken up by the Council before 9:00 p.m. may be concluded, but no new matters shall be taken up after 9:00 p.m. except upon a unanimous vote of the council members present and voting, but such extension shall only be valid for one hour and each hour thereafter shall require a renewed action for the meeting to continue.

I. CALL TO ORDER

- Invocation – Pastor Steve Bierly, Church of the Nazarene
- Pledge of Allegiance
- Roll Call – Councilmembers Botts, Franklin, Machisic, Robinson, Mayor Hanna

II. REPORT ON CLOSED SESSION

III. PUBLIC COMMENTS/CORRESPONDENCE/PRESENTATIONS/APPOINTMENTS

PUBLIC COMMENTS – *On Items Not on the Agenda*

A three-minute limitation shall apply to each member of the public who wishes to address the Mayor and Council on a matter not on the agenda. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to "share" his/her three minutes with any other member of the public. (Usually, any items received under this heading are referred to staff or future study, research, completion and/or future Council Action.) (See last page. PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

CORRESPONDENCE: Items received under this category may be received and filed or referred to staff for future research or a future agenda.

The City of Banning promotes and supports a high quality of life that ensures a safe and friendly environment, fosters new opportunities and provides responsive, fair treatment to all and is the pride of its citizens.

PRESENTATIONS:

1. Proclamation – May is Mental Health Month 1

IV. CONSENT ITEMS

(The following items have been recommended for approval and will be acted upon simultaneously, unless any member of the City Council wishes to remove an item for separate consideration.)

Motion: That the City Council approve Consent Item 1 through 3

Items to be pulled _____, _____, _____ for discussion.

(Resolutions require a recorded majority vote of the total membership of the City Council)

1. Approval of Minutes – Joint Meeting – 04/12/11 3
2. Approval of Minutes – Regular Meeting – 04/12/11 5
3. Resolution No. 2011-32, Approving the Measure “A” Five Year Capital Improvement Plan. 44

- Open for Public Comments
- Make Motion

RECESS REGULAR CITY COUNCIL MEETING AND CALL TO ORDER A JOINT MEETING OF THE BANNING CITY COUNCIL, THE COMMUNITY REDEVELOPMENT AGENCY, THE BANNING FINANCING AUTHORITY AND THE BANNING UTILITY AUTHORITY.

V. CONSENT ITEM

1. Authorizing the acquisition of an IBM Power System I Server (Formally AS/400, Dell PowerVault, 2 Dell R710 Servers, Crossroads 3tb Sphinx Base Unit, and Citrix XenServer Enterprise Software 58

Adjourn Joint Meeting of the Banning City Council, Community Redevelopment Agency, the Banning Financing Authority and the Banning Utility Authority and reconvene the Regular City Council meeting.

V. ANNOUNCEMENTS/REPORTS (Upcoming Events/Other Items if any)

- City Council
- City Committee Reports
- Report by City Attorney
- Report by City Manager

AGENDA
BANNING CITY COUNCIL MEETING
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April 26, 2011
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Council Chambers
99 E. Ramsey St.

ADDENDUM

VI. CONSENT ITEMS

4. Approve Mt. San Jacinto Community College District Use of
PEG Access Channel **57A**

(Posted: 4/21/11 – approx. 4:45 p.m.)

VI. ITEMS FOR FUTURE AGENDAS

New Items –

Pending Items – City Council

1. Schedule Meetings with Our State and County Elected Officials
2. Update on Economic Development Plan
3. Review of Fees and Rates
4. Policy Discussion Re. Code Enforcement (*study session*)
5. Update on Shop Local Program
6. FEMA Training – Mayoral Institute, etc. (Council coordination necessary)

Future Meetings

Need dates from Council for following meetings

- 1) Pardee Presentation Jt. Meeting with the Planning Commission
- 2) Study Session regarding selection of Mayor, Review of Code of Civility and Brown Act Update

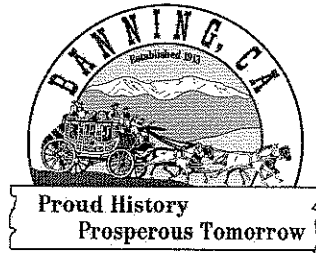
VII. ADJOURNMENT

Pursuant to amended Government Code Section 54957.5(b) staff reports and other public records related to open session agenda items are available at City Hall, 99 E. Ramsey St., at the office of the City Clerk during regular business hours, Monday through Thursday, 8 a.m. to 5 p.m.

NOTICE: Any member of the public may address this meeting of the Mayor and Council on any item appearing on the agenda by approaching the microphone in the Council Chambers and asking to be recognized, either before the item about which the member desires to speak is called, or at any time during consideration of the item. A five-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor and Council. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public.

Any member of the public may address this meeting of the Mayor and Council on any item which does not appear on the agenda, but is of interest to the general public and is an item upon which the Mayor and Council may act. A three-minute limitation shall apply to each member of the public, unless such time is extended by the Mayor and Council. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her three minutes with any other member of the public. The Mayor and Council will in most instances refer items of discussion which do not appear on the agenda to staff for appropriate action or direct that the item be placed on a future agenda of the Mayor and Council. However, no other action shall be taken, nor discussion held by the Mayor and Council on any item which does not appear on the agenda, unless the action is otherwise authorized in accordance with the provisions of subdivision (b) of Section 54954.2 of the Government Code.

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) 922-3102. **Notification 48 hours prior to the meeting** will enable the City to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].



PROCLAMATION

WHEREAS, mental illness can impact anyone, regardless of age, background, employment, education and income level; and

WHEREAS, mental illness usually strikes individuals in the prime of their lives, often during adolescence and young adulthood, although the very young and the elderly are especially vulnerable; and

WHEREAS, many treatments for serious mental illnesses, in combination with treatment and recovery supports, are highly effective, allowing people to maintain their quality of life and their involvement with their families and communities; and

WHEREAS, the National Institute of Mental Health reports that one in four adults – approximately 57.7 million Americans – experience a mental health disorder in a given year; and

WHEREAS, the United States Surgeon General reports that 10 percent of children and adolescents in the United States suffer from serious emotional and mental disorders that cause significant functional impairment and that half of all Americans experience a mental disorder at some time in their lives; and

WHEREAS, recent population data suggest that nearly 140,000 people of all ages in Riverside County may be impacted by serious mental illness and may seek treatment from a variety of community resources; and

WHEREAS, the Mental Health America has promoted the observance of "May is Mental Health Month" since 1949 in order to increase awareness and understanding of mental health; and

WHEREAS, the Riverside County Mental Health Board is presenting "Live Life Well", a mental health fair on Thursday, May 19, 2011 at Bordwell Park in Riverside in support of the May is Mental Health Month observance; and

WHEREAS, encouraging awareness of mental health issues and promoting wellness and recovery for those with mental health needs are important values for every community.

NOW THEREFORE, I, Barbara Hanna, Mayor of the City of Banning, along with the City Council, do hereby proclaim May 2011 as "MAY IS MENTAL HEALTH MONTH" in the City of Banning to signify its support of greater awareness of mental health issues and joins with the Riverside County Mental Health Board in its observance.

IN WITNESS WHEREOF, I have set my hand and caused the seal of the City of Banning, California to be affixed this 26th day of April, 2011.

ATTEST:

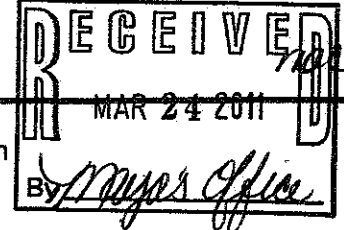
Marie A. Calderon, City Clerk

Barbara Hanna, Mayor



RIVERSIDE COUNTY DEPARTMENT OF MENTAL HEALTH

Jerry A. Wengert, Director



Reply to: Mental Health Administration
P.O. Box 7549
Riverside, CA 92513

March 21, 2011

The Honorable Barbara Hanna
Mayor of Banning
99 E. Ramsey Street
Banning, CA 92220

SUBJECT: May is Mental Health Month Proclamation Request

Dear Mayor Hanna:

The month of May is soon approaching and the County of Riverside will be celebrating Mental Health Awareness. In an effort to promote a greater understanding of mental health issues and recovery, I write to you and your City Council Members to once again proclaim that "May is Mental Health Month" in your city. For your convenience, enclosed is a sample proclamation.

In conjunction with the Riverside County Mental Health Board, the Department of Mental Health is presenting "Live Life Well", a mental health fair on Thursday, May 19th. It is our intention to display your proclamation at our upcoming event which will be held from 1 p.m. until 6 p.m. at Bordwell Park in Riverside. We encourage your attendance at this event and hope that your city's participation will promote mental health awareness throughout your community. After April 1st, updated event information will be available on our Department's website: www.rcmhd.org.

In the past, selected members of the Mental Health Board have made themselves available to attend city council meetings in order to personally receive proclamations on behalf of the Department of Mental Health. The selected board members will make a follow-up call on behalf of the department in order to coordinate City Council presentation dates. We hope to have this accomplished in the month of April.

Thank you in advance for your support of our efforts in recognizing "May is Mental Health Month" and in promoting greater community awareness of mental health issues throughout Riverside County.

Sincerely,

Jerry Wengert, Director
Department of Mental Health

Enclosure: Sample Proclamation

MINUTES
CITY COUNCIL
BANNING, CALIFORNIA

04/12/2011
JOINT MEETING

A joint meeting of the Banning City Council and the Community Redevelopment Agency was called to order by Mayor Hanna on April 12, 2011 at 4:05 p.m. at the Banning Civic Center Council Chambers, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Councilmember Botts
Councilmember Franklin
Councilmember Machisic (arriv. 4:12 p.m.)
Councilmember Robinson
Mayor Hanna

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Andrew Takata, City Manager/Executive Director
David J. Aleshire, City Attorney/Agency Counsel
June Overholt, Administrative Services Director
Zai Abu Bakar, Community Development Director
Marie A. Calderon, City Clerk/Secretary

CLOSED SESSION

City Attorney said that we have one item involving the evaluation of the City Attorney and the City Manager and given other things we have on the agenda tonight it is the recommendation of staff not to go over that matter. There are three items of potential litigation listed and a fourth potential litigation matter needs to be added to the agenda. Also there is a need to add a matter of existing litigation which is the Fields matter.

City Attorney asked that the Council add to the agenda a fourth matter of potential litigation pursuant to Government Code Section 54956.9 and also add the matter of existing litigation regarding Fields pursuant to Government Code Section 54956.9(a).

Motion Machisic/Robinson to add these items to the agenda. Motion carried, all in favor

Mayor Hanna opened the item for public comments. There were none.

Meeting went into closed session at 4:03 p.m. and returned to regular session at 5:00 p.m. recessing the closed session until after the regular Council Meeting. Meeting reconvened at 7:21 p.m.

City Attorney reported that the City Council met to discuss a matter of potential litigation and direction was given and there was no reportable action taken.

ADJOURNMENT

By common consent the meeting adjourned at 7:39 p.m.

Marie A. Calderon, City Clerk

MINUTES
CITY COUNCIL
BANNING, CALIFORNIA

04/12/11
REGULAR MEETING

A regular meeting of the Banning City Council and a Joint Meeting of the Banning City Council, Community Redevelopment Agency and the Banning Utility Authority was called to order by Mayor Hanna on April 12, 2011 at 5:05 p.m. at the Banning Civic Center Council Chambers, 99 E. Ramsey Street, Banning, California.

COUNCIL MEMBERS PRESENT: Councilmember Botts
Councilmember Franklin
Councilmember Machisic
Councilmember Robinson
Mayor Hanna

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT: Andrew Takata, City Manager
David J. Aleshire, City Attorney
June Overholt, Administrative Services Director
Zai Abu Bakar, Community Development Director
Fred Mason, Electric Utility Director
Leonard Purvis, Police Chief
Jeff Stowells, Battalion Chief
Heidi Meraz, Community Services Director
Kahono Oei, City Engineer
Michelle Green, Deputy Finance Director
Marie A. Calderon, City Clerk

The invocation was given by Pastor Steve Braun, Banning Foursquare Church. Councilmember Machisic invited the audience to join him in the Pledge of Allegiance to the Flag.

REPORT ON CLOSED SESSION

City Attorney stated that the City Council met in closed session and there were three items of potential litigation that were listed and we had added a fourth item. A status report was given on each of those matters and there was no action taken. Also added to the agenda a litigation matter that has actually been filed which involves the Fields Property and a status report was given with respect to that matter and no action was taken.

PUBLIC COMMENTS/CORRESPONDENCE/PRESENTATIONS/APPOINTMENTS

PUBLIC COMMENTS – *On Items Not on the Agenda*

Dorothy McLean of Banning representing Pass Area Supporting Service Persons addressed the Council regarding a donation drive that culminates April 20th but they are collecting things through April 15th. She went over the various locations where donations could be dropped off for the troops. The items that they would like are batteries, honey, foot warmers, baby wipes, foot powder, single serving size of snacks, crackers, games, sun block, saline spray, lip balm, zip lock bags, toiletries, etc. and nothing breakable or perishable and no chocolate. Monetary donations are needed to pay for postage. It costs \$12.95 for a box to be shipped. Checks can be made payable to Pass 2 and mailed to P. O. Box 47, Banning. On Wednesday, April 20th from 9 a.m. to noon they will be open to receive donations at the Calimesa Senior Center, 908 Park Ave. You can email sandybleier@verizon.net. They would like to have the names and addresses of service men and women who are serving overseas that are from Cabazon to Calimesa so that they can be included in the mailing. For more information you can call Sandy Bleier at 951-80-7085.

David Kealey, 1314 Laguna Seca Ct. and Monty Hammer, 10300 Pumphouse Rd. addressed the Council in regards to promoting the Art Hop to be held on May 7th. He said that Wikipedia gives Geocaching as the topic they are talking about as an outdoor sporting activity in which the participants use a Global Positioning System (GPS) receiver or telephones to hide and seek a container called a "geocaches" or a "caches" anywhere in the world. It is a high-tech hide and seek game and there are currently geocaches in more than 100 countries in the world and there are 1.4 million active geocaches. Over 5 million people register as geocachers and in the last 30 days 4 million people have signed saying that they have found a geocache. What they have displayed on the screen is the Art Hop Meet and Greet and this was an announcement that was sent out through Geocaching.com to all 4 million of those geocachers in the world. They do expect to have anywhere between 25 and 50 people attending this event. It will be held at the San Geronio Inn Parking Lot from 9 to 10 a.m. They hope to hide 50 new caches that morning. Active-Fire & DASHON are promoting this event and what is being said is: "This hide is in advance of the Art Hop Meet and Greet Event that Active-Fire & DASHON are planning for May 7th. There will a community Art Hop on San Geronio Street between Ramsey and Williams in Banning. You can come out and attend the geocaching event and find 50 new caches along with all of the others that are already in the area and stroll through the Art Hop.

Katryn Robinson, 1474 N. San Geronio addressed the Council stating that this is a follow-up to the Art Hop as well and this event being held on Saturday, May 7th is just going to be amazing and there will be many events going on. This will take place in the downtown area and if you look around this room you will see beautiful art work from Banning High School students and this will be on display, as well as, many other art objects in here as well as the downtown area. There will a Bark & Art and if you have a pet and you want to bring your well-behaved pet down on a lease there will be art activities for the pets to do. Ramona Animal Shelter and Beaumont Animal Care will be out to do licensing and vaccination clinics. They will also have a recycling fair for such items as expired prescriptions, batteries, electronics, telephones and also personal papers or documents that need to be shredded. It will be a fun day from 10:00 a.m. to 6:00 p.m.

Charlene Sakurai, 4985 Bermuda Dunes addressed the Council stated that they had a Passcom meeting today and the Emergency Preparedness Director for Loma Linda brought the Mobile Telemedicine Unit to the hospital today and it is the only one in the world. It was designed by Mercedes and was all paid for by grants and it was a two-year project just to get it built. It is designed to take to disasters or fires and it was taken to the Esperanza Fire. They have x-ray capability and they can also satellite directly into the E.R. at Loma Linda. At the Esperanza Fire they treated 35 firefighters and did one minor surgery. They have direct contact with the physicians, surgeons, nurses, x-ray technicians and everything right at the hospital. They have been invited to come to the Disaster Expo but may not be able to come because of scheduling issues but she would encourage everyone to take a good look at this. Also, there are on-going young artist's workshops at the Banning Center for the Arts and there are two different classes every Saturday morning. The first class is for the Very Young Artists (Kindergarten and First Grade) from 9:00 to 9:45 a.m. and the cost is \$25.00 for the month. The second class is for the Young Artists (2nd through 6th Grade) at the cost is \$35.00 for the month. They will be in session the day of the Art Hop.

Michale Cashe, 981 E. Charles Street addressed the Council stating that she saw earlier on the agenda that the Council was going to speak about the speaker cards and it was taken off. She said even if it was a ruling, according to the Brown Act or the First Amendment she still fills that it wouldn't give each one of us the right to speak on a discrimination act and that it could violate that and make it unconstitutional. Please do consider that and she is totally against the speaker cards.

CONSENT ITEMS

Mayor Hanna said that City staff wanted to remove Consent Item No. 8. Councilmember Botts asked to remove Consent Item No. 6 for discussion.

1. Approval of Minutes – Joint Meeting – 03/22/11

Recommendation: That the minutes of the joint meeting of March 22, 2011 be approved.

2. Approval of Minutes – Regular Meeting – 03/22/11

Recommendation: That the minutes of the regular meeting of March 22, 2011 be approved.

3. Resolution No. 2011-24, Awarding the Bid for the Replacement of the City Yard Office Building HVAC Units.

Recommendation: That the City Council adopt Resolution No. 2011-24, awarding the bid for the Replacement of the City Yard Office Building HVAC Units to Arrowhead Mechanical, Inc., dba Arrowhead Sheet Metal of San Bernardino, CA, in the amount not to exceed \$37,900 including taxes.

4. Resolution No. 2011-25, Awarding the Bid for the Repair/Replacement of the City Yard Office Building HVAC Duct Work System.

Recommendation: That the City Council adopt Resolution No. 2011-25, Awarding the bid for the Repair/Replacement of the City Yard Office Building HVAC Duct Work System to Leading Edge Air Conditions of Cathedral City, CA, in the amount not to exceed \$28,950.00 including taxes.

5. Resolution No. 2011-26, Authorizing Examination of Sales and Use Tax Records.

Recommendation: That the City Council adopt Resolution No. 2011-26, authorizing specific individuals to examine confidential sales and use tax records.

7. Resolution No. 2011-30, Authorizing acceptance of funding from the State of California Department of General Services California 9-1-1 Emergency Communication's Office and the California Geographical Information System Services to purchase equipment to enhance the police department's communication center.

Recommendation: That the City Council adopt Resolution No. 2011-30, authorizing acceptance of funding from the State of California Department of General Services California 9-1-1 Emergency Communication's Office in the amount of \$48,000.00 and the California Geographical Information System Services in the amount of \$7,500.00 for the purchase of new equipment and software for the police department's communication center.

9. Report of Investments for February 2011

Recommendation: That the City Council receive and place these required monthly Reports of Investments on file.

Motion Machisic/Botts to approve Consent Items 1, 2, 3, 4, 5, 7 and 9. Mayor Hanna opened the item for public comments. There were none. **Motion carried, all in favor.**

6. Resolution No. 2011-28, Pertaining to Any Consideration for the Pass and Redistricting.

Councilmember Botts said that this deals with redistricting for the County and the process is moving very fast as he understands so his only point is that if we approve this item he would hope that we could send out copies of that tomorrow to the redistricting committee at the County, as well as, the Supervisors.

Councilmember Robinson said that he talked to the City Manager about adding fire services to this resolution because we do have a contact with the County and Beaumont and also to bring to light that ten years ago Beaumont was at 9,500 population and they are now recorded at 37,000 so this Pass area is changing day by day and it is very important that we all work together heavily.

Mayor Hanna said that the mayors and city managers from Beaumont, Calimesa and Banning get together on a monthly basis and we agreed at our last meeting that we wanted to go forward with this as well as to invite Morongo to join us.

Motion Botts/Robinson to approve Consent Item No. 6 adopting Resolution No. 2011-28 with the change to language to add fire services. Mayor Hanna opened the item for public comments. There were none. **Motion carried, all in favor.**

8. Approve Amendment to 1st Amendment with Norman A. Traub Associates for Investigation Services for the City of Banning Police Department.

City Manager said as you know we use them to do a lot of our internal affairs investigations with the police and since we have had an issue arise in regards to discrimination he would need to add an additional \$25,000 to that amount to make the total \$110,000.00. He would also like the Council to give authority to the Administrative Services Director to do the correct appropriation either through savings for the next six months or through the reserves.

Motion Botts/Franklin to approve Consent Item No. 8 to amend the current limit on compensation for services with Norman A. Traub Associates for Investigation Services for the City of Banning Police Department to \$110,000.00 and giving authority to the Administrative Services Director to do the correct appropriation. Mayor Hanna opened the item for public comments. There were none. **Motion carried, all in favor.**

PUBLIC HEARINGS

1. Public Hearing and Resolution No. 2011-27 for the Revocation of Unclassified Use Permit #01-47501 and Termination of Development Agreement 03-1504 (for a Drag Racing Facility)–APN 532-130-008 & 018.
(Staff Report – David J. Aleshire, City Attorney)

Mayor Hanna said this was listed as a public hearing at our last meeting and we actually closed the public hearing and she would ask for a staff report on this item.

City Attorney gave the staff report as contained in the agenda packet. He said that there was resolution that went out in the agenda packet and there were some corrections that needed to be made and they have distributed to the Council as a revised resolution and the recitals were not significantly changed. At this time he went over what was contained in the resolution. He said that they think there is sufficient evidence of record to reaffirm the prior action and this resolution states those grounds. The applicant is in attendance and this is not a public hearing item and he would like to make public comment on the intended action.

Mayor Hanna said this is not a public hearing and will be opening this item for public comments and you have a maximum of five minutes.

Andy Maracco addressed the Council stating that first thing that he would like to do as a proponent of the Drag City Project is to object to the new information that was put into the packet because he was just given a copy by the City Clerk. He said he received a copy on Thursday so it has changed dramatically. That is not due process for letting a proponent know what those facts are. He said he will point out since he is limited by time that he can show the Council a very distinct contradiction in how the City sees things and misinterprets and this is

just one example of many. He said that Item No. 27 on page 7 of the Resolution says, "On May 17, 2007, the City informed the BAA (Banning Airport Associates) that no major grading was occurring at the 40-acre parcel and that BAA was in violation of the second grading permit issued..." However, if you go to page 14, No. d. which is part of the Conclusions of Law it states, "The most recent evidence of any grading activity on the site was in May 2007..." You have many issues here. Were we grading or were we not grading? What proof does the City have that there was no grading? The City cannot provide any proof but we can provide the proof that we were grading so therefore all your decisions to kill this project two, three years ago were based on false facts just like you are going to try to revoke tonight. It should be stated for the record that you do know that as of now our UUP (Unclassified Use Permit) is valid; it was not revoked. You took an action to revoke it and it seemed to be revoked for three years except the judge disagreed with that and actually put it back in place giving you an opportunity to make the right decision which is A) make a settlement offer to help these guys defer their expenses on a project that you killed, or B) go to court and face bigger monetary damages. That is what he has given you a choice of and it is not much of a choice. Your best action you should have taken which your prior City Attorney should have told you was let the project die on its own. If we didn't perform, we didn't perform and it would have cost the City nothing. But instead you interfered and took away a use permit which we can go over and try to go over in this forum but it is not going to work as far as trying to prove who is right or wrong. We know the facts are evident. We know that the judge agreed with us and if it goes further, the City is looking at some major damages but you are the City Council and you don't take it personal but the taxpayers will and that is not what we wanted. You were more concerned at the last meeting about your appearance at a groundbreaking and how it looked to the general public and how you were uncomfortable and how you didn't want to be there and you left as soon as you could. That was not the matter at hand. The matter at hand is the fact that you had a project to bring you revenue regardless of problems. This thing had a developer's agreement, it is vested and he doesn't care what the City Attorney is telling you at this moment but if you want to take the bad advice that your prior attorneys gave you which I believe you did fire for overbilling. You should have just let us fail if you didn't believe in us. The reality is we did have the ability to make it happen. This tonight I would really reconsider revoking anything because what you are telling the judge is he's wrong. So when I hear the City Attorney say there was no merit given and no decision was made; then why did judge put back our UUP into full effect. Because he knew what the City did was wrong. It is illegal and you all know that and the evidence is there. Facts have been twisted and circumvented to a degree that it doesn't let you know the full truth. It didn't have to be you guys that took the blame. It could have been the previous City Attorney who took the blame but now all the pressure is you on a City, as a City Council and everybody is watching you. This community is watching you. He believes that the Records Gazette just did a questionnaire on-line and 64% of the citizens want a drag strip. You are not listening to your constituents. You are just appealing to what you want to do. Start listening to your contingents and your developers who are working with you to make things happen. We didn't want to come here and lose \$3.5 million dollars. He said he is really insulted by that fact that you thinks we are the ones that are at fault here. No, you still have a piece of land that you bought and you can sell; you lost no money. We lost everything and the trust with this City.

Mayor Hanna closed the public comment period seeing no one else coming forward.

Motion Botts/Machisic that the City Council adopt Resolution No. 2011-27, making findings for the revocation of Unclassified Use Permit 01-47501 and termination of Development Agreement 03-1504. Motion carried, all in favor.

Mayor Hanna recessed the regular meeting of the City Council and called to order a Joint Meeting of the Banning City Council, the Community Redevelopment Agency and the Banning Utility Authority.

REPORTS OF OFFICERS

1. Auditor's Report for Fiscal year 2009-2010
(Staff Report – June Overholt, Administrative Services Director)

Director Overholt went over and explained each the items that were given to the Council and those would include the General Financial Statements, Redevelopment Agency Financials, Management Letter, Audit Communication Letter and the Single Audit. She said that the one piece of the document that we actually created as part of the analysis is now called the "Management Discussion and Analysis Document." She said she wasn't here for the audit but she was able to add her touch to that piece of the audit and added some graphs and some charts that provided some additional comparison with the prior year and so as time permits they will continue to enhance that analysis and add on to what has been done in the past. But the bottom line with the Management Discussion and Analysis (MD&A) is that for those that don't want to read every single page of the audit that documents gives a nice overview of what is included within the Financial Statements and it provides a snapshot of the financial information in there. It is kind of an Executive Summary. At this time she turned the presentation over to Debra Harper, Audit Manager from Lance, Soll & Lunghard.

Debra Harper, Audit Manager addressed the Council at this time giving a brief summary on the financial audit for the City financials for Fiscal Year 2010. She started her power-point presentation at this time (see Exhibit "A").

City Manager said as you know we brought June Overholt on because she was going to be more of a hands on type of person and so some of those things that happened during the year where we had somebody that wasn't quite hands on were corrected. But he really wanted to thank not only June Overholt for being here and the changes that she is making but we really have to recognize Michelle Green. She has done a wonderful job during that time and she worked very hard and she has been doing payroll and accounts payable and has been trying to take care of all the accounting issues and he wanted to thank her for her work on the audit and if it wasn't for her this audit wouldn't have looked as clean as it is.

Councilmember Botts echoed what the City Manager has just said and to thank our new director and Michelle who filled in while that spot was empty and all the rest of the staff in finance and accounting thank you for all your work. He said he is not sure that we had bad audits in the past. We were criticized during the campaign season about audits and some

findings and some internal controls but he is really excited about this audit. He asked Ms. Harper if she was satisfied with management responses.

Ms. Harper said yes and she knows that these are just probably one time incidents and we have worked with the City of Banning for a long time and a lot of it is attributable to the shortage of staff but we have come around and came with different ways to actually correct them. So she thinks it is going to be great next year.

Councilmember Botts said he wanted to reiterate something that she said in one of the letters that there were no material misstatements and no disagreement with management and again, you issued an "unqualified opinion." Ms. Harper said that was correct.

City Manager asked her to explain "unqualified" versus "qualified."

Ms. Harper said a lot of times if you "qualify" an opinion then that would mean that you would have a material misstatement and that we don't agree and we want to qualify our opinion and say that it qualified because of these errors or these material misstatements. The fact that we are saying "unqualified" meaning that it is very clear and we don't have any reason to qualify the opinion.

Mayor Hanna opened the item for public comments.

The following people spoke in favor or against or had some questions or concerns or general comments in regards to this item *(any written comments handed to the City Clerk will be attached as an exhibit to the minutes)*:

John McQuown, City Treasurer had questions on pages 54 and 55.

Mayor Hanna said that staff will be responding to his questions. City Manager said in regards to the loan issues that will be coming back to the Council. Mayor Hanna said in regards to her understanding about facades was that it was a loan in the sense that if they sold within a certain period of time, five or ten years depending on the contract, they had to repay it but after that period of time it would become a grant in effect.

Motion Robinson/Botts that the City Council and Agency Board accept and place on file the auditor's reports from Lance, Soll & Lunghard, LLP for fiscal year ended June 30, 2010. Motion carried, all in favor.

2. FY 2010/11 Mid-Year Budget Review
(Staff Report – June Overholt, Administrative Services Director)

Director Overholt started her power-point presentation (see Exhibit "B") stating that she will briefly talk on some of the past strategies we have had to balance the budget to focus on the General Fund because that is the fund that is always at risk when times are difficult and would go over some of the other funds and their status and describe some of the future challenges that we are dealing and then some of the next steps. She pointed out that on page 101 of the agenda

packet there is a Fund Summary Status report and that lists the Sunset Grade Separation Fund and the Wilson Median and she observed that the beginning fund balance numbers were transposed and so what you should see is that the Sunset Grade Separation Fund has a beginning balance of \$41,385 and the Wilson Street Median has the \$373,366 and everything else is correct the way it is listed. So what that does to the ending balance it would show Sunset Grade with a negative ending balance of \$54.00 and the Wilson Median with an ending balance of \$375,216.

Councilmember Botts said he wanted to clarify for himself and the audience that if they looked at this and the perfect example is under Electric Funds in regards to the Public Benefit Fund and June has been using the word deficit and he said he uses that word and he is only concerned that he understands what that means. When we talk about the Federal Government and deficit spending they spend it and turn the printing presses on and just print money because they just don't have the money. If he understands this correctly, we do have the money where you call some of these deficits it is because we used fund balance money where you had revenue and an expense (plus or a minus) but where we called some deficits hundreds of thousands of dollars or millions of the money. We had the money to spend. It isn't in the classical sense, when we think of the Federal Government, that the money came from a fund balance and he would guess that was carryover money from previous years. He asked if he was looking at this correctly.

Director Overholt said she thinks that he has articulated it and looked at it correctly. When we look at the budget the goal is always to have any fund that is operational be structurally balanced because that means we have achieved on-going revenues covering on-going expenditures and tonight she described four funds that are not in that condition that are operational – the General Fund, Water, Wastewater and Electric. Operational funds are structurally balanced. In all of those situations we have reduced expenditures to try to bring them in line with our on-going revenues and we have gotten close but not a hundred percent and in some situations we have actually increased it through this mid-year discussion. We can only do that because we have either a rate stability fund that helps to navigate these moments or we have fund balance and all of those are just categories that we track separately because we are required by law and required through the audit requirements to track them separately but it is like a savings account, our equity to what we can spend.

Councilmember Botts said we call it our deficit spending and that is what he is struggling with and he wanted to make sure that we all understand it and the public as well.

Mayor Hanna said and the Rate Stability, for example, is something we each pay in our electric bill every month and that amount of money goes into this account and is that correct.

Fred Mason, Electric Utility Director said actually the Public Benefit is the only thing that we have an extra line on the bill. The Rate Stabilization when we have the excess power we sell it and back when the market was more in our favor we actually accrued millions of dollars that we have set aside for Rate Stabilization. What we previously had in the rates was a built in accrual to add to that and we have taken that out since 2007 because we had all this money

accrued and we said we are not going to continue adding to it so we actually reduced that component of the rate to not accrual additional money into the Rate Stabilization.

Mayor Hanna asked Mr. Mason in regards to the Solar Program we approved was that for the high school building. Mr. Mason said that was all of our projects of which we had 109. With the Public Benefit Fund basically what is shown in the budget is the amount we expect to get so the \$684,000 dollars is what we have in the operational budget. As June mentioned we had money that had not been spent in previous years and that was the money we are using for the PV projects but we don't fund those until they are actually installed and that is why we had come and appropriated the funds mid-year.

Councilmember Machisic said several years ago we had some generous rebates on various appliances, solar panels, etc. and are we still generous in our rebates.

Mr. Mason said we have actually cut most of our rebates in half and we are allocating less money. A large portion of our public benefit budget, 55%, goes to low income assistance. The rest of it is for rebates and administrative costs.

Councilmember Franklin said she didn't know if the City Manager had a chance to bring this to you the program where people are able to buy either HV systems or energy saver systems and then they get it put on their tax bill. Is this something we are looking into and getting word out to the public?

Mr. Mason said that we actually have a participation agreement with WRCOG (Western Riverside Council of Governments) on that and we cannot put that word out until WRCOG says it is okay because they were doing things in regards to the this program and once they actually roll this out in the month of June then at that point we can start but we can't do it before then.

Councilmember Franklin said she had a couple of questions and when we talk about the different funds and we talk especially about water and we have done a lot of work in upgrading our older pipes and will that have a positive impact on our operations for next year.

Director Overholt said she did not know and that is a good question and perhaps this is something we want to ask Duane Burk on whether or not it is going to reduce our expenditure because we have more efficiency.

Councilmember Franklin wanted to know if she considered for good news the opening of the community college and what impact that is going to have on our future workforce which might help bring additional employers into our area.

Director Overholt said she just forgot to write it down and she is working on a staff report for the Council to enter into an agreement with the college regarding our television station. But from a finance standpoint usually those types of things are hard for us to put a tangible dollar amount to it so usually when she references them she knows it is going to help and be good for the economy and she knows it is going to feel good for us to see these improvements then once

she looks at the numbers that might never have a direct link to that college. It is difficult for her to create a direct tie to each one like that. If they are retail, then we have a direct tie and they sell something and we know that is new, different and better than we had before.

City Manager said that there are people like developers and manufacturers who look at the education component of your community and then if it is higher educated then you can get better jobs and usually better paying jobs at that point but we utilize that whenever we try to recruit businesses.

Councilmember Franklin said you mentioned that we will get an update in May and will you be giving us this information more often in the future.

Director Overholt said that was her goal and one of the challenges that was mentioned earlier is that when you don't have staff it does make it a little bit difficult to get everything done in the timeline that you want it done. But she is working on strategies because not only is she helping you but it helps her to be able answer your questions faster so we are trying to use the software that we have and have some report writing capabilities that will allow us to extract the information more quickly but that will probably take six months or so for us to get that fully implemented.

Councilmember Robinson asked if she would explain about the airport because it looked like we were getting a lot of money in and it did not turn out that way. There are some large adjustments under Airport Revenue and why it is that way.

Director Overholt said we reduced the revenue over \$100,000 in the airport area and when we were going back to audit the revenues we realized that there was a keypunch error that had occurred and an extra zero was included so what should have been in the \$12,000 range showed up as \$120,000 so we had to make that correction.

Councilmember Machisic said last year the County Assessor indicted that he was going to reassess half the houses in Banning and do the other half this year. Have those results been reported back to you.

Director Overholt said she is not aware of a formal report that has told her that information but definitely what you see in this mid-year request is a reduction in our property tax revenue so that tells me that what he told you has had an impact on our revenues and it has occurred.

Councilmember Machisic said are you going to recommend through the City Manager another two-year budget year.

Director Overholt said she believes so. She believes that the two-year budget process has a great deal of usefulness and as we become more sophisticated in what we are able to provide to you we will try to forecast even a little bit further out so that it becomes an easier management tool in decision making but the two-year budget does provide that. What she is used to from her past experience is that when we bring the second year of a two-year budget it becomes a

stand alone budget. It is not a two-year rolling budget and she believes that was the City Manager's intent also.

Councilmember Machisic said in reading the local papers the inflation factor outside of fuel and food is about 3% and have you noticed any inflationary increase in our products that we are buying.

Director Overholt said she would have to look at that level of detail. Certainly what staff is doing is managing what it is purchasing so like each of us at home when you can't afford what you have budgeted for food then that means that you just don't buy as much food as you used to so that is what staff is doing to manage it. But she can certainly look at a few categories to see if we can see a trend in certain vendors that are increasing in their cost. She knows that on the flip side we are looking to see if can we talk to vendors and do a better job at asking for discounts.

Mayor Hanna opened the item for public comments. There were none.

Mayor Hanna said that the hospital may not be generating more for our electric utility because of the terrific efficiencies that they have incorporated into their new facility so she is not sure we can count on that. Also in regards to the water and wastewater rates one of our concerns mentioned when we were reviewing that very difficult proposal last year was that the consultant had assumed an increase in population and that the amount we had lost would be gained back over a certain period of time and she doesn't think that is happening yet and she doesn't think that is conservative to project that in the future. So when we have to review the water rates for the next year we should at least consider that. She also asked if the low income assistance was going to come back to the Council or not.

Mr. Mason said that the program obviously exists and he thinks the question you are asking is that staff had come forward to increase the B.E.A.R. rate to make up for the increased expenditures due to the disparity between the original rate and the new baseline rate and we were told by Council that was not something they wanted to do at this time so we don't have a plan to come forward unless you are giving us direction to come forward.

Mayor Hanna said if I understood you correctly a few moments ago you said that 55% of our public benefit is for low income assistance and that is just going to basically remain and we will not be able to do as much as the other types of assistance as John mentioned.

Mr. Mason said in fact it is increasing because more people are losing their jobs and he wouldn't be surprised if it exceeds 60% within the next 12 months.

Councilmember Botts said he ran into a person who is a pilot this weekend at an event who said he flew into Banning and said he comes here to buy gas because it is cheaper than most other areas. He thinks that we have had this discussion before and maybe prior to Mr. Takata being here. He doesn't know who manages that but the discussion has been that I guess we do sort of have to buy future for aviation fuel but at this point he would hope someone is looking at that

and it is great the pilot comes in and buys fuel but he trusts that we are making a few pennies on that and we are not subsidizing the general aviation community.

Director Overholt said that she had heard this rumor recently and so she put it on her list to talk to the Public Works Director. We rely on the staff on the field that work in the airport to manage the fuel to do the analysis and we can assist where they need help but their task and assignment is to make sure that they are charging the appropriate rates and they may be but we just need to confirm with them.

Councilmember Botts said so their task is to buy low and sell high and they are doing the analysis and not finance. Director Overholt said they are to sell appropriately and they are doing the analysis.

Mayor Hanna said what she believes happens is that they buy the fuel at whatever cost and may add some amount and they sell it until it is gone so when the price of fuel may have been high that we bought and when the price goes down they are still selling at the high and we have a few complaints about that and when it is low because the cost of fuel has gone up we are very competitive. Somehow she wants to be competitive and doesn't want to do this ignorant continuing whatever the rate is.

Director Overholt said she doesn't want to speculate on how we handle it and it is not an area that she has jumped into.

Councilmember Botts said he appreciates her thinking worldwide because world events really do impact us but the Wall Street Journal said this morning that the greatest reduction of gas and fuel purchase occurred in the last few weeks in the United States. So we might have gas prices going up to \$5.00 or more and you can pick up a little bit but that consumption he thinks demonstrated by that article in the Journal said we could see significant reduction in purchases. At some point everyone is going to say I am not going to drive as much. So that is something we need to look at.

Motion Botts/Robinson that the City Council approve Resolution No.2011-31, Authorizing Revenue and Expenditure Line Item Adjustments Reflected in the Fiscal Year 2010-11 Mid-Year Review. Motion carried, all in favor.

Motion Robinson/Botts that the Banning Utility Authority Resolution No. 2011-07UA, Authorizing Revenue and Expenditure Line Item Adjustments in the Water and Wastewater Enterprises as Reflected in the Fiscal Year 2010-11 Mid-Year Review. Motion carried, all in favor.

Motion Botts/Robinson that the Agency Board approve CRA Resolution No. 2011-13, Authorizing Revenue and Expenditure Line Item Adjustments Reflected in the Fiscal Year 2010-11 Mid-Year Budget Review. Motion carried, all in favor.

Mayor Hanna adjourned the joint meeting of the Banning City Council, Community Redevelopment Agency and Banning Utility Authority and reconvened the regular City Council meeting.

ANNOUNCEMENTS/REPORTS (Upcoming Events/Other Items if any)

City Council

Councilmember Robinson –

- He said that he and Councilmember Franklin attended a Highland Springs Avenue Improvement Task Force Meeting and we are looking at immediate ways to help reduce traffic congestion on Highland Springs all the way from First Avenue to Wilson Street. Things in the future will take more time and effort working through Caltrans but it was a very positive meeting. He hopes we are going to see some good things come out of meetings like that very soon. It is a meeting in cooperation with the City of Beaumont, Caltrans and Pardee.
- He asked the City Clerk not to copy the agenda for him any further. He doesn't see any reason to do that and can do it all on-line and would hope that the Council and any others that get the agendas from us will consider doing that also.
- He said that our City Engineer, Kahono Oei, received a commendation today from one of our local businesses on his professionalism in the way he dealt with a question that one of our businesses had and he thinks it is great that we hear those kinds of things happening with our City staff.
- He said that Citra Benhar was here and wanted to let everyone know that she is now going to State to represent the city of Banning in the spelling bee so congratulations to Citra and her family.

Councilmember Machisic –

- He wanted to report on WRCOG (Western Riverside Council of Governments) - Dave Willmon reported that the State was still tied up as far as the budget but did say one thing that was important that if the tax election is held in June it will be considered a continuing tax. If it is held after June, it is a new tax so that is important. On June 23, the WRCOG General Assembly will be held and the featured speaker is Condoleezza Rice former U.S. Secretary of State. There is an Annual WRCOG Report that you will all get a copy of and he is happy to report that the I-10 By-Pass has been increased to \$1,748,000 for engineering. He also passed out a flyer to the Council that featured the Boys and Girls Club Clean-up of Roosevelt Williams Park. He also attended a Summit AB 2766 which deals with Subvention Funds and this involves a \$6.00 dollar fee that they put on motor registration fees to fund various air pollution reduction efforts. At the April 6th conference at the Mission Inn they were invited to share their experiences and as you know in 2004 we built a compress natural gas fueling station that is used by a number of groups including two school districts, the county, Caltrans and AQMD (Air Quality Management District) and we have also received \$125,000 just last year for energy efficient vehicles. So far the City has received \$800,000 dollars in subvention funds and grants. Also Corona and Riverside who were on the panel with him shared some of their experiences and they offer rebates based on subvention funds. Rebates on purchase of fuel efficient cars and they pay \$2,000 on a new car and \$1,000 on a used car and they have to be approved and bought from dealers in those cities. They also subsidize transit fees for

college students and they are also starting to develop electric charging stations and they also provide money for pool rides by company employees.

Councilmember Botts –

- We regularly talk about these commissions that we participate in and John just talked about WRCOG and he said he is the representative for the Council to RCTC (Riverside County Transportation Commission) and RTA (Riverside Transit Agency) and this is both for the Council but also for the public that we get focused on Banning, Beaumont and the Pass but we have very, very strong regional and county-wide organizations that do a lot for us that are invisible. RCTC builds freeways with major projects on I-10, SR-60, I-215, SR-74 and I-15 and this comes from Measure A and we all voted to tax ourselves. He said that many of you have probably met Anne Mayer, Executive Director and she was just names Citizen of the Year by the California Transportation Commission for the outstanding job she does for transportation and for RCTC. She is an engineer and she used to run Caltrans District 8 and understands the challenges with Caltrans and does an incredible job for the Commission of which there are 28 cities they meet once a month and make decisions about transportation.

Councilmember Franklin –

- She wanted people to participate in the upcoming 6th Annual Disaster Preparedness Expo on April 30th from 10 a.m. to 2 p.m. at the Banning Community Center. In light of all the disasters happening around the world we really want people to understand how important it is to be able to take care of themselves where they are. She had a person asked her about how they were going to be able to leave the area and the reality is that we probably will not be leaving so we want people to know that they can prepare to be able to survive where they are now in their homes and in their neighborhoods. There will be approximately 28 booths inside which include a lot of our own City departments helping people prepare. There will be another 10 outside of the building and she will have more information at the next meeting but are really encouraging people to come out to make sure they find out how to be prepared. As a part of this we are still working with people in their neighborhoods and are having meetings on Thursdays throughout the city where people are getting one-on-one information about what they can do to prepare their own blocks where they live. If anyone has any questions, they can call the Fire Department or ask her and we will try to make sure people are getting help. She said that they are actually getting calls from other cities asking how they can get information from us to be prepared.

Mayor Hanna asked if the Council could be notified of these meetings so that we can all be aware of them and certainly there are meetings we can attend just to observe and hear the residents speak.

Mayor Hanna –

- She reported that she attended the CRA Annual Redevelopment Conference and it was very interesting and in her opinion just unlike the training institutes which are really for staff she thinks the conferences themselves are valuable for elected and would encourage to at least send one of us every year to that conference as long a redevelopment lives.

City Committee Reports – Nothing to report at this time.

Report by City Attorney – Nothing to report at this time.

Report by City Manager

- He thanked June Overholt for the Mid-Year Report and she has only been here four months roughly and to put that together in just four months is quite an accomplishment considering there was a lot of catch-up to do and they were in the middle of an audit and all those types of things. He thanked June and her staff for the great work. He said also not only is he very conservative about your money but you have that also with the Director of Administrative Services. He said that we are on the right road and we see that there is a beginning trend of some revenues. He thinks that property taxes are still going to be an issue for at least another year if not two years just because there are a lot of foreclosures still out there. So as long that remains he thinks that our property tax is going to continue to decline but our sales tax is starting to go up so that is a real good sign and he is real happy with that.
- You will notice the high school art work that is up on the walls and he thinks that it wonderful that we are able to display this on our walls.

ITEMS FOR FUTURE AGENDAS

New Items – None

Pending Items – City Council

1. Schedule Meetings with Our State and County Elected Officials
2. Update on Economic Development Plan (*May 24th*)
3. Review of Fees and Rates
4. Policy Discussion Re. Code Enforcement (*study session*)
5. Update on Shop Local Program
6. FEMA Training – Mayoral Institute, etc. (Council coordination necessary)

Councilmember Robinson asked about the speaker card item coming off this agenda but it was on the planning agenda.

City Manager said it has always been on a planning agenda but an agenda did never go out with the speaker cards on it. I don't know where she received the information but there never was a time that we actually placed that on the agenda and advertised.

Mayor Hanna asked about the ethics training. City Manager said currently we have two Council Members that need to update their ethics training and three of you still have another year and we still need to do it with the Planning Commission and the Parks and Recreation Commission. But if the two of you want to challenge the on-line we can also send that to you and the other commissions and those that need to complete it. We will need to have a special meeting for review the Code of Civility, as well as, the Brown Act update and also have a study session in regards to the position of the Mayor because there are some certain decision points that you have to make in regard to those things.

Mayor Hanna said that she would join Councilmember Robinson and not get her agenda packet printed and she will use her own personal iPad.

Future Meetings

Mayor Hanna said that there would be a special meeting of the Banning City Council and the Planning Commission on Monday, April 25, 2011 at 5:00 p.m. to discuss Freeway Oriented Signs/Billboards.


Mayor Hanna said that the Council will adjourn to closed session to complete an item on the closed session agenda. City Attorney said the item is to discuss a matter of potential litigation.

ADJOURNMENT

By common consent the meeting adjourned the meeting at 7:14 p.m.

Marie A. Calderon, City Clerk

THE ACTION MINUTES REFLECT ACTIONS TAKEN BY THE CITY COUNCIL. A COPY OF THE MEETING IS AVAILABLE IN DVD FORMAT AND CAN BE REQUESTED IN WRITING TO THE CITY CLERK'S OFFICE.



City of Banning
June 30, 2010 Audit

Presentation to the City Council
April 12, 2011
Lance, Soll & Lunghard, LLP

Lance, Soll & Lunghard, LLP
Orange County
714.672.0022
Temecula Valley
951.304.2728
www.lslcpas.com



Background of Lance, Soll & Lunghard, LLP

- LSL was established back in 1929 and we are a full service CPA Firm specializing in the audits of governmental entities. We audit Cities, Agencies, Authorities, and Special Districts throughout California and do well over 100 of these audits.
- We have three offices in the Southern California area
- Seven Partners
- LSL consists of about 50 Firm members
- As the Audit Manager - Over 10 years of government audit experience



Audit Responsibilities and Process

- LSL has been engaged by the City of Banning to perform a ***financial audit*** and to assist in preparing your annual Audited Financial Statements.
- -Testing of account balances and also to assess the internal controls set in place at the City of Banning.
- -Internal controls being those policies and procedures set in place to safeguard the assets of the City. And also to detect and correct any material errors arising in the accounting system of the City.



Audit Process and Report

- Interim Audit (one week - July)
 - Planning,
 - Inquiry and documentation,
 - Risk assessment,
 - Internal controls
- Year-End Audit (late November through early December)
 - Account analysis
 - Confirmations
 - Cut-off procedures
- Annual Financial Report
 - Audit Report
 - MD&A
 - Financial Statements
 - Footnotes



Audit Opinion

- This audit work was all performed in order to render an "opinion" on the financial statements.
- An "unqualified opinion" on your June 30 financial statements.



Other Required Communications during the Audit

- Management Letter
- Audit Communication Letter



Other Communications (Management Letter)

- Statement on Auditing Standards (SAS) No.115:
 - Communicating internal control related matters identified in an audit
 - Significant Deficiencies
 - Material Weaknesses
- Material Weaknesses Identified and subsequently corrected:
 - Bond Covenant Compliance
 - Timely bank reconciliations
 - Payroll supervisor review and approval



Other Communications (Management Letter)

- Additional Material Weakness noted
 - Discussed with new Finance Director and will be reviewed at the next visit
 - Independent review of journal entries
 - Preparation of Schedule of Expenditures of Federal Awards in accordance with grant compliance
 - Material Audit Adjustment made for Capital Assets



Audit Communication Letter

At the conclusion of the audit, examples of communications include:

- Significant Accounting Policies
- Accounting Estimates
- Difficulties in Performing the Audit
- Disagreements with management
- Other Audit Findings or Issues
- Other Communication –
 - Current and Future Pronouncements



New Pronouncement

- GASB 54 – Fund Balance Reporting (Effective FY 10-11)
 - Enhance the usefulness of fund balance information by providing clearer fund balance classifications
 - Nonspendable – not in a spendable form (cash)
 - Inventories
 - Prepays
 - Restricted –only be spent on a specific purpose restricted by law
 - Grants
 - Gas Tax



New Pronouncement

- GASB 54 – Fund Balance Reporting (Effective FY 10-11)
 - Committed – only be spent on a specific purpose determined by council's formal action
 - Contract obligations
 - Other items deemed by council
 - Assigned – items intended to be used for a specific purpose determined by council's designee (such as Finance Director)
 - Other encumbrances not committed by council
 - Unassigned – residual classification of the City's General Fund which is in a spendable form and not contained in the above classifications



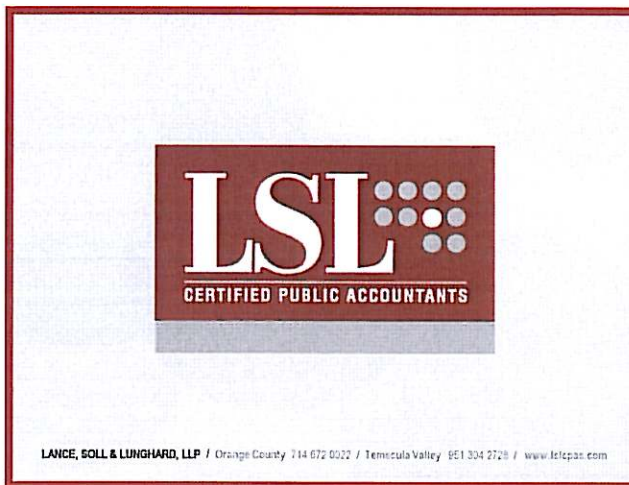
Single Audit

- When the City receives and spends Federal Grant monies in excess of \$500,000 in one year, a Single Audit is required. Banning expended approximately \$1,585,881 in FY 2010
- Compliance Audit
 - On the Airport Improvement Program
 - Finding for not being able to substantiate the "Excluded Parties List System" (EPLS) was checked prior to contract approval.
- Filing date: March 31
 - Electronically submitted and approved



Summary

- LSL is engaged to perform a Financial Audit
- The Financial Audit results in Audited Financial Statements and an Opinion is rendered
- The Management and Audit Communication Letter will be issued each year along with the audited Financial Statements
- The Federal Single audit will be performed when the City expends over \$500,000 in Federal Grant monies in one fiscal year.



MIDYEAR PRESENTATION FISCAL YEAR 2010-11

April 12, 2011



Agenda

- ▣ Past Strategies
- ▣ General Fund – status & Midyear adjustments
- ▣ Other funds – status & Midyear adjustments
- ▣ Future challenges
- ▣ Next Steps

Past Strategies

- ▣ Reduction in Staffing (58 positions)
 - FY08 employees budgeted = 237.36
 - FY11 employees budgeted = 179.34
- ▣ Reduction in services
 - Limited customer hours in PD
 - Reduced City Hall public hours
 - Reduced Transit services
 - Contract Building & Safety
 - Consolidation of services (i.e. HR & Finance)
 - Reduced Community Service programs
 - Deferred maintenance
- ▣ Utilize existing fund balances to cover operational deficits

Midyear Review Process

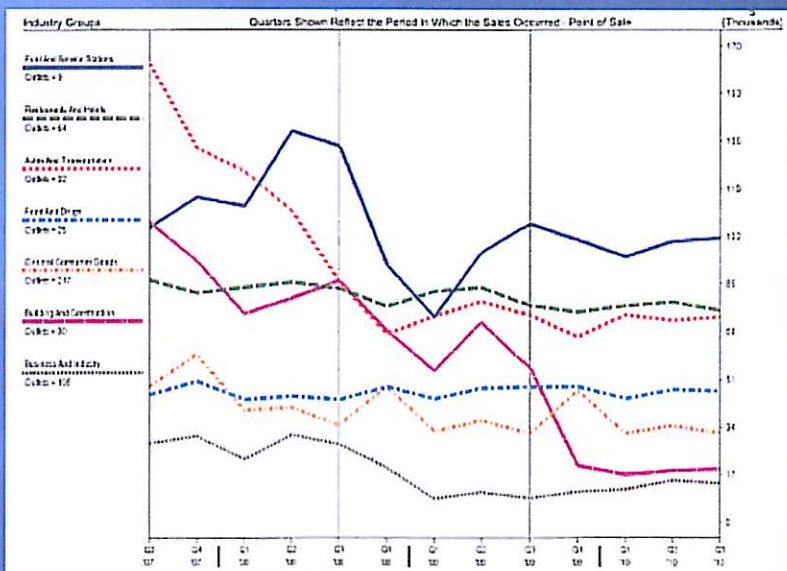
- ▣ Department review
- ▣ Finance review and compilations
- ▣ Adjustments requested for...
 - Revenues – changes to estimates based on trends and/or external information
 - Expenditures – changes based on trends, savings, or new requests

General Fund – Revenues

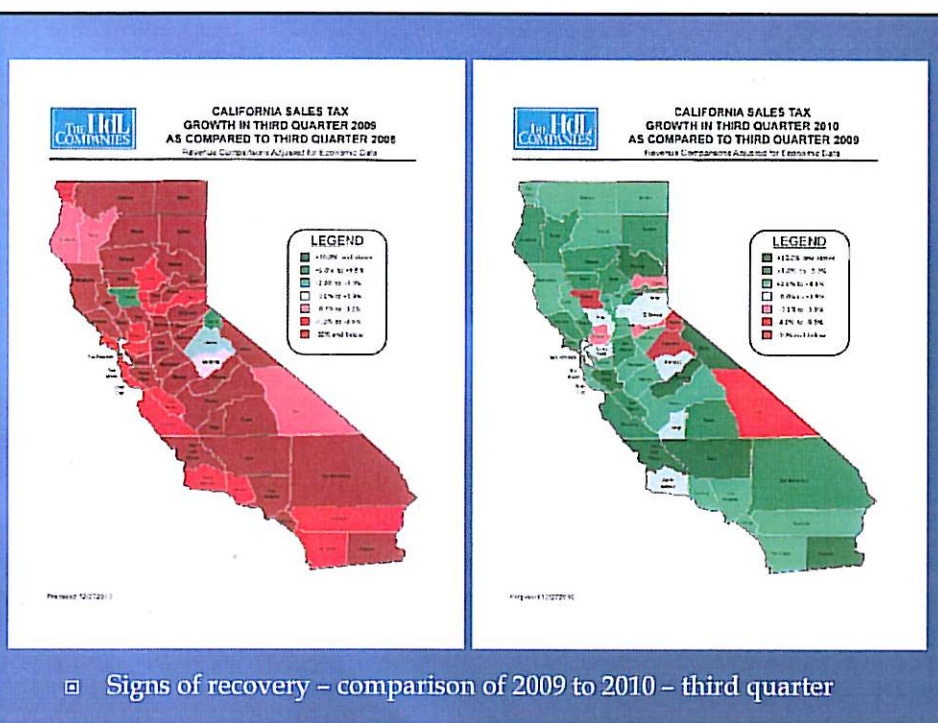
Midyear Adjustments:

Property taxes	(312,504.00)
Sales & Use Taxes	63,000.00
Fines/forfeits/penalties	74,500.00
PD - BUSD contract	126,299.00
Building Permits	82,000.00
Engineering plan check	105,415.00
Other revenues	(82,144.00)
	56,566.00

Sales tax – industry groups



-
- Approximate data points for the 'Other' category (in thousands):
- | Year | Number of Employees (thousands) |
|------|---------------------------------|
| 2007 | 550 |
| 2008 | 450 |
| 2009 | 400 |
| 2010 | 350 |
| 2011 | 350 |



General Fund – Expenditures

Midyear Adjustments:		
Personnel costs		247,212.00
Fire		68,000.00
Building Safety - prof services		85,000.00
Planning		3,000.00
Animal Control		(200,000.00)
	subtotal	203,212.00

General Fund

General Fund Status	
FY 11 - Original Deficit	\$ (674,810.00)
Adjustments during first 6 months:	
Revenues	973,436.00
Expenditures	847,648.00
Adjusted Deficit	(549,022.00)
Midyear Adjustments:	
Revenues	56,566.00
Expenditures	203,212.00
Revised Deficit after Midyear review	\$ (695,668.00)

General Fund Reserves/Fund Balance

Available Fund Balance – per audit – 6/30/2010

reserve for encumbrances	79,665	
reserve for continuing appropriations	225,833	
reserve for working capital (contingency)	1,280,607	
undesignated	<u>3,097,401</u>	
General Fund Balance >>>		4,683,506

FY11 – Revised Budget

Revenues – per midyear	13,161,261	
Expenditures – per midyear	<u>13,856,929</u>	
revised deficit >>>		(695,668)
<u>Estimated fund balance at 6/30/2011</u>		<u>3,987,838</u>

Special Revenue Funds

- ❑ Includes funds that are restricted in use.

Examples include:

- Gas Tax
- Measure A
- Grants
- Development impact funds

- ❑ Total Adjusted Revenues \$ 4,185,364
- ❑ Total Adjusted Expenditures \$ 4,827,344

Capital Improvement Funds

- ▣ Includes funds that are restricted in use.
 - i.e. Development impact funds, major capital projects
- ▣ Sunset Grade Separation project represents the majority
 - Revenue \$2.79 M
 - Expenditures \$ 2.83 M

▣ Total Adjusted Revenues	\$ 2,830,015
▣ Total Adjusted Expenditures	\$ 3,241,609

Enterprise Funds

- ▣ Includes funds that are considered to be like a business. Examples include:
 - Airport
 - Transit
 - Refuse
 (Water, Wastewater, and Electric will be discussed separately)

▣ Total Adjusted Revenues	\$ 6,657,997
▣ Total Adjusted Expenditures	\$ 6,564,774

Water Fund - Operations

Water - operations	<i>Per Revised Study</i>	PRE midyear Budget	Revised budget @ midyear	Reductions to Budget
Revenues	8,280,325	7,505,319	7,341,315	(164,004)
Expenditures	8,443,383	8,708,941	7,505,373	(1,203,568)
projected deficit	(163,058)	(1,203,622)	(164,058)	
Beg - Available reserves	1,725,904	1,725,904	1,725,904	
End - Available reserves	1,562,846	522,282	1,561,846	

Wastewater Fund - Operations

Wastewater - operations	<i>Per Revised Study</i>	PRE midyear Budget	Revised budget @ midyear	Reductions to Budget
Revenues	2,875,423	2,480,937	2,516,000	35,063
Expenditures	3,095,604	3,268,321	2,791,141	(477,180)
projected deficit	(220,181)	(787,384)	(275,141)	
Beg - Available reserves	1,768,356	1,768,356	1,768,356	
End - Available reserves	1,548,175	980,972	1,493,215	

Electric Funds

<u>Electric Funds</u>	<u>Available balance @ 6/30/2010</u>	<u>Projected YTD Gain(loss)</u>	<u>Projected balance @ 6/30/2011</u>
Operations	7,793,804	(1,582,530)	6,211,274
Rate Stability	4,894,559	40,000	4,934,559
Electric Improvement	11,008,293	(987,169)	10,021,124
Electric Bond Project Fund	21,064,627	76,950	21,141,577
Public Benefit Fund	1,008,963	(764,637)	244,326
Electric Debt Service Fund	120,340	500	120,840
Combined Fund Balance >>>	45,890,586	(3,216,886)	42,673,700

Internal Service Funds

- Include funds that provide services to other City operations. Examples include
 - Insurance (worker's compensation & general liability)
 - Fleet
 - Information services
 - Utility billing services

- Total Adjusted Revenues \$ 4,364,462
- Total Adjusted Expenditures \$ 5,412,993

Redevelopment Funds

- ▣ Includes operating funds and bond funds.
 - Operating funds include: Administration, projects, Low/Mod income Housing, Debt Service
 - Bond Proceed funds include: 2003 tabs, 2007 tabs
- ▣ Total Adjusted Revenues \$ 6,426,362
- ▣ Total Adjusted Expenditures \$ 16,162,783

March 8th council approvals are not included in the midyear presentation

Next Steps

- ▣ Implement Midyear Adjustments
- ▣ Finalize review of FY12 budget – 2nd year of a two year budget
- ▣ Present to Council in June for re-approval
- ▣ Update reserve policy per GASB 54 guidelines

Future Challenges

- ▣ Operational
- ▣ State Budget crisis
- ▣ Federal budget crisis
- ▣ National and World economy

Operational Challenges

General Fund

- ▣ FY12 budget – projected deficit of \$1,342,872
- ▣ This will be re-evaluated based on most current facts
- ▣ Known impacts FY12
 - Fire Contract – changes in cost allocations –
 - ▣ Increase in Hazmat
 - PERS rate increases between 7% and 10% over next few years
 - ▣ Still recovering from investment losses
 - ▣ Efforts to change actuarial assumptions

Operational Challenges

- ❑ Redevelopment Agency budget restructure (pre State action)
 - Change in funding for staff (Code, Gang Task Force) = \$ 383,064
 - Change in funding for projects (Cultural Arts, Chamber) = \$ 171,500
- ❑ This will impact the General Fund

State Budget Crisis

- ❑ FY12 Deficit approx. \$25 billion
- ❑ Three part solution:
 - Extend current temporary taxes (June election)
 - Cut State spending
 - Realignment – (“unfunded mandate”)
 - ❑ Impacts to Public Safety
 - ❑ Elimination of Redevelopment Agency
- ❑ Example: Booking fees – State has linked continuation of this revenue to the voter election in June

Federal Challenges

- ▣ Federal budget & legislation
 - Reductions impact grants the City has pursued in past (Energy Efficiency & Conservation Block Grant, CDBG). COPS grant would continue.
 - Federal Budget for FY11 was not approved by October 1, 2010... could impact Federal funding of grants... Still a problem
 - Unfunded mandates
 - ▣ "Obama" health care plan
 - ▣ Medicare set aside

Economic Challenges

- ▣ National and World Economic impacts
 - Unemployment
 - Housing market
 - Increase in interest rates
 - Increase in fuel costs
 - Potential removal of US dollar as world reserve currency
- Results = increase in costs for services and supplies

Future Opportunities Good News

- ▣ Courthouse Project
- ▣ Village at Paseo San Geronio
- ▣ Pardee housing development
- ▣ Hospital Expansion
- ▣ O'Donnell Distribution Center
- ▣ High School Improvements

Strategies

- ▣ Continue work on Two goals
 - Structural balanced budget
 - Reserve strategy
- ▣ Strategies
 - Advocate against State takeaways
 - Increase revenue streams
 - ▣ Review existing fees
 - Manage /reduce expenditures
 - ▣ Look for efficiencies in systems and procedures
 - ▣ Negotiate reductions in contracts

Recommendation

- Approve the resolutions amending the estimated revenues and appropriations for the Fiscal Year 2010/2011 budget for the City of Banning, Banning Utility Authority and CRA

**CITY COUNCIL AGENDA
CONSENT ITEM**

DATE: April 26, 2011

TO: Honorable Mayor and City Council

FROM: Duane Burk, Director of Public Works

SUBJECT: Resolution No. 2011-32, "Approving the Measure 'A' Five Year Capital Improvement Plan"

RECOMMENDATION: Adopt Resolution No. 2011-32 approving the Measure "A" Five Year Capital Improvement Plan as presented.

JUSTIFICATION: The City is required to submit a Five Year Capital Improvement Plan annually to the Riverside County Transportation Commission (RCTC) in order to receive Measure "A" funds.

BACKGROUND: Voters in Riverside County approved Measure "A" in 1988, which authorized the Riverside County Transportation Commission to impose an additional one-half percent (0.5%) sales tax for the next 20 years to be used for improvements of state highways, public transit systems, and local streets. In 2002, voters in Riverside County approved a 30-year extension of the one-half percent sales tax for transportation improvements.

RCTC has estimated that the City of Banning will receive Measure "A" Funds totaling \$2,011,000.00 as follows for the next five years:

<u>Year</u>	<u>Estimated Amount</u>
2012	\$379,000.00
2013	\$390,000.00
2014	\$402,000.00
2015	\$414,000.00
2016	\$426,000.00

Each City in Riverside County is required by the RCTC to submit a Five Year Capital Improvement Plan (CIP), as approved by its governing board, to indicate how Measure "A" funding is to be utilized over the next five years. The list of street locations under the Five-year CIP is attached as Exhibit "A".


In addition, the City is required to submit a Project Status Report for FY 2010/2011, which has been prepared by staff and attached as Exhibit "B". The Maintenance of Effort Certification, attached as Exhibit "C", must be signed by the City Manager and submitted to the RCTC along with the Five-Year CIP.

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The program is intended to support public transit systems, street pavement rehabilitation, and public street improvements. The priority list of street locations can be changed by the City Council during the design stage or at the time of award of the construction contract.

FISCAL DATA: The estimated revenue for the City of Banning's Measure "A" Program was provided by the RCTC. The actual amounts will be determined during each Fiscal Year.

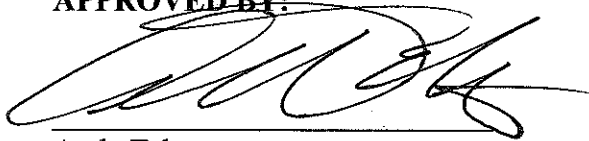
RECOMMENDED BY:


Duane Burk
Director of Public Works

REVIEWED BY:


June Overholt
Administrative Services Director

APPROVED BY:


Andy Takata
City Manager

RESOLUTION NO. 2011-32

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BANNING,
CALIFORNIA, APPROVING THE MEASURE "A" FIVE YEAR CAPITAL
IMPROVEMENT PLAN.**

WHEREAS, in 1988, Riverside County voters approved a 0.5% sales tax (Measure "A") over a 20-year span to be used toward improvements of state highways, local transit systems, and public streets; and

WHEREAS, in 2002, Riverside County voters approved a 30-year extension of the Measure "A" 0.5% sales tax; and

WHEREAS, each City in Riverside County is required by the Riverside County Transportation Commission (RCTC) to submit a Five Year Capital Improvement Plan (attached as Exhibit "A"), as approved by its governing board, to indicate how Measure "A" funding is to be utilized over the next five years; and

WHEREAS, the RCTC has estimated that the City of Banning will receive a total of \$2,011,000.00 in Measure "A" funds over the next five years; and

WHEREAS, the program is intended to support local transit systems, street pavement rehabilitation and public street improvements at various locations; and

WHEREAS, the priority list of street locations can be changed by the City Council during the design stage or at the time of award of the construction contract.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Banning, that Resolution No. 2011-32, "Approving the Measure 'A' Five Year Capital Improvement Plan," is hereby adopted.

PASSED, APPROVED AND ADOPTED this 26th day of April, 2011.

Barbara Hanna, Mayor

ATTEST:

Marie A. Calderon, City Clerk

**APPROVED AS TO FORM AND
LEGAL CONTENT:**

David J. Aleshire, City Attorney
Aleshire & Wynder, LLP

CERTIFICATION:

I, Marie A. Calderon, City Clerk of the City of Banning, California, do hereby certify that the foregoing Resolution No. 2011-32 was duly adopted by the City Council of the City of Banning, California, at a regular meeting thereof held on the 26th of April, 2011, by the following vote, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

Marie A. Calderon, City Clerk
City of Banning, California

EXHIBIT “A”

**MEASURE “A” FIVE YEAR CAPITAL IMPROVEMENT
PLAN**

FISCAL YEARS 2012-2016

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE "A" LOCAL FUNDS PROGRAM
FISCAL YEAR 2012-2016**

Agency: City of Banning
Page: 1 of 5
Prepared By: Arturo Vela
Phone No. (951) 922-3130
Date: April 11, 2011

ITEM NO.	FY 2011/2012	PROJECT TYPE	TOTAL COST (\$1,000)	MEASURE "A" FUND (\$1,000)
	PROJECT NAME/LIMITS			
1.	Wilson Street: Stargaze Way to Highland Home Road	Recycled AC Overlay	329	329
2.	City Wide Street Slurry Seal	Slurry Seal	50	50
		TOTALS	379	379

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE "A" LOCAL FUNDS PROGRAM
FISCAL YEAR 2012-2016**

Agency: City of Banning
Page: 2 of 5
Prepared By: Arturo Vela
Phone No. (951) 922-3130
Date: April 11, 2011

ITEM NO.	FY 2012/2013	PROJECT TYPE	TOTAL COST (\$1,000)	MEASURE "A" FUND (\$1,000)
	PROJECT NAME/LIMITS			
1.	Hoffer Street: Alessandro Road to Hargrave Street	A.C. Overlay	130	130
2.	Alessandro Road: Williams Street to Ramsey Street	A.C. Overlay	50	50
3.	Ramsey Street: Hargrave Street to San Geronio Avenue	A.C. Overlay	210	210
		TOTALS	390	390

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE "A" LOCAL FUNDS PROGRAM
FISCAL YEAR 2012-2016**

Agency: City of Banning
Page: 3 of 5
Prepared By: Arturo Vela
Phone No. (951) 922-3130
Date: April 11, 2011

ITEM NO.	FY 2013/2014	PROJECT TYPE	TOTAL COST (\$1,000)	MEASURE "A" FUND (\$1,000)
	PROJECT NAME/LIMITS			
1.	Cherry Street: Hoffer Street to George Street	A.C. Overlay	100	100
2.	Lincoln Street: San Gorgonio Avenue to Hargrave Street	A.C. Overlay	255	255
3.	City Wide Slurry Seal	Slurry Seal	47	47
		TOTALS	402	402

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE "A" LOCAL FUNDS PROGRAM
FISCAL YEAR 2012-2016**

Agency: City of Banning
Page: 4 of 5
Prepared By: Arturo Vela
Phone No. (951) 922-3130
Date: April 11, 2011

ITEM NO.	FY 2014/2015 PROJECT NAME/LIMITS	PROJECT TYPE	TOTAL COST (\$1,000)	MEASURE "A" FUND (\$1,000)
1.	Allen Street: Hoffer Street to George Street	A.C. Overlay	65	65
2.	Nicolet Street: Sims Street to Sunset Avenue	A.C. Overlay	299	299
4.	City Wide Slurry Seal	Slurry Seal	50	50
		TOTALS	414	414

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE "A" LOCAL FUNDS PROGRAM
FISCAL YEAR 2012-2016**

Agency: City of Banning
Page: 5 of 5
Prepared By: Arturo Vela
Phone No. (951) 922-3130
Date: April 11, 2011

ITEM NO.	FY 2015/2016	PROJECT TYPE	TOTAL COST (\$1,000)	MEASURE "A" FUND (\$1,000)
	PROJECT NAME/LIMITS			
1.	Ramsey Street: San Gorgonio Avenue to 8 th Street	A.C. Overlay	200	200
2.	8 th Street: Lincoln Street to Westward Avenue	A.C. Overlay	130	130
3.	Charles Street: Hargrave Street to 1037 E. Charles Street	A.C. Overlay	46	46
4.	Wesley Street: Hargrave Street to 1401 E. Wesley Street	A.C. Overlary	50	50
		TOTALS	426	426

EXHIBIT “B”

PROJECT STATUS REPORT

FY 2010/2011

**RIVERSIDE COUNTY TRANSPORTATION COMMISSION
MEASURE A LOCAL FUNDS PROGRAM
PROJECT STATUS REPORT FY 2010-2011**

Agency: City of Banning
Page 1 of 1
Prepared by: Arturo Vela
Phone #: (951) 922-3130
Date: 4/11/11

Item No. 1	Project Name/Limits	Project Type	Total Cost (\$000's)	Measure A Funds (\$000's)	Estimated Completion	Status
1	Project No 2010-02 "Street and Sidewalk Improvements on Various Streets": Wilson St. (west of Sunrise Ave. to McGovern Ave.); Sunset Ave. (Ramsey St. to Wilson St.); Highland Springs Ave. (Sun Lakes Blvd to 800' South); Almond St. (Indian School Lane to George St.); H/C Ramps at various locations.	A.C. Overlay, Shoulder Work, and Sidewalk Improvements	\$920	\$621	May, 2011	98% Complete

EXHIBIT “C”

MAINTENANCE OF EFFORT CERTIFICATION

**2010-2039 MEASURE A PROGRAM
MAINTENANCE OF EFFORT
CERTIFICATION STATEMENT**

The undersigned hereby agrees and certifies for the CITY OF BANNING (the “Agency”) that sales tax transportation funds received pursuant to Ordinance No. 02-001 of the Riverside County Transportation Commission (Measure A – Local Streets and Roads) shall be used in compliance with the Commission’s Maintenance of Effort Guidelines, and that the Agency shall not use such funds to replace discretionary General Funds previously expended by the Agency for local transportation (construction and maintenance) purposes. The Agency hereby acknowledges that the failure of the Agency to continue such local expenditure shall result in a loss of Measure “A” funds. Additionally, the Agency commits to expending Measure A Local Streets and Roads funds for projects listed in the Five Year Capital Improvement Program.

Enclosure: Agency 5-Year CIP

Andy Takata, City Manager

Date

Exhibit “C”

CITY COUNCIL AGENDA

DATE: April 26, 2011

TO: Mayor and Members of the City Council

FROM: June Overholt, Administrative Services Director / Deputy City Manager

SUBJECT: Approve Mt. San Jacinto Community College District use of PEG access channel

RECOMMENDATION: That the City Council authorize Mt. San Jacinto Community College District use of PEG access channel and authorize the City Manager to sign any agreement that may be necessary between the City and Mt. San Jacinto Community College District.

BACKGROUND:

The City of Banning currently manages the government access channels for Verizon FIOS (Channel 29) and Time Warner (Channel 10).

Mt. San Jacinto College (MSJC) has recently built a new campus facility in the City of Banning, which has opened an opportunity for collaboration and partnership between the City and the College.

MSJC has expanded their broadcasting programming. For years they only had a radio station (Eagle Radio). Now they are adding a television channel called Eaglevision. The programming will include live local newscasts, student created/run programming, and sports recording in a family friendly format. The programming will be created in their new studio. They received donations for state of the art equipment that benefits both the current radio programs and now the new TV broadcasting learning facilities.

MSJC would like to utilize the capabilities available through the City to broadcast their channel. Currently they do not have the connectivity to Verizon and Time Warner that is required to initiate broadcasting. Both Verizon FIOS and Time Warner are wire based networks. This means that there needs to be a physical connection to broadcast out of a location onto a channel. This infrastructure is not only costly but is not slated for installation in the near future. The City has this capability.

Both the City and MSJC have Verizon Fios internet. Verizon has agreed to install the necessary technology that will decode the signal through a point to point fiber link between Banning City Hall and MSJC. This will allow the video signal that originates at the MSJC Studios to be transmitted to Banning City Hall, to then be broadcast on Verizon Fios TV. Time Warner is working with the City to implement this capability.

In exchange for allowing MSJC to broadcast their educational channel through the City of Banning's infrastructure capabilities, MSJC has offered the use of their newly upgraded studio to the City. Periodically there are requests made or opportunities available to the City to produce programming for the City that requires advanced studio capabilities. The City does not have the resources to develop its own studio but through the proposed agreement will be allowed periodically to use the MSJC state of the art studio at no cost.

The target launch date for the first Verizon broadcast is May 11th. The process to launch and broadcast is automated and will be managed by MSJC with Verizon. City staff involvement will be limited to periodic monitoring that the signal is properly working. Once Time Warner has made the necessary upgrades, the Time Warner educational channel will be available for the City of Banning customers only.


MSJC will provide the content through the PEG educational channel. This channel is separate from the City run government access channel and will not impact any City functions. Customers will benefit from receiving a new channel with family friendly programming.

FISCAL DATA: Minimal staff time will be required to ensure the signal is functioning for the broadcast.

RECOMMENDED BY:

APPROVED BY:


June Overholt
Administrative Services Director


Andy Takata
City Manager

JOINT MEETING

DATE: April 26, 2011

TO: Mayor and Members of the City Council

FROM: June Overholt, Administrative Services Director / Deputy City Manager

SUBJECT: Authorize the purchase of Data Center Server equipment

RECOMMENDATION: That the City Council authorize the acquisition of an IBM Power System I Server (Formally AS/400), Dell PowerVault, 2 Dell R710 Servers, Crossroads 3th Sphinx Base Unit, & Citrix XenServer Enterprise Software.

BACKGROUND: The City currently has outdated servers managing all of the software, databases and backup used for daily operations. The contracts for maintenance have been extended whenever possible to maximize the life of the equipment. However, the age of the equipment is now impacting the ability to properly utilize the software housed on the servers.

In the case of the City's financial software, the City is behind in implementing the most recent upgrades to the software because the server cannot accommodate the upgrades. The impact of delaying these upgrades has not affected the reliability of the data but rather the efficiency of utilizing the data and most importantly, the ability of the City to receive support from the hardware and software company when problems occur.

Council has already indicated a desire to find long term solutions to the City's software systems. The request to upgrade the IBM AS/400 will provide functionality and maximization of the current software system while the City evaluates whether replacing the software is a viable option. Typically replacing financial software (and all of the other related modules) could cost between \$250,000 to \$1 million. Currently, there are no funds available for a project of this magnitude.

The other types of servers being requested provide the backbone to all other software and networks used by the City. Many of the servers date back to 2006. The average life of a server is five years. Not only are the servers in need of replacement due to their age, but their age also impacts operations when a server stops functioning. Investment in upgrading the servers at this time will solve several challenges and position the City to better adjust to technology changes and infrastructure needs. With the upgrade, the City will be able to establish "virtual" servers which provide redundancy in storing data, provide business continuity and eliminate or minimize delays in getting operations up and running after an emergency. The new servers will be covered by 5 year hardware and operating system maintenance agreements, which is included in the price.

Other benefits of the upgrade and new maintenance plan include:

- Having an Enterprise System that allows the City to move forward with our software Vendors (Microsoft & HTE / Sungard) application enhancements for the next 5 years
- Reduce capital costs by creating an energy efficient Data Center
- Reduce future maintenance cost by consolidating physical servers
- Ensure enterprise applications perform with the highest availability and performance
- Build up business continuity through improved disaster recovery solutions and deliver high availability throughout the datacenter
- Service costs for version upgrades and program temporary fixes (PTF's) on all software covered by agreement are included for 5 year term
- Provide for Disaster planning requirements with an Emergency Replacement Plan in the event of a Fire, Flood, Earthquake or other unplanned Failure.
- Provide for a disk based data protection solution which maximizes reliability and improves backup and restoration rates.
- Provide service support hours up to twice a year to install version upgrades and PTF's
- Set up, installation and training are included with vendor proposal
- Problem Resolution Support for 5 years

Cost for the upgrades is as follows:

IBM Power System I Server (Formally AS/400); Crossroads 3tb Sphinx Base Unit	\$86,192.98
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Dell PowerVault MD3200i; 2 Dell R710 Server; 2 HP ProCurve 1810 Gigabit Switch 24 Port; Citrix XenServer Enterprise Software	\$33,441.57
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FISCAL DATA:

The funding for the purchase of the servers has been budgeted in the Information Technology fund.

RECOMMENDED BY:


June Overholt
Administrative Services Director

APPROVED BY:


Andy Takata
City Manager