



City Council

Redevelopment Agency

AGENDA

Wednesday

Regular

**Closed Session 5:30 p.m.
Regular Session 6:00 p.m.**

October 19, 2011

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

(760) 499-5000

**Ronald H. Carter, Mayor
Marshall G. Holloway, Mayor Pro Tempore
Jerry D. Taylor, Vice Mayor
Steven P. Morgan, Council Member
Jason Patin, Council Member**

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LAST ORDINANCE NO. 11-05
LAST RESOLUTION CITY COUNCIL NO. 11-80
LAST RESOLUTION REDEVELOPMENT AGENCY NO. 11-02
LAST RESOLUTION FINANCING AUTHORITY NO. 11-xx

CITY OF RIDGECREST

**CITY COUNCIL
RIDGECREST REDEVELOPMENT AGENCY
FINANCING AUTHORITY**

AGENDA

Regular Council/Agency Meeting
Wednesday October 19, 2011

CITY COUNCIL CHAMBERS CITY HALL
100 West California Avenue
Ridgecrest, CA 93555

Closed Session – 5:30 p.m.
Regular Session – 6:00 p.m.

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

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

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

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

PUBLIC COMMENT – CLOSED SESSION

AGENDA - CITY COUNCIL / REDEVELOPMENT AGENCY - REGULAR

October 19, 2011

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CLOSED SESSION – 5:30 p.m.

- GC54956.8 Real Property negotiations –located within the Ridgecrest Business Park and/or adjacent on City owned property. Specific parcel identification is pending. City & Agency negotiators Kurt Wilson and James McRea
- GC54956.9 (A) Conference With Legal Counsel; Existing Litigation; City Of Ridgecrest v. Benz Sanitation, Inc.
- GC54956.9 (A) Conference With Legal Counsel; Existing Litigation, Benz Sanitation, Inc. v. City Of Ridgecrest
- GC54957.6 Labor Negotiations – Mid-Management Group of Employees; Confidential Group of Employees; Management Group of Employees – Agency Negotiator City Manager Kurt Wilson

REGULAR SESSION – 6:00 p.m.

- Pledge Of Allegiance
- Invocation

CITY ATTORNEY REPORTS

- Closed Session
- Other

PUBLIC COMMENT

PRESENTATIONS

CONSENT CALENDAR

1. **Approve A Resolution Of The Ridgecrest City Council Announcing A Proclamation Recognizing National Disability Employment Awareness Month** Ford

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various events and observations. The following proclamation has been processed and will be presented at location, date and time shown below:

Proclamation Title

National Disability Employment Awareness Month – October 2011 – DART

This Proclamation will be presented on October 20, 2010 at City Hall 12:00 NOON

AGENDA - CITY COUNCIL / REDEVELOPMENT AGENCY - REGULAR

October 19, 2011

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2. **Approve A Resolution Of The Ridgecrest City Council Announcing A Proclamation Recognizing Native American Heritage Month** Ford

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various events and observations. The following proclamation has been processed and will be presented at location, date, and time shown below:

Proclamation Title

Native American Heritage Month – November 2011 - Little Deer Durvin

This Proclamation will be presented on November 19, 2010 at the first annual Cherokee Pow Wow

3. **A Resolution Of The City Council Of The City Of Ridgecrest Accepting The Other Post Employment Benefit (OPEB) Actuarial Study As Of June 30, 2011 Prepared By The Epler Company** Staheli
4. **A Resolution To Approve A Summary Street Right Of Way Vacation For Downs Street And Authorize The Mayor To Execute This Resolution And For The City Clerk To Record.** Speer
5. **Council Discussion And Adoption Of A Resolution To Grant A Designated Period For Two Years Additional Service Credit (Golden Handshake) For The Eligible Local Miscellaneous Member** Ford

ORDINANCES

DISCUSSION AND OTHER ACTION ITEMS

6. **Professional Service Agreement; Request For Proposals for Branding and of Balsam Street and/or City Marketing: Old Town Action Planning Committee and Community Development Committee recommendations. Tax Allocation Bond (TAB) Projects- Balsam Street** McRea

PUBLIC COMMENT

DEPARTMENT AND COMMITTEE REPORTS

Infrastructure Committee

Members: Steve Morgan, Jerry Taylor, Craig Porter, James Sanders
Meeting: 2nd Wednesday of the month at 5:00 p.m., Council Conference Room
Next Meeting: November 9, 2011

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Quality of Life

Members: Chip Holloway, Jason Patin, Craig Porter, Carter Pope
Meetings: 1st Thursday of every even month at 12:00 p.m.; Kerr-McGee Center
Next Meeting: SPECIAL MEETING – Tuesday November 15, 2011 5:00pm

City Organization

Members: Ron Carter, Jerry Taylor, Lois Beres, Christopher LeCornu
Meeting: 3rd Tuesday of the month at 5:00 p.m.; Council Conference Room
Next meeting: November 15, 2011

Community Development Committee

Members: Steve Morgan, Jason Patin, Christopher LeCornu, James Sanders
Meetings: 1st Thursday of the month at 5:00 p.m.; Council Conference Room
Next Meeting: November 3, 2011

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

Members: Ron Carter, Chip Holloway, Ron Strand
Meetings: 2nd Monday of odd numbered months at 6:00 p.m., Kerr-McGee Center
Next Meeting: November 14, 2011

Ridgecrest Area Convention and Visitors Bureau (RACVB)

Members: Chip Holloway, Jason Patin
Meetings: 1st Wednesday of the month, 8:00 a.m.
Next meeting: November 2, 2011 and location to be announced

OTHER COMMITTEES, BOARDS, OR COMMISSIONS

CITY MANAGER/EXECUTIVE DIRECTOR REPORTS

MAYOR AND COUNCIL COMMENTS

ADJOURNMENT

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CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM

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

PRESENTED BY:
Rachel J. Ford, City Clerk

SUMMARY:

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

1. National Disability Employment Awareness Month – October 2011

TO BE PRESENTED TO DESERT AREA RESOURCES AND TRAINING (DART) AT A GATHERING TO BE HELD ON OCTOBER 20, 2011.

FISCAL IMPACT: None
None

Reviewed by Finance Director

ACTION REQUESTED: Adopt resolution authorizing a proclamation for National Disability Employment Awareness Month for October 2011

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Approve the resolution as presented to Council

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RESOLUTION NO. 11-XX

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL
ANNOUNCING PROCLAMATIONS PREPARED FOR THE
MONTH OF OCTOBER 2011**

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various events and observations. The following proclamation has been processed and will be presented to Desert Area Resources & Training (DART) at a Gathering to be held locally on October 20, 2011:

Proclamation Title

1. *National Disability Employment Awareness Month – October 2011*

APPROVED AND ADOPTED this 19th day of October, 2011 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ronald H. Carter, Mayor

ATTEST:

Rachel J. Ford, CMC
City Clerk

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

***CELEBRATING THE ABILITY-ONE PROGRAM DURING NATIONAL DISABILITY
EMPLOYMENT AWARENESS MONTH***

Ability-One Month

WHEREAS, the Ability-One Program, formerly the Javits-Wagner-O'Day Program provides approximately 48,000 people who are blind or who have other severe disabilities with rehabilitation, training and job coaching necessary to receive good wages and benefits and gain greater independence and quality of life; and

WHEREAS, the Ability-One Program empowers people with disabilities who traditionally face an unemployment rate of 70 percent and rely heavily on social support programs; and

WHEREAS, through the Ability-One Program, community-based nonprofit organizations such as Desert Area Resources and Training provide employment opportunities to people with disabilities while providing a wide array of quality, goods and services to the Federal Government at a fair price; and

WHEREAS, by employing people who are blind or who have other severe disabilities, the Ability-One Program is able to help these individuals enjoy participation in their communities, market their Ability-One skills into other public and private sector jobs, and create and sustain employment opportunities; and

WHEREAS, in Ridgecrest, California Desert Area Resources and Training provides employment opportunities and training for 70 people who are blind or have other severe disabilities, enabling them to lead more productive and meaningful lives, provide support for their families and develop skills necessary for long-term employment; and

WHEREAS, Ridgecrest, California recognizes the important contributions of Desert Area Resources and Training to Ridgecrest, California and its citizens;

Now, therefore, be it proclaimed:

The City Council of the City of Ridgecrest does hereby proclaim October 2011 as National Disability Employment Awareness Month In Ridgecrest, California and hereby commends all persons who are committed to and work toward enhancing employment opportunities for people with visual and other severe disabilities.

Proclaimed October 19, 2011



Ronald H. Carter, Mayor



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



***Jerry D. Taylor
Vice Mayor***



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



***Jason Patin
Council Member***

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CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM

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

PRESENTED BY:
Rachel J. Ford, City Clerk

SUMMARY:

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

1. Native American Heritage Month – November 2011

TO BE PRESENTED TO LITTLE DEER DURVIN ON BEHALF OF THE CHEROKEE NATION AT A GATHERING TO BE HELD ON NOVEMBER 19, 2011

FISCAL IMPACT: None
None

Reviewed by Finance Director

ACTION REQUESTED:

Adopt resolution authorizing a proclamation for Native American Heritage Month for November 2011

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Approve the resolution as presented to Council

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RESOLUTION NO. 11-XX

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL
ANNOUNCING PROCLAMATIONS PREPARED FOR THE
MONTH OF NOVEMBER 2011**

The Ridgecrest City Council receives requests for presentation of ceremonial proclamations for various events and observations. The following proclamation has been processed and will be presented to the Cherokee Nation at a Gathering to be held locally on November 19, 2011:

Proclamation Title

1. *Native American Heritage Month – November 2011*

APPROVED AND ADOPTED this 19th day of October, 2011 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ronald H. Carter, Mayor

ATTEST:

Rachel J. Ford, CMC
City Clerk

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

***Native American Heritage Month
November 2011***

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

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

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

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

Now, therefore, be it proclaimed:

The City of Ridgecrest, in recognition of the many contributions that Native Americans and Native American culture have made to our society, hereby proclaim the month of November 2011 as Native American Heritage Month and encourage our community to observe this month with appropriate programs, ceremonies, and activities to increase the awareness of the unique role played by Native American culture in shaping our nation's history and heritage.

Proclaimed October 19, 2011



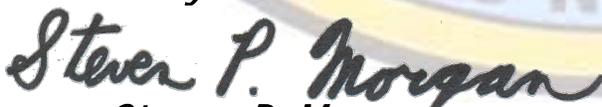
Ronald H. Carter, Mayor



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



***Jerry D. Taylor
Vice Mayor***



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



***Jason Patin
Council Member***

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CITY COUNCIL AGENDA ITEM

SUBJECT:

Acceptance of the Actuarial Valuation report of the City's Other Post Employment Benefit (OPEB)

PRESENTED BY:

Tyrell Staheli, Finance Director

SUMMARY:

The City of Ridgecrest provides post retirement health benefits for eligible retirees and their dependents at retirement. In general, to be eligible for retiree health benefits, an employee must retire from the City and begin receiving a pension benefit through CalPERS. The City's financial obligation is to provide \$108 per month subject to the CalPERS statutory minimum required contribution. In 2012, the minimum contribution is scheduled to increase to \$112. Employees who are member of the Police Employees Association of Ridgecrest ("PEAR") and who retired between the dates of March 15, 2005 to August 31, 2011 are eligible for a \$100 per month reimbursement for non-CalPERS coverage with proof of verification. PEAR members who retire after August 31, 2011 are eligible to \$250 per month reimbursement for non-CalPERS coverage. Currently the City has 21 retirees participating in the CalPERS health plan and four retirees are receiving the \$100 per month reimbursement for their non-CalPERS coverage.

As part of the GASB 45 compliance, the City engaged the service of The Epler Company to perform actuarial services related to GASB 45. In 2008 the City set up an irrevocable trust with CalPERS to prefund 100% of its post employment retirement benefit obligation. So far the City has contributed to the trust \$77,000 in FY 2008; \$70,001 in FY 2009; \$67,520 in FY 2010 and \$47,239 in FY 2011. The current market value of the trust as of June 30, 2011 is \$318,724.

The Actuarial Valuation study as of 6/30/2011 shows City's actuarial accrued liability (AAL) of \$917,842. Factoring the value of the assets in the trust as of June 30, 2011, the unfunded actuarial accrued liability (UAAL) is equal to \$599,118. Assuming this amount is to be amortized in 26 years on a level percentage of pay basis, the amortization would be \$39,648 per year.

The table below shows the calculation of the annual required contribution (ARC) under GASB 45 for the fiscal years ending June 30, 2012 and June 30, 2013.

	FY 2011/2012	FY 2012/2013
Normal Cost at End of Fiscal Year	\$ 37,342	\$ 40,183
Amortization of UAAL	39,648	40,937
Annual Required Contribution	\$ 76,990	\$ 81,120

FISCAL IMPACT:

\$76,990 in FY 2012 and \$81,120 in FY 2013

ACTION REQUESTED:

Approval of the attached resolution.

CITY MANAGER'S RECOMMENDATION:

As requested.

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RESOLUTION NO. 11-xx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIDGECREST
ACCEPTING THE OPEB ACTUARIAL STUDY AS OF JUNE 30, 2011 PREPARED
BY THE EPLER COMPANY**

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

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

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

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

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

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

APPROVED AND ADOPTED this 19th day of October, 2011, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Ronald Carter, Mayor

ATTEST:

Rachel J. Ford, CMC City Clerk

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September 26, 2011

PRIVATE

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

Re: GASB Actuarial Valuation

Dear Ms. Sloan:

We are presenting our report of the June 30, 2011 actuarial valuation conducted on behalf of the City of Ridgecrest (the "City") for its retiree health program.

The purpose of the valuation is to measure the City's liability for retiree health benefits and to determine the City's future accounting requirements under the Government Accounting Standard Board Statements No. 43, 45 & 57 in regard to unfunded liabilities for retiree health benefits.

The Epler Company is a San Diego-based, independently owned actuarial, benefits and compensation consulting firm specializing in group health, retiree health valuations, and qualified pension plan valuations. We have set forth the results of our valuation in this report.

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

Sincerely,

THE EPLER COMPANY

A handwritten signature in black ink, appearing to read 'Marilyn K Jones', written over a white background.

Marilyn K Jones, ASA, MAAA, EA
Vice President and Actuary

MKJ:rl
Enclosure

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

City of Ridgecrest
Actuarial Valuation
Retiree Health Program
As of June 30, 2011

Prepared by:

The Epler Company
450 "B" Street, Suite 750
San Diego, CA 92101
(619) 239-0831

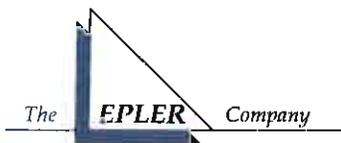
September 2011



**City of Ridgecrest
Actuarial Valuation
Retiree Health Program
As of June 30, 2011**

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Section I. Executive Summary

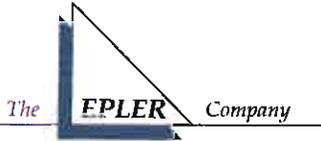
Background

The City of Ridgecrest (the “City”) selected The Epler Company to perform an actuarial valuation of its retiree health program. The purpose of the actuarial valuation is to measure the City’s liability for retiree health benefits and to determine the City’s accounting requirements for other post-employment benefits (OPEB) under Governmental Accounting Standards Board Statements No. 43 & 45 (GASB 43 and GASB 45). GASB 45 requires accrual accounting for the expensing of OPEB. The expense is generally accrued over the working career of employees. GASB 43 requires additional financial disclosure requirements for funded OPEB Plans. The City adopted GASB 45 beginning in its 2007/08 fiscal year.

The City currently provides a contribution for retiree medical benefits to approximately 25 retired employees. In addition, approximately 101 active employees are earning credit towards eligibility for a City contribution for future retiree medical benefits. In general, to be eligible for a City contribution, an employee must retire from the City and begin receiving a pension benefit through CalPERS. The City’s financial obligation is to provide \$100 per month subject to the CalPERS statutory minimum required contribution (\$108 per month in 2011 and scheduled to increase to \$112 per month in 2012, and indexed to medical price inflation for future years). Effective in 2005, employees who are members of the Police Employees Association of Ridgecrest (“PEAR”) are eligible for a \$100 per month reimbursement for non-CalPERS coverage if retiring prior to September 1, 2011. This amount increases to \$250 per month for eligible PEAR employees retiring on or after September 1, 2011. The valuation has been performed assuming the City’s defined contribution of \$100 per month and the \$100 and \$250 reimbursements for PEAR employees will be held constant in future years. Future increases would increase the liability. Section IV of the report details the plan provisions that were included in the valuation.

Results of the Retiree Health Valuation

We have determined that the amount of the actuarial liability for the City's retiree health plan as of June 30, 2011, the measurement date, is \$1,149,125. This value is based on an assumed discount rate of 7.61%. The amount represents the present value of all benefits projected to be paid by the City for current and future retirees. If the City were to place this amount in a fund earning interest at the rate of 7.61% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay the City’s required



contribution for retiree health benefits. This includes benefits for the current retirees as well as the current active employees expected to retire in the future. The valuation does not consider employees not yet hired as of the valuation date. If the amount of the actuarial liability is apportioned into past service, current service and future service components; the past service component (actuarial accrued liability) is \$917,842, the current service component (normal cost or current year accrual) is \$34,701 and the future service component (not yet accrued liability) is \$196,582.

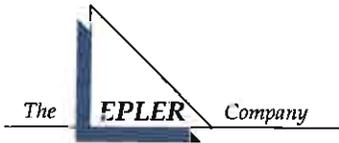
Changes from Prior Valuation

The results of the valuation reflect updated census and premium information. The discount rate has been lowered to reflect a decrease in the expected long term rate of return in CERBT assets from 7.75% to 7.61% due to the implementation of the CERBT asset allocation strategy 1 beginning in July of 2011. In addition, the expected future increase in the CalPERS minimum required contribution reflects a lowering of expected future medical price inflation from 5% to 4%. The demographic tables have also been updated to reflect the new experience studies performed by CalPERS. Finally, the valuation reflects the increase in the reimbursement amount from \$100 to \$250 for future PEAR retirees for non-CalPERS health coverage. The valuation assumes that an additional 50% of future PEAR employees will elect non-CalPERS health coverage. A reconciliation of the approximate changes in the liability from the prior valuation is provided below:

	<u>TOTAL</u>
July 1, 2009 Valuation @7.75%	\$ 873,000
Increase due to passage of time	\$ 93,000
Increase due to net experience loss	\$ 79,000
Net decrease due to assumption changes	(\$ 113,000)
Increase due to new entrants	\$ 33,000
Increase due to plan change & accompanying PEAR participation assumption change	<u>\$ 184,000</u>
June 30, 2011 Valuation @7.61%	<u>\$1,149,000</u>

Funding

The City's funding policy is to fund 100% of the annual required contribution as determined under GASB 45 through the California Employers' Retiree Benefit Trust (CERBT). The market value of assets in the CERBT as of June 30, 2011 is \$318,724. The unfunded



actuarial accrued liability at June 30, 2011 is \$599,118. The funded ratio is 35% at June 30, 2011.

Annual Required Contribution

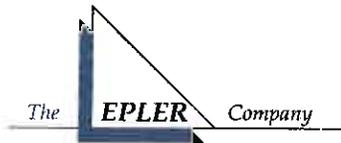
The City's annual required contribution (accrual expense) for the current fiscal year is \$76,990. The \$76,990 is comprised of the present value of benefits accruing in the current fiscal year (normal cost) plus a 26-year amortization (on a level-percentage of pay basis) of the unfunded actuarial accrued liability (past service liability) at June 30, 2011. Thus, it represents a means to expense the plan's liabilities in an orderly manner. The net OPEB obligation at the end of the fiscal year will reflect any actual contributions made by the City during the period for retiree health benefits including any pre-funding amounts.

Actuarial Basis

The actuarial valuation is based on the assumptions and methods outlined in Section VI of the report. To the extent that a single or a combination of assumptions is not met the future liability may fluctuate significantly from its current measurement. As an example, the healthcare cost increase anticipates that the rate of increase in medical cost will be at moderate levels and decline over several years. Increases higher than assumed would bring larger liabilities and expensing requirements. A 1% increase in the healthcare trend rate for each future year would increase the annual required contribution by 26%.

Another key assumption used in the valuation is the discount rate which is based on the expected rate of return of plan assets. The valuation is based on a discount rate of 7.61%. A 1% decrease in the discount (interest) rate would increase the annual required contribution by 19%. A 1% increase in the discount (interest) rate would decrease the annual required contribution by 15%.

GASB 45 requires that implicit rate subsidies be considered in the valuation of medical costs. An implicit rate subsidy occurs when the rates for retirees are the same as for active employees. Since pre-Medicare retirees are typically much older than active employees, their actual medical costs are almost always higher than for active employees. It is our understanding that the City participates in a community-rated health plan (CalPERS Health Plan) and is exempt from valuing this rate subsidy. Typically, inclusion of the rate subsidy will result in significantly larger liabilities and expensing requirements.

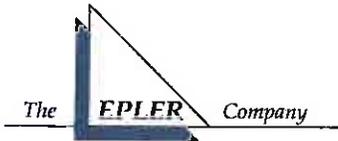


Section II. Financial Results

A. Valuation Results as of June 30, 2011

The table below presents the employer liabilities associated with the City's retiree health benefits determined in accordance with GASB 43 & 45. The actuarial liability is the present value of all employer contributions for retiree health benefits projected to be paid under the program. The actuarial accrued liability reflects the amount attributable to the past service accruals of current employees and retirees. The normal cost reflects the accrual attributable for the current period.

	<u>Pear</u>	<u>Race</u>	<u>Mgmt</u>	<u>Mid-Mgmt</u>	<u>Conf.</u>	<u>Total</u>
1. Actuarial Liability (AL)						
Actives	\$356,400	\$159,169	\$ 37,660	\$ 80,348	\$67,250	\$ 700,827
Retirees	<u>130,156</u>	<u>139,214</u>	<u>99,732</u>	<u>58,530</u>	<u>20,666</u>	<u>448,298</u>
Total AL	\$486,556	\$298,383	\$137,392	\$138,878	\$87,916	\$1,149,125
2. Actuarial Accrued Liability (AAL)						
Actives	\$218,241	\$111,806	\$28,429	\$ 64,970	\$46,098	\$ 469,544
Retirees	<u>\$130,156</u>	<u>\$139,214</u>	<u>\$99,732</u>	<u>58,530</u>	<u>20,666</u>	<u>448,298</u>
Total AAL	\$348,397	\$251,020	\$128,161	\$123,500	\$66,764	\$ 917,842
3. Normal Cost	\$ 16,736	\$ 8,551	\$ 2,039	\$ 3,474	\$ 3,901	\$ 34,701
No. of Actives	39	38	7	11	14	101
Average Age	35.8	45.2	49.0	55.3	44.1	42.8
Average Past Service	7.9	8.6	9.7	13.2	8.3	8.8
No. of Retirees	8	8	5	3	1	25
Average Age	61.7	68.6	64.0	55.7	57.8	63.5
Average Retirement Age	53.9	61.2	59.9	54.3	55.9	57.6



B. Reconciliation of Market Value of Plan Assets

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

	<u>6/30/10</u>	<u>6/30/11</u>
1. Beginning Market Value of Assets	\$129,549	\$216,996
2. Contribution	67,520	47,239
3. Fund Earnings (gross)	20,075	54,810
4. Benefit Payments	0	0
5. Administrative Expenses	<u>(148)</u>	<u>(321)</u>
6. Ending Market Value of Assets	\$ 216,996	\$ 318,724
7. Approximate Rate of Return	12%	23%

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

C. Development of Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets plus any contribution receivable or benefits payable. The table below presents the development of the actuarial value of assets at June 30, 2011.

1. Market Value of Assets at June 30, 2011	\$ 318,724
2. Contributions Payable	0
3. Benefits payable	<u>0</u>
4. Actuarial value of assets	\$ 318,724

D. Development of Unfunded Actuarial Accrued Liability

The table below presents the development of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability (UAAL) is the excess of the actuarial accrued liability (AAL) over the actuarial value of eligible plan assets.

1. Actuarial Accrued Liability (AAL)	\$917,842
2. Actuarial Value of Assets	<u>(318,724)</u>
3. Unfunded AAL (UAAL)	\$599,118



E. Amortization of Unfunded Actuarial Accrued Liability

The amortization of the UAAL component of the annual contribution (ARC) is being amortized over a period of 26 years on a level-percentage of pay basis.

1. Unfunded AAL (UAAL)	\$599,118
2. Amortization Factor	15.11074
3. Amortization of UAAL	\$ 39,648

F. Annual Required Contribution (ARC)

The table below presents the development of the annual required contribution (ARC) under GASB 45 for the fiscal year ending June 30, 2012 and estimated for the fiscal year ending June 30, 2013.

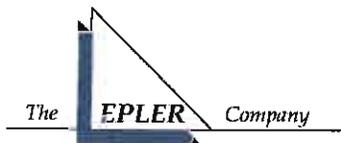
	<u>FY2011/2012</u>	<u>FY2012/2013</u>
1. Normal Cost at End of Fiscal Year	\$37,342	\$40,183
2. Amortization of UAAL	<u>39,648</u>	<u>40,937</u>
3. Annual Required Contribution	\$76,990	\$81,120
4. Estimated Payroll	\$5,569,000	\$5,750,000
5. Normal Cost as % of Pay	0.67%	0.70%
6. Amortization of UAAL as % of Pay	<u>0.71%</u>	<u>0.71%</u>
7. ARC as % of Pay	1.38%	1.41%

G. Estimated Net OPEB Obligation/(Asset) at 6/30/12¹

The table below shows an estimate of the net OPEB obligation/(asset) at the end of the current fiscal year assuming the City contributes at least the 2011/2012 annual required contribution by June 30, 2012:

1. FY2011/2012 Annual Required Contribution	\$76,990
2. Interest on Net OPEB Obligation/(Asset) [.0761 x G7]	(2,684)
3. Adjustment to ARC [minus G7/15.11074]	<u>2,334</u>
4. Annual OPEB Cost [G1+G2+G3]	\$76,640
5. Contributions Made (ARC Inclusive of Benefit Payments)	<u>(76,990)</u>
6. Increase in Net OPEB Obligation/(Asset)	(\$ 350)
7. Net OPEB Obligation/(Asset) – June 30, 2011	<u>(35,266)</u>
8. Net OPEB Obligation/(Asset) – June 30, 2012	(\$35,616)

¹ Assumes a June 30, 2011 financial statement net OPEB asset of \$35,266 and that the City makes a contribution of \$76,990 (inclusive of benefit payments) by June 30, 2012.



H. Required Supplementary Information (Funding Progress @6/30/2011)

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

1. Actuarial Accrued Liability (AAL)	\$917,842
2. Actuarial Valuation of Assets (AVA)	<u>(318,724)</u>
3. Unfunded Actuarial Accrued Liability (UAAL)	\$599,118
4. Funded Ratio	35%
5. Current Payroll	\$5,569,000
6. UAAL as Percentage of Covered Payroll	11%

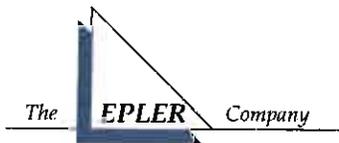
I. Sensitivity Analysis:

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

	Dollar (\$)	Percentage (%)
	Increase/ <u>(Decrease)</u>	Increase/ <u>(Decrease)</u>
<i>1% Decrease in Discount Rate</i>		
- Actuarial Liability	\$232,958	20%
- Actuarial Accrued Liability	\$143,726	16%
- Unfunded Actuarial Accrued Liability	\$143,726	24%
- Annual Required Contribution (Expense)	\$ 14,510	19%
<i>1% Increase in Discount Rate</i>		
- Actuarial Liability	(\$177,641)	(15%)
- Actuarial Accrued Liability	(\$116,026)	(13%)
- Unfunded Actuarial Accrued Liability	(\$116,026)	(19%)
- Annual Required Contribution (Expense)	(\$ 11,803)	(15%)

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

	Dollar (\$)	Percentage (%)
	<u>Increase</u>	<u>Increase</u>
- Actuarial Liability	\$215,302	19%
- Actuarial Accrued Liability	\$143,963	16%
- Unfunded Actuarial Accrued Liability	\$143,963	24%
- Annual Required Contribution (Expense)	\$ 19,674	26%



J. Liabilities - Alternative Discount Rates

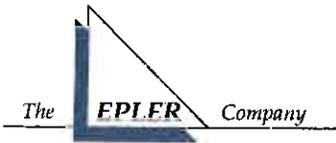
The City also requested the measurement of the liability and annual required contribution using a discount rate to reflect pre-funding the retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) alternative allocation strategies 2 and 3 with discount rates of 7.06% and 6.39%, respectively. The impact under the alternative discount rates is reflected in the table below.

<u>Liabilities</u>	<u>Discount Rate</u>		
	<u>7.61%</u>	<u>7.06%</u>	<u>6.39%</u>
1. Actuarial Liability (AL)			
Actives	\$ 700,827	\$ 795,194	\$ 934,100
Retirees	<u>448,298</u>	<u>473,955</u>	<u>508,752</u>
Total AL	\$1,149,125	\$1,269,149	\$1,442,852
2. Actuarial Accrued Liability (AAL)			
Actives	\$ 469,544	\$ 519,023	\$ 588,947
Retirees	<u>448,298</u>	<u>473,955</u>	<u>508,752</u>
Total AAL	\$ 917,842	\$ 992,978	\$1,097,699
3. Actuarial Value of Assets	<u>(318,724)</u>	<u>(318,724)</u>	<u>(318,724)</u>
4. Unfunded AAL (UAAL)	\$ 599,118	\$ 674,254	\$ 778,975
5. Amortization Factor	15.11074	16.01595	17.23240
6. Amortization of UAAL	\$ 39,648	\$ 42,099	\$ 45,149
<u>FY2011/12 Annual Required Contribution (ARC)</u>			
1. Normal Cost at End of Year	\$ 37,342	\$ 42,481	\$ 49,945
2. Amortization of UAAL at End of Year	<u>39,648</u>	<u>42,099</u>	<u>45,204</u>
3. Annual Required Contribution (ARC)	\$ 76,990	\$ 84,580	\$ 95,149
<u>FY2012/13 Annual Required Contribution (ARC)</u>			
1. Normal Cost at End of Year	\$ 40,183	\$ 45,481	\$ 53,136
2. Amortization of UAAL at End of Year	<u>40,937</u>	<u>43,467</u>	<u>46,673</u>
3. Annual Required Contribution (ARC)	\$ 81,120	\$ 88,948	\$ 99,809

Section III. Projected Cash Flows

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

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



Projected Employer Cash Flows – Representative Years

<u>Fiscal Year</u>	<u>Future Retirees</u>	<u>Retired Employees</u>	<u>City Total</u>
2011/12	\$ 1,184	\$ 32,370	\$ 33,554
2012/13	\$ 3,723	\$ 33,106	\$ 36,829
2013/14	\$ 6,607	\$ 33,868	\$ 40,475
2014/15	\$ 10,064	\$ 34,613	\$ 44,677
2015/16	\$ 13,841	\$ 35,335	\$ 49,176
2016/17	\$ 17,560	\$ 36,025	\$ 53,585
2017/18	\$ 21,411	\$ 36,677	\$ 58,088
2018/19	\$ 25,448	\$ 37,280	\$ 62,728
2019/20	\$ 29,769	\$ 37,826	\$ 67,595
2020/21	\$ 34,172	\$ 38,306	\$ 72,478
2021/22	\$ 38,518	\$ 38,712	\$ 77,230
2022/23	\$ 42,939	\$ 39,037	\$ 81,976
2023/24	\$ 47,351	\$ 39,274	\$ 86,625
2024/25	\$ 51,840	\$ 39,416	\$ 91,256
2025/26	\$ 56,533	\$ 39,453	\$ 95,986
2026/27	\$ 61,286	\$ 39,372	\$ 100,658
2027/28	\$ 66,114	\$ 39,163	\$ 105,277
2028/29	\$ 71,232	\$ 38,826	\$ 110,058
2029/30	\$ 76,650	\$ 38,367	\$ 115,017
2030/31	\$ 82,455	\$ 37,785	\$ 120,240
2031/32	\$ 88,257	\$ 37,069	\$ 125,326
2032/33	\$ 93,847	\$ 36,212	\$ 130,059
2033/34	\$ 100,653	\$ 35,219	\$ 135,872
2034/35	\$ 107,506	\$ 34,096	\$ 141,602
2035/36	\$ 114,116	\$ 32,852	\$ 146,968
2036/37	\$ 121,044	\$ 31,485	\$ 152,529
2037/38	\$ 128,519	\$ 29,996	\$ 158,515
2038/39	\$ 136,359	\$ 28,389	\$ 164,748
2039/40	\$ 144,139	\$ 26,680	\$ 170,819
2040/41	\$ 151,440	\$ 24,889	\$ 176,329
2050/51	\$ 176,435	\$ 7,366	\$ 183,801
2060/61	\$ 143,881	\$ 373	\$ 144,254
2070/71	\$ 82,194	\$ 0	\$ 82,194
2080/81	\$ 19,254	\$ 0	\$ 19,254
2090/91	\$ 837	\$ 0	\$ 837
2100/01	\$ 0	\$ 0	\$ 0
All Years	\$ 6,909,459	\$1,235,969	\$ 8,145,428



Section IV. Benefit Plan Provisions

This study analyzes the postretirement health benefit plan provided by the City.

The City contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. The City’s financial obligation is as follows:

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

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

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

Section V. Valuation Data

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

Age Distribution of Eligible Retired Participants & Beneficiaries*

	PEAR	Race	Mgmt	Mid-Mgt	Conf	Total
<50	1	0	0	1	0	2
50-54	0	0	1	0	0	1
55-59	1	2	1	1	1	6
60-64	4	2	0	1	0	7
65-69	1	0	2	0	0	3
70-74	0	1	0	0	0	1
75+	<u>1</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>5</u>
Total:	8	8	5	3	1	25
Average Age:	61.7	68.6	64.0	55.7	57.8	63.5
Average Retirement Age:	53.9	61.2	59.9	54.3	55.9	57.6

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

Age/Service Distribution of All Benefit Eligible Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	7									7
25-29	9	5								14
30-34	5	4	2							11
35-39	4	3	1							8
40-44	5	4	5	1						15
45-49	2	3	6	0	1	1				13
50-54	2	2	4	0	4	1	0			13
55-59	2	3	2	1	2	2	0			12
60-64	1	3	0	0	1	0	0			5
65-69	1	0	1	0	0	0	0	0		2
70+	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>						
Total:	38	28	21	2	8	4	0	0	0	101
Average Age:	42.8									
Average Service:	8.8									
Estimated Payroll:	\$5,569,000									

Age/Service Distribution of Eligible PEAR Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	4									4
25-29	8	2								10
30-34	1	4	1							6
35-39	2	3	1							6
40-44	1	2	3	0						6
45-49	0	1	0	0						1
50-54	1	0	1	0	3					5
55-59	0	0	0	0	0	1				1
60-64	0	0	0	0	0	0	0			0
65-69	0	0	0	0	0	0	0	0		0
70+	0	0	0	0	0	0	0	0	0	0
Total:	17	12	6	0	3	1	0	0	0	39
Average Age:		35.8								
Average Service:		7.9								
Estimated Payroll:		\$2,004,000								

Age/Service Distribution of Eligible RACE Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	3									3
25-29	1									1
30-34	3									3
35-39	1									1
40-44	2	2	1							5
45-49	1	1	1	0	1					4
50-54	1	2	3	0	0					6
55-59	1	1	1	0	1	1				5
60-64	0	1	0	0	1	0	0			2
65-69	0	0	0	0	0	0	0	0		0
70+	0	0	0	0	0	0	0	0	0	0
Total:	13	7	6	0	3	1	0	0	0	30
Average Age:		45.2								
Average Service:		8.6								
Estimated Payroll:		\$1,133,000								

Age/Service Distribution of Eligible Management Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0									0
30-34	1									1
35-39	1	0								1
40-44	0	0								0
45-49	0	0	2	0	0	1				3
50-54	0	0	0	0	0	0				0
55-59	0	0	0	0	0	0				0
60-64	1	0	0	0	0	0	0			1
65-69	0	0	0	0	0	0	0			0
70+	0	1	0	0	0	0	0	0	0	1
Total:	3	1	2	0	0	1	0	0	0	7
Average Age:			49.0							
Average Service:			9.7							
Estimated Payroll:			\$864,000							

Age/Service Distribution of Eligible Mid-Management Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0									0
30-34	0									0
35-39	0									0
40-44	0									0
45-49	0	1	1							2
50-54	0	0	0	0	1	1				2
55-59	1	1	1	1	1	0				5
60-64	0	1	0	0	0	0	0			1
65-69	1	0	0	0	0	0	0	0		1
70+	0	0	0	0	0	0	0	0	0	0
Total:	2	3	2	1	2	1	0	0	0	11
Average Age:			55.3							
Average Service:			13.2							
Estimated Payroll:			\$892,000							

Age/Service Distribution of Confidential Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0	3								3
30-34	0	0	1							1
35-39	0	0	0							0
40-44	2	0	1	1						4
45-49	1	0	2	0	0					3
50-54	0	0	0	0	0	0				0
55-59	0	1	0	0	0	0	0			1
60-64	0	1	0	0	0	0	0	0		1
65-69	0	0	1	0	0	0	0	0	0	1
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	3	5	5	1	0	0	0	0	0	14
Average Age:			44.1							
Average Service:			8.3							
Estimated Payroll:			\$676,000							

Section VI. Actuarial Assumptions and Methods

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

- Fiscal Year: July 1st through June 30th
- Measurement Date: June 30, 2011
- Discount Rate: 7.61% per annum, reflect the City funding 100% of the annual required contribution under the CERBT’s investment allocation strategy 1.

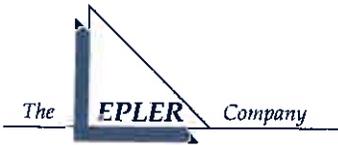
Results using discount rates associated with CERBT alternative allocation strategies are presented in the valuation report as follows:

7.06% per annum. This discount rate assumes the City pre-funds 100% of the annual required contribution within the CERBT selecting investment allocation strategy 2.

6.39% per annum. This discount rate assumes the City pre-funds 100% of the annual required contribution within the CERBT selecting investment allocation strategy 3.

- Salary Increases: 3.25% per annum, in aggregate
- Pre-retirement Turnover: According to the termination rates under the CalPERS pension plan updated to reflect the most recent experience study. Sample rates for Miscellaneous employees are as follows:

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



Sample rates for a Safety employees are as follows:

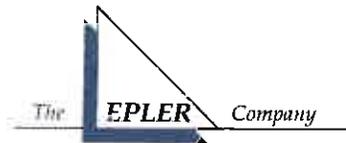
Service	Entry Age			
	20	30	40	50
0	10.1%	10.1%	10.1%	10.1%
5	2.5%	2.5%	2.5%	0.9%
10	1.8%	1.8%	0.5%	0.5%
15	1.1%	1.1%	0.3%	0.3%
20	0.8%	0.2%	0.2%	0.2%
25	0.7%	0.1%	0.1%	0.1%
30	0.1%	0.1%	0.1%	0.1%

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

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

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

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



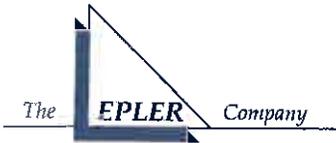
Post-retirement Mortality: According to the post-retirement mortality rates under the CalPERS pension plan updated to reflect the most recent experience study. Sample deaths per 1,000 employees applicable to Miscellaneous and Safety retirees are as follows:

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

Retirement Age: According to the retirement rates under the CalPERS Pension Plan. Sample retirement rates for Miscellaneous employees are as follows:

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

* The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year.



Sample retirement rates for Safety employees are as follows:

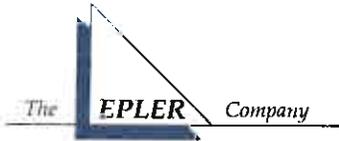
Age	15	20	25	30	35
50	1.4%	1.4%	2.5%	4.5%	5.4%
51	1.2%	1.2%	2.3%	4.0%	4.8%
52	2.6%	2.6%	4.8%	8.6%	10.1%
53	5.2%	5.2%	9.6%	17.1%	20.2%
54	7.0%	7.0%	12.8%	22.7%	26.9%
55	9.0%	9.0%	16.5%	29.3%	34.7%
56	6.4%	6.4%	11.7%	20.8%	24.6%
57	7.1%	7.1%	13.0%	23.2%	27.5%
58	6.3%	6.3%	11.5%	20.5%	24.3%
59	14.0%	14.0%	17.4%	25.4%	30.1%
60	14.0%	14.0%	17.2%	25.1%	29.7%
61	14.0%	14.0%	17.2%	25.1%	29.7%
62	14.0%	14.0%	17.2%	25.1%	29.7%
63	14.0%	14.0%	17.2%	25.1%	29.7%
64	14.0%	14.0%	17.2%	25.1%	29.7%
65	100.0%	100.0%	100.0%	100.0%	100.0%

Participation Rates:

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

Future Retirees: 50% of future non-PEAR active employees are assumed to elect retiree health coverage at retirement. 100% of future PEAR retirees are assumed to elect retiree health coverage at retirement with 50% electing the \$250 reimbursement benefit over the CalPERS benefit. Of those electing coverage approximately 20% are assumed to elect coverage for their spouse. A female spouse is assumed to be 3 years younger than a male spouse.

[Prior valuation assumed that only 50% of future PEAR retirees would elect coverage with none electing the \$100 reimbursement benefit over the CalPERS benefit]



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

Year	Trend
2013+	4.0%

[Prior valuation assumed 5.0%]

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

The EAN normal cost equals the level annual amount of contribution (as a level dollar or as a level percentage of pay) from the employee's date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs.

Under the EAN cost method, the normal cost for each individual is expected to remain level each year. For plans unrelated to pay, the normal cost is calculated to remain level in dollars; for pay-related plans the normal cost is calculated to remain level as a percentage of pay.

Actuarial Value of Assets: Market value of assets.

Amortization of UAAL: The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level-percentage-of-pay method on a closed-basis. The remaining amortization period at June 30, 2011 is assumed to be 26 years.



Section VII. Actuarial Certification

The results set forth in this report are based on the actuarial valuation of the retiree health benefit plans the City of Ridgecrest (the "City") as of June 30, 2011.

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

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of anticipated experience and actuarial cost of the retiree health benefit plans. The discount rate was determined assuming that the City fully funds (contributes at least the annual required contribution) the retiree health benefits liability through the California Employers' Retiree Benefit Trust.

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

Certified by:

Marilyn K. Jones, ASA, EA, MAAA, FCCA
Vice President and Actuary

Date: 7/26/2011

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CITY COUNCIL/REDEVELOPMENT AGENCY AGENDA ITEM

SUBJECT:

A resolution to approve a summary street right of way vacation for Downs Street and authorize the Mayor to execute this resolution and for the City Clerk to record.

PRESENTED BY:

Dennis Speer, Public Works Director

SUMMARY:

The City of Ridgecrest has been solicited to vacate a portion of excess street right of way along Downs Street at Baatan Ave. Mr. & Mrs. Ladd, (Lot 1, Tract 2589, 837 Baatan) have made a formal request for the vacation of right of way, paid the required fees and retained a professional Land Surveyor to prepare the legal description and exhibit. The excess right of way would revert to Lot 1 of Tract 2589.

Staff has followed the summary vacation procedure for vacating excess right of way. All utility companies and interested parties have been solicited for comment. No utilities or utility easements occupy the excess right of way. Down's Street improvements have been fully constructed and the remaining right of way of 110' meets the General Plan requirements for an arterial corridor. No public street improvements occupy the excess right of way. Staff has reviewed the attached legal description and exhibit and has found them to be acceptable.

Staff has determined the right of way is in excess, summary vacation procedures have been satisfied, documents are acceptable and recommends that the City Council approve the right of way vacation and authorize the Mayor, to execute the resolution and have the City Clerk record.

FISCAL IMPACT: None

Reviewed by Finance Director:

ACTION REQUESTED:

Adopt the resolution that approves the summary vacation of excess right of way on Downs Street and authorizes the Mayor to execute the attached resolution and have the City Clerk record.

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

Submitted by: Dennis Speer

Action Date: October 19, 2011

(Rev. 6/12/09)

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RESOLUTION NO. 11- XX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
RIDGECREST SUMMARILY VACATING A RIGHT-OF-WAY**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIDGECREST as follows:

1. Purpose and Scope.

This resolution is adopted for the purpose of summarily vacating the right of way described below under the authority of Chapter 4 of Part 3 of Division 9 (commencing with Section 8330) of the Streets and Highways Code.

2. Description of Right-Of-Way.

The right-of-way which is vacated pursuant to this resolution, hereinafter "subject right-of-way," is described on Exhibit "A", attached hereto and hereby incorporated by this reference.

3. Findings.

The City Council finds, determines and declares:

- (a) The subject right-of-way is not required for City purposes and is excess to the City's needs;
- (b) The disposition of the subject right-of-way is consistent with the general plan of the City; and
- (c) The disposition of the subject right-of-way will not be accompanied by any significant adverse environmental impacts.

4. Vacation.

- (a) From and after the date this resolution is recorded, the subject right-of-way no longer constitutes a right-of-way of the City.
- (b) The City Clerk shall cause a certified copy of this resolution attested by the City Clerk under seal to be recorded, without acknowledgment, in the office of the Kern County Recorder.
- (c) Upon recordation, the vacation is complete.

PASSED, APPROVED AND ADOPTED on October 19, 2011, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Ronald Carter, Mayor

ATTEST:

Rachel J. Ford, CMC, City Clerk

(SEAL)

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EXHIBIT A
LEGAL DESCRIPTION

THAT PORTION OF THE PUBLIC RIGHT OF WAY LOCATED IN THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 27 SOUTH, RANGE 40 EAST, M.D.B.M., IN THE CITY OF RIDGECREST, BEING WEST OF LOT 1, OF TRACT 2589 AS RECORDED IN BOOK 12 OF MAPS AT PAGE 143 O.R., ON MARCH 1st, 1962, IN THE OFFICE OF THE COUNTY RECORDER, COUNTY OF KERN, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

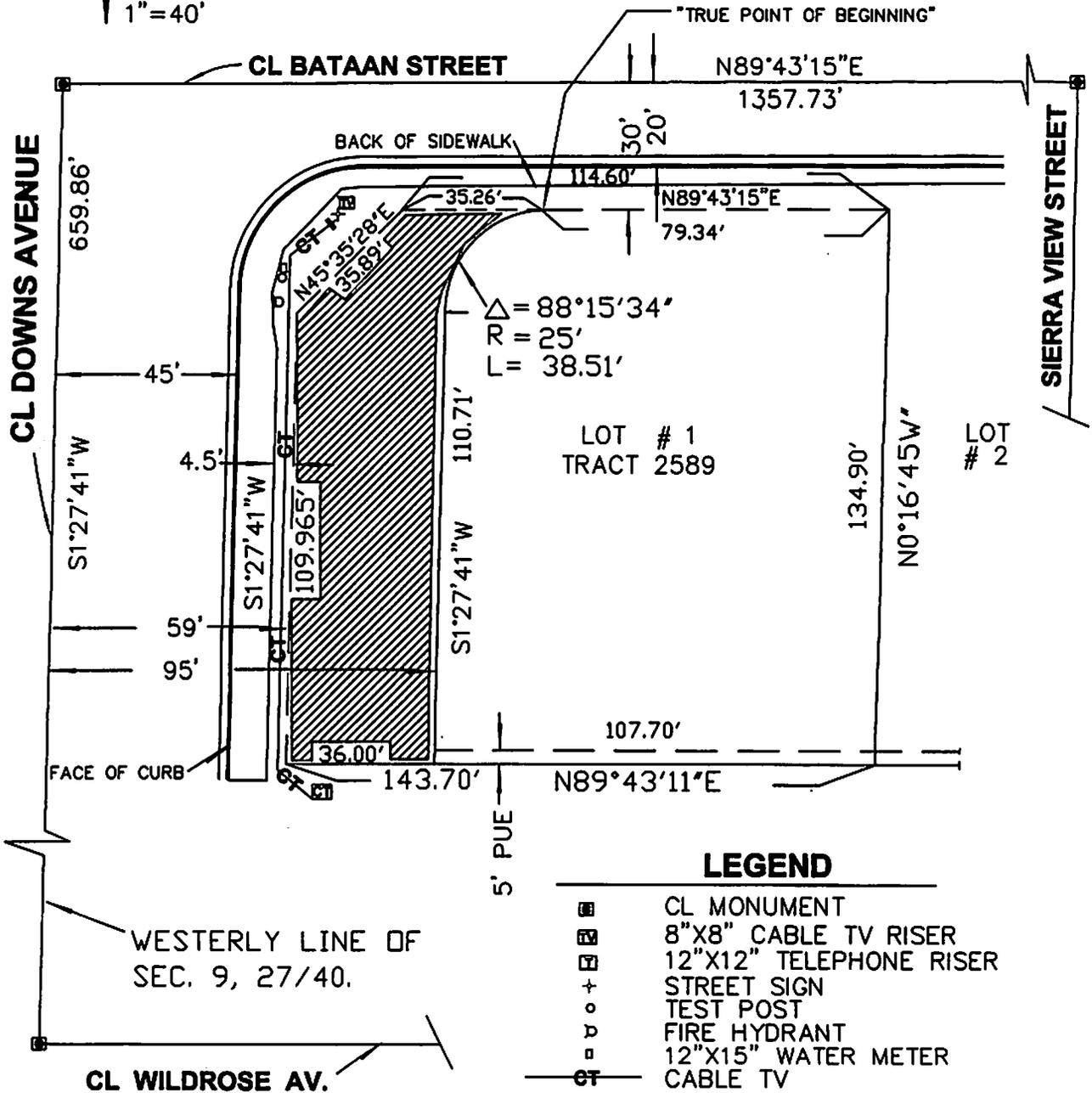
BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1, OF TRACT 2589, ALSO BEING 30 FEET SOUTH OF THE CENTERLINE OF BATAAN STREET, THENCE; S89°43'15"W ALONG SAID SOUTHERLY RIGHT-OF-WAY OF BATAAN STREET, A DISTANCE OF 79.34 FEET TO THE TRUE POINT OF BEGINNING, AND THE BEGINNING OF A CURVE CONCAVE TO THE SOUTHEAST HAVING A RADIUS OF 25 FEET, THENCE; SOUTHWESTERLY ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF 88°15'34" AND A LENGTH OF 38.51 FEET TO THE END OF THE CURVE, AND A POINT OF TANGENCY ON THE WESTERLY LINE OF SAID LOT 1, THENCE; S1°27'41"W, A DISTANCE OF 110.71 FEET TO THE SOUTHWEST CORNER OF SAID LOT 1, ALSO BEING THE SOUTHWEST CORNER OF SAID TRACT 2589. THENCE; S89°43'11"W A DISTANCE OF 36.00 FEET TO A POINT 59.00 FEET EAST OF THE CENTERLINE OF DOWNS STREET, BEING THE WEST LINE OF SAID SECTION 9, THENCE; N1°27'41"E PARALLEL WITH SAID CENTERLINE OF DOWNS STREET, N1°27'41"E A DISTANCE OF 109.965 FEET TO A ANGLE POINT, THENCE; N45°35'28"E, A DISTANCE OF 35.89 FEET TO A POINT 30 FEET SOUTH OF THE CENTERLINE OF BATAAN STREET, THENCE; N89°43'15"E A DISTANCE OF 35.26 FEET, TO THE TRUE POINT OF BEGINNING.

END OF DESCRIPTION.

ROAD EASEMENT ABANDONMENT

EXHIBIT A

PREPARED BY:
 BURKE ENGINEERING
 231 N. PEG ST.
 RIDGECREST, CA. 93555
 (760) 384-0089



LEGEND

- CL MONUMENT
- 8"X8" CABLE TV RISER
- 12"X12" TELEPHONE RISER
- STREET SIGN
- TEST POST
- FIRE HYDRANT
- 12"X15" WATER METER
- CABLE TV
- RIGHT OF WAY LINE
- PUE PUBLIC UTILITY EASEMENT
- PL PROPERTY LINE
- PROPERTY TO BE ABANDON BY THE CITY OF RIDGECREST, EXHIBIT A.

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CITY COUNCIL/REDEVELOPMENT AGENCY/FINANCING AUTHORITY AGENDA ITEM

SUBJECT:

Council Discussion And Adoption Of A Resolution To Grant A Designated Period For Two Years Additional Service Credit (Golden Handshake) For The Eligible Local Miscellaneous Member

PRESENTED BY:

Rachel J. Ford – City Clerk

SUMMARY:

Effective February 16, 2002 the City's contract with the California's Public Employees' Retirement System (CalPERS) was amended to allow two years of additional service credit option (Golden Handshake) to local safety and local miscellaneous members. CalPERS procedure requires two actions by Council to authorize this Service Credit Option, first a public hearing to review and receive comments from the public regarding the cost the City would incur to exercise this option, and second a resolution establishing a 90-120 day time period in which employees, whose classifications are affected by impending mandatory transfer, layoff, or demotions due to budget reduction AND who meet the retirement eligibility requirements of CalPERS, may elect to retire with the additional two years of service credit at no cost to the employee. Any number of designated periods may be established but may not overlap.

Council satisfied the first procedural requirement by holding a Public Hearing on August 3, 2011 to receive comments pertaining to the cost of authorizing the two years additional service credit option for the eligible member currently holding the Administrative Assistant - Finance classification.

This resolution will satisfy the second procedural requirement by establishing the retirement election period and classification eligible to retire during the designated period and receive the additional service credit. If approved the proposed designated retirement election period would begin on September 20, 2011 and end on December 19, 2011, during which the affected member may choose to retire under this option and receive the two years additional service credit on their retirement.

City Clerk must provide Certification Of Publication Of Costs to CalPERS. In addition to providing a Certification of Publication of Costs, the Agency is required to:

- a. Certify that because of an impending curtailment of, or change in the manner of performing service, the best interests of the Agency would be served by granting such additional service credit.

b. Certify that it is the intention at the time Section 20904 becomes operative that the retirements under this section will either:

1. result in a net savings to the Agency, or
2. result in an overall reduction in the work force of the organizational unit because of impending mandatory transfers, demotions, and layoffs that constitute at least one percent of the designated job classification, resulting from the curtailment of, or change in the manner of performing its services.

FISCAL IMPACT: Reviewed by Finance Director

\$12,066.55 annually for a period of two years plus a 0.0452% increase to the employee contribution rates, amortized over a 20 year time period.

ACTION REQUESTED:

Discussion And Motion On A Resolution To Grant A Designated Period For Two Years Additional Service Credit (Golden Handshake) For The Eligible Local Miscellaneous Member

CITY MANAGER /EXECUTIVE DIRECTOR RECOMMENDATION

Action as requested: Council Discuss And Make A Motion On The Proposed Resolution.

Submitted by: Rachel Ford

Action Date: 10/19/2011

RESOLUTION NO. 11-XX

A RESOLUTION OF THE RIDGECREST CITY COUNCIL TO GRANT A DESIGNATED PERIOD FOR TWO YEARS ADDITIONAL SERVICE CREDIT (GOLDEN HANDSHAKE) FOR THE ELIGIBLE LOCAL MISCELLANEOUS MEMBER

WHEREAS, the City Council of the City of Ridgecrest is a contracting Public agency of the Public Employees Retirement System; and

WHEREAS, said Public Agency desires to provide a designated period for Two Years of Additional Service Credit, Government Code section 20903, based on contract amendment included in said contract that provided for Section 20903, Two Years Additional Service Credit for the eligible member; and

WHEREAS, the added cost to the retirement fund for eligible employee(s) who retire during the designated period will be included in the contracting agency's employer contribution rate; and

WHEREAS, the City Council is electing to exercise the provisions of Government Code section 20903 due to impending mandatory transfer(s), layoff(s), and/or demotion(s) that constitute at least one percent of the subject job classification, department or organizational unit, resulting from the curtailment of, or change in the manner of performing, its services; and

WHEREAS, it is the intention that any vacancies created by retirements under this section or at least one vacancy in any position in any department or organizational unit shall remain permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit; and

WHEREAS, the City Council has complied with the provisions of Government Code Section 7507 and has disclosed the additional employer contributions and the funding of those contributions at a public meeting; and

NOW, THEREFORE, BE IT RESOLVED, that the City of Ridgecrest does seek to add another designated period, and does hereby authorize this Resolution, indicating a desire to add a designated period from September 20, 2011 through December 19, 2011 for eligible miscellaneous member in the Finance Department, as an Administrative Assistant - Finance.

APPROVED AND ADOPTED this 19th day of October 2011 by the following vote.

AYES:
NOES:
ABSTAIN:
ABSENT:

Ronald H. Carter, Mayor

ATTEST:

Rachel J. Ford, CMC
CITY CLERK

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10. Section 20903 Two Years Additional Service Credit

An agency may amend its contract to provide two years additional service credit to members who retire during a designated period because of impending mandatory transfers, layoffs, or demotions and the following requirements are met:

- a. The member is employed in a specified job classification, department, or other organizational unit and retired within the period designated by the governing body. The designated period must be subsequent to the effective date of the contract amendment and can not be less than 90 or more than 180 days in length. (The benefit cannot be provided on the basis of employee organization or non-represented groups).
- b. The governing body must certify that it is electing to be subject to the provisions of this section due to mandatory transfers, layoffs and/or demotions that constitute at least one percent of the job classification, department, or organizational unit.
- c. The governing body must certify that it is the intention at the time Section 20903 becomes operative that any vacancies created by retirements under this section or at least one vacancy in any position in any department or organizational unit shall remain permanently unfilled thereby resulting in an overall reduction in the work force of such department or organizational unit.
- d. The governing body must certify that it has complied with the provisions of Government Code Section 7507 and has disclosed the additional employer contributions and the funding of those employer contributions, at a public meeting.

To be eligible for this service credit, a member must have at least five years of service credit, be in employment status with the providing agency for at least one day during the designated period and retire during the designated period. The member's retirement date may not be the first day of the designated period. A member cannot receive credit under this section if the member receives any unemployment insurance payments during the designated period. If the retired member subsequently reenters membership, the additional service credit is forfeited.

Employer Cost: The added cost to the retirement fund for all eligible employees who retire during the designated period will be included in the contracting agency's employer contribution rate. The governing body satisfies the requirements of Government Code Section 7507 by disclosing an estimate of the present value of the additional employer contributions. This estimate is calculated by the agency, using the worksheet and factors provided below. The actual present value of additional contributions may differ from the estimate for two reasons:

- 1) Some of the members who are eligible to retire and receive the two years service credit (and who are included in the estimate) may choose not to retire, and
- 2) There may be an additional cost to the agency (called an experience loss) if the total number of members retiring in the fiscal year exceeds the number predicted by the actuarial assumptions. An experience loss occurs very often when the two years service credit is offered because some members retire who would have otherwise waited until later years.

The cost of the two years additional service credit will be included in the contracting agency's employer contribution rate commencing with the fiscal year starting two years after the end of the designated period. The increase in the employer contribution rate may continue for as long as 20 years.

The annual valuation report for the fiscal year that begins two years after the end of the designated period will show the amount of the increase in the employer contribution rate resulting from the two years service credit.

Follow the instructions below to estimate the increase in the employer contribution rate percentage:

- Take the estimate of the present value of additional employer contributions disclosed at the public meeting, and
- First divide by 13.24 (the 20-year amortization factor), and
- Then divide by the annual payroll of the plan.

Member Cost: None.

Procedures for Calculation of “Additional Employer Contributions” and Funding Therefore to be Disclosed at the Public Meeting

The “additional employer contributions” that the agency discloses at its public meeting is an **estimate** of the present value of additional employer contributions which will be required in the future for providing the two years service credit. This amount is calculated based on the member's annual reportable compensation, the cost factor and whether the agency's contract provides the Post-Retirement Survivor Allowance (Survivor Continuance) and/or an increased Cost-of-Living Allowance of 3%, 4% or 5%.

The “additional employer contributions” is calculated as follows:

1. Identify all individuals who meet the minimum eligibility for retirement and who are employed in the designated classification, department or organizational unit.
2. Determine the annual pay rate for each person. "Payrate" indicates that amount of compensation a member is paid for a full unit of time. Always use the member's FULL TIME pay rate.
3. Determine the age for each person and locate the appropriate factor on the Cost Factor Chart.
4. Multiply the annual pay rate by the cost factor, (annual pay rate) X (cost factor) = estimated cost.
5. Determine whether your agency's contract provides for the Post-Retirement Survivor Allowance. If yes, proceed to step #7.
6. If your agency's contract does not provide for the Post-Retirement Survivor Allowance, multiply the value determined in step #4, above, by 0.97, if you have a public agency miscellaneous plan; or by 0.93, if you have a public agency safety plan.

7. Determine whether your agency's contract provides for the increased Cost-of-Living Allowance of 3%, 4% or 5%. If not, no further calculations are needed.
8. If your agency's contract provides the 3%, 4%, or 5% cost-of-living allowance, multiply the value determined above by 1.09 to estimate the cost of providing the additional service credit.

The “additional employer contributions” are paid by the agency through an increase in the employer contribution rate, starting two fiscal years after the end of the designated period. The increase in the employer contribution rate may continue for as long as 20 years.

To estimate the increase in the employer contribution rate percent:

- 1) Take the “additional employer contributions” calculated above, and
- 2) First divide by 13.24 (the 20-year amortization factor), and
- 3) Then divide by annual payroll of the plan.

COST FACTOR CHART

MISCELLANEOUS MEMBERS

	<u>2% @ 60</u> <u>formula</u>	<u>2% @ 55</u> <u>formula</u>	<u>2.5% @ 55</u> <u>formula</u>	<u>2.7% @ 55</u> <u>formula</u>	<u>3% @ 60</u> <u>formula</u>
Ages	<u>All</u>	<u>All</u>	<u>All</u>	<u>All</u>	<u>All</u>
50-54	0.35	0.47	0.64	0.66	0.64
55-59	0.45	0.57	0.67	0.73	0.73
60-64	0.56	0.59	0.62	0.67	0.74
65+	0.54	0.54	0.55	0.60	0.67

SAFETY MEMBERS

	<u>2% @ 55</u> <u>formula</u>	<u>2% @ 50</u> <u>formula</u>	<u>3% @ 55</u> <u>formula</u>	<u>3% @ 50</u> <u>formula</u>
Ages	<u>All</u>	<u>All</u>	<u>All</u>	<u>All</u>
50-54	0.48	0.67	0.78	0.88
55-59	0.55	0.75	0.83	0.83
60-64	0.51	0.69	0.77	0.77
65+	0.46	0.62	0.69	0.69

11. Section 20936 Prior Service Credit for Employees of an Assumed Agency or Function

An agency may provide credit for service rendered with a public agency if that agency or a function of that agency is, or was, assumed by the contracting agency. The cost for prior service credit is the liability of the contracting agency. Documents of origin for the assumed agency may be required to determine whether the agency qualifies as a public agency.

Employer Cost: Valuation required.

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CITY COUNCIL/REDEVELOPMENT AGENCY/FINANCING AUTHORITY AGENDA ITEM

SUBJECT:

Professional Service Agreement, Request For Proposals for Branding Services of Balsam Street; Part A and B; and/or City Marketing and Retail Strategies; Old Town Action Planning (OTAP) Committee and Community Development Committee (CDC) recommendations, Tax Allocation Bond (TAB) Projects.

PRESENTED BY: James E. McRea

SUMMARY:

The Public Services and Planning Departments, and the Ridgecrest Redevelopment Agency have issued Requests for Proposals (RFP's) for two Economic and Community Development concepts and projects. The first was a Branding of Balsam Street as a Community Development Project. Staff circulated RFP's to four consultants; North Star, Destination Development International, Smith Communications, and Total Destination Management. An August 8 deadline for proposals resulted in two proposals. After review, the two proposals by North Star and Smith Communications were ranked; staff and OTAP recommended Part A of Smith Communications for implementation for the Balsam Street Branding. A copy of the proposal and summary of the two RFP's is attached. The Scope of Work provides six phases at a cost of \$30,000 plus additional expenses for data collection, potential survey, and/or demographic work and travel.

A solicitation for City Retailer Marketing Strategies and Demographics was also made with five proposals presented by Smith Communications Part B, Kosmont Companies, Buxton, Rosenow Spevacek Group Inc. (RSG), and Tierra West Market Feasibility Advisors. After presentation to the CDC, staff is recommending the Kosmont Companies proposal for services for a Retail Sector Strategies Report for a professional service agreement in an amount not to exceed \$59,500 for six tasks as outlined within the report. The Buxton proposal was highly regarded and could have been recommended, but requires an ongoing expense of implementation slightly beyond the capacity of the Agency at this time. The Kosmont RFP is attached.

FISCAL IMPACT: Two projects: \$30,000 to \$40,000 - Smith Communications and \$59,500 -Kosmont Companies. Source of funds is Tax Allocation Bond (TAB).

Reviewed by Finance Director

ACTION REQUESTED:

Motion to authorize the Agency Executive Director to develop and to execute two Professional Service Agreements as recommended.

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

Submitted by: James McRea
(Rev. 6-12-09)

Action Date: 10-19-11

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SMITH
COMMUNICATIONS



A PROPOSAL TO

City of Ridgecrest



Branding Services
RFP—City of Ridgecrest

Ronald D. Smith
President
Smith Communications, LLC
3084 Promenade
Costa Mesa, CA 92626
714.549.5844

www.smithcommunicationsllc.com

rsmith@smithcommunicationsllc.com

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A faded background image of a horse race in progress, showing several horses and jockeys on a track. The image is semi-transparent and serves as a backdrop for the text.

Effectively delivering your message can be the difference between success and failure.

Introduction

Smith Communications—Overview

- Over 25 years in graphic design, communications and public relations working with clients in the public and private sectors including government agencies, corporations, and non-profit institutions. Managed all aspects of small and large projects incorporating media relations, print, Internet, radio, and television.
- **6 International and National Awards** for design and communications. These include awards for Destination **Branding** and **Corporate Identity**.
- Provides a broad spectrum of services including graphic design, illustration, branding, Website and interactive media—concept to production.
- Experienced writers producing press releases, articles, editorials, speech writing, social media, and copywriting.

Whether it's new technology or traditional media, we can identify your target audience and effectively deliver your message.

Mission & Goals

The Client—Background and Objectives

Background—Located in the southern portion of the Indian Wells Valley, the City of Ridgecrest provides shopping for over 40,000 people throughout northeast Kern County. The City is easily accessible by two major highways and the Inyokern Airport. It is a provider of housing and services for Federal employees and contractors at China Lake Naval Weapons Center.

The City is in the process of a revitalization program for its downtown—Olde Town Action Plan. The purpose of the program is to create a vibrant economic center that will provide not only amenities to its citizens, but also a quality of life that would increase job retention, attract new employees to current industries, and bring in new business and customers.

The City of Ridgecrest is seeking a consultant to provide market and target audience research, stakeholder outreach, branding and positioning, of the City's downtown.

The City is also looking at a branding program to position the City for economic growth, workforce expansion and job retention, and a positive positioning in the region.

Approach—Methodology

The latest studies in neuroscience and communication have shown that people make decisions in the first few seconds, not based on a dispassionate conclusion of the facts, but rather on manifold complex emotional, physiological, and innate cognitive reactions. It is not the facts, words, and images that you use; it is the message people perceive.

Design is a process. Graphic Design is the art of taking visual elements and arranging them to facilitate and accelerate communication. You must first have a well crafted message, tailored to your target audience.

We approach every project with the same attitude; whether it's an ad for a luxury car, a brochure, or a logo, quality design is essential.

We first thoroughly immerse ourselves in every aspect of our client's business to understand them; their mission and goals.

Smith Communications is a full-service marketing and graphic design firm with extensive background in print, agency and project branding, positioning and message development, and multimedia. While we are capable of working independently, we believe that the best results arise out of creative collaboration. As part of your team, we will provide you with professional graphic design services that will help you achieve your mission and goals.

Proposal—Services and Fees

The City has requested two independent proposals, and a third proposal combining the two projects for a cost savings to the City. Project A: Downtown Ridgecrest Branding; Project B: City of Ridgecrest Branding. These projects have the same scope of service, methods for branding, and workflow, so we are providing one document. This proposal will delineate and separate the services and costs, providing two independent projects, and one combined project. If not specifically stated, all methods and services are to be assumed applicable to both projects, or to combined project.

Ron Smith, President of Smith Communications, will be your single point of contact; available by telephone and E-mail, he will work closely with staff and be at all on-site meetings, including presentations.

Phase One—Smith Communications will initially meet with staff to get their input on the project. The discussion will include methodology for branding project, time line, scope and cost of data collection and survey.

Within two weeks we will bring back to staff a report on the outcome of the meeting, a time line, and a proposal for contracting with an outside contractor for the collection of data and conducting a survey.

Phase Two—Once there is written approval of the proposed methods, time line and survey, we will proceed with the data collection and survey.

We will conduct a public information/education presentation on branding. We will conduct two public stakeholders scoping meetings; including council, commissioners, committee members, and stakeholders; to collect information and get input.

Phase Three—Once all data from survey, scoping meetings, stakeholder outreach, and meetings with council and staff has been collected, we will meet with staff and provide analysis of survey data, profile of current and future markets, provide positioning and marketing

proposal.

Phase Four—Upon approval of positioning statement and direction, we will present to staff 1-2 rough drafts of brand marks, color palettes, typographic treatments, and taglines.

Phase Five—Upon approval of a rough draft, we will present a final draft of the branding to staff.

Phase Six—Upon approval of final draft, we will provide a written report that includes: data analysis, positioning and mission statement, brand mark and tagline, recommended application and proposed brand campaign, brief branding guidelines, and recommended marketing.

A formal presentation of the new brand will be given to the City Council.

Deliverables—The main deliverables, which are outlined in the six phases above, are the same for both project A & B. The following meetings, which are outlined above, can be conducted together as part of the combined project and cost savings to the City:

1. Initial meeting
2. Public presentation
3. Two Scoping meetings
4. Analysis and Positioning
5. Rough draft of brand
6. Final draft of brand
7. Final Presentation

Additionally, a monthly progress report shall be submitted outlining all significant meetings, discussions, actions, results and progress.

Costs—The costs of the above scope of work and deliverables for each Project A & B shall be \$30K. This shall be paid in three installments: \$10K after the signing of the retainer agreement; \$10K after completion of phase four; and \$10K at the completion of project.

If the City so chooses and combines the two projects, combining the meetings, the third combined project shall be \$50K. This shall be paid in

Mission & Goals

three installments: \$16K after the signing of the retainer agreement; \$16K after completion of phase four; and \$18K at the completion of project.

At the first meeting with staff, it will be decided as to what method of data collection and survey will be done. This work will be contracted for with a vendor of Smith Communications choosing, and paid for as a separate bill by the City. The vendor will not be contracted with, of work done, until the City has agreed to scope and cost in writing. Depending on the scope of work for collecting this information, the cost could range from \$5K to \$20K. This work, whether the method of contracting with this firm to do two projects or a combined project, could be combined for a cost savings to the City.

Mileage will be paid at the standard IRS rate for all travel for on-site meetings from the City of Lancaster to the City of Ridgecrest.

Any additional work, including time for additional meetings not listed within the scope of services, shall be billed at \$150 per hour for the principal, or \$85 if a staff member is used.

The RFP for project B includes in the deliverables a modification of the City's Website. While the final branding guidelines can be used to implement the re-design of a Website, the complexities of re-designing a Website make it such that it is beyond the usual scope of positioning and branding. To be effective, the Website re-design needs to be taken as a separate project; as is the design of collateral material.

We have the experience and creative talent to meet your goals and make you a success.

Experience & Background

Ron Smith—President and Founder

As an International and National Award Winning graphic designer, Ron Smith has over 25 years of experience bringing together people of diverse backgrounds. He has been a leader of many successful organizations and has a commitment to collaboration and a team approach to finding solutions. Ron has been honored by The Association of Political and Public Affairs Professionals. With over 10 years in government, Ron not only brings a depth of knowledge, but a network of relationships. He is currently an **Adjunct Assistant Professor** at Antelope Valley College where he has taught Graphic Design for over 12 years.

Graphic Design

He has over 25 years as a freelance Graphic Designer and is the owner of Smith Design Studio. Working in a PDF workflow, he has a strong working knowledge of pre-press production, color management and digital output. Ron has won 6 International and National awards for design:

- American Graphic Design Award 2010
Destination Branding
- American Graphic Design Award 2009
Corporate Branding
- International Communicators Award 2009
Corporate Identity
- National Pollie Award 2009
Direct Mail Brochure
- American Package Design Award 2009
Package Design
- American Graphic Design Award 2007
Collateral Brochure

Experience & Background

Smith Communications offers a broad spectrum of design and public relations services.

Communication Strategy	Public Outreach Material
Creative Concept	Exhibits And Displays
Graphic Design	Event Planning And Collateral
Photography	Print Advertisement
Illustration	Outdoor Advertisement
Pre-press And Print Production	E-mail Newsletters
Message Development	Media Alerts and Press Releases
Public Relations	Press Conferences
Copywriting	Feature Articles And Editorials
Media Planning And Buying	Website Design
Direct Mail	Interactive Media
Radio and Television	Project Management
Social Media	Brochures And Posters

Education

- **Master of Arts, Savannah College of Art and Design**
Illustration Graphic Design, Honors Fellowship
- **Bachelor of Arts, California State University Northridge**
Drawing and Painting
- **Associate of Science, Cypress College, California**
Biology and Graphic Design
- **Pasadena College of Art and Design**
Professional Practices
- **University of California Los Angeles**
Color Management

Memberships

- **The Association of Political and Public Affairs Consultants**
- **The Professional Association for Design**

Experience & Background

Our success is your success. We have over 25 years of working with clients of diverse needs and goals.

Government

City of Lancaster
Antelope Valley Community College District
Antelope Valley High School District
Antelope Valley Fair

Organizations

Urban Water Institute, Inc.
Association for Los Angeles Deputy Sheriffs
Citizens Anti-Crime Committee
California State University Northridge
Boy Scouts of America
Support Antelope Valley Education
Citizens for a Safer Community

Companies

Donato Family Vineyards
R. Rex Parris Law Firm
InSite Development
Health Tree Chiropractic
Visco Financial

Volleyball Monthly
KMIX Radio
JetHawks—Class A Affiliate of the Houston Astros
Basaw, Inc.
DocFone.com

Candidates

Assemblyman Steve Knight,
California 36th District
Supervisor Neil Derry,
County of San Bernardino
Mayor R. Rex Parris,
City of Lancaster
Councilwoman Sherry Marquez,
City of Lancaster
Councilwoman Michelle Idleman,
City of Lancaster
Mayor Pro Tem Mike Dispenza,
City of Palmdale
Councilman Tom Lackey,
City of Palmdale
Mayor Laurene Weste,
City of Santa Clarita
Councilwoman Marsha McLean,
City of Santa Clarita

Councilman Frank Ferry,
City of Santa Clarita
Councilman Fred Shorett,
City of San Bernardino
Judge Chris Estes,
Los Angeles County Superior Court
Judge Tim Fall,
Yolo County Superior Court
Director Berna Mayer,
Antelope Valley Healthcare District
Director Dr. Donald Parazo,
Antelope Valley Healthcare District
Trustee Mike Adams,
AV Community College District
Trustee Betty Wienke,
AV Community College District
Trustee Steve Buffalo,
AV Community College District
Trustee Al Beattie,
Antelope Union High School District
Trustee Diane Grooms,
Lancaster School District
Director Dale Kuil,
South San Joaquin Irrigation District

Our Nationally Award Winning Firm has a history of achieving our client's objectives.

Profiles of Success

The Client

City of Lancaster

Mark Bozigian, City Manager
mbozigian@cityoflanasterca.org

The Challenge

The City of Lancaster is revitalizing their downtown boulevard. The boulevard has many museums, music venues, and restaurants. The City also recently added an artists complex with galleries and artist lofts for working artists. The boulevard also has many old historical buildings that are in the Art Deco style. The goal was to redefine the downtown as “The BLVD” and create a brand including logo and way-finding applications.

The Solution



Smith Communications created a range of eclectic designs that were described as Neo Art Deco to Contemporary. The California Poppy has been a historical landmark of the City; the City hosts a Poppy Festival every year.

We designed this street sign to fit the Art Deco and Modern style. We incorporated a stylized poppy. The color palette was derived through a process of working with local graphic design students on the BLVD branding.

This project is still in progress.

The Client

City of Lancaster

Mark Bozigian, City Manager
mbozigian@cityoflanasterca.org

The Challenge

The City of Lancaster is revitalizing their downtown boulevard. The boulevard has many museums, music venues, and restaurants. The City also recently added an artists complex with galleries and artist lofts for working artists. The boulevard also has many old historical buildings that are in the Art Deco style. The goal was to redefine the downtown as “The BLVD” and create a brand including logo and way-finding applications.

The Solution

Working with 10 local graphic design students and a citizen advisory committee, Smith Communications developed the brand colors, tag line, and logo for “The BLVD.”

The type face was created from the inspiration of an old Art Deco Gothic typeface. A complete font is being created for the City. The stylized icon of a poppy is incorporated into the logo.

This project is still in progress.



The Client

Antelope Valley Winery

Cyndee Donato, Owner
wines@avwinery.com

The Challenge

The winery had decided to expand and reach out to a younger demographic. The labels and feel of the winery were old and too attached with the Antelope Valley. The winery had created two new high-end wines that they wanted to market to 21–35 year old young professionals. They were also making a transition in branding from AV Winery to the Donato Family Vineyards.

The Solution



American Package Design Award 2009

There is a plethora of traditional wine labels. These new wines had to jump off the shelf and be noticed, and be positioned as the wine for the target audience of 21–35 year old young professionals. Smith Communications re-branded the winery to “The Donato Family Winery” and re-designed the labels for all of their standard lines of wines. For their two new wines we took a look at the pop art culture that was being used on products such as Louis Vuitton products that use designs by Takashi Murakami. The icon of D⁴ was chosen, which represents the four members of the Donato Family. The tagline “Wine to the Power of Four” was used. The design for these labels show a D⁴ pouring out wine with iconistic grapes splashing into the wine. Hot colors on a black background were chosen so that the wines would stand out on the shelf amongst the classic labels. The branding for the Winery won an International award for design, and the label won a National Package Design Award. All concept to production work, including the photography, was produced by the firm.

The Client

City of Lancaster, CA

Joe Cabral, Director of Communications

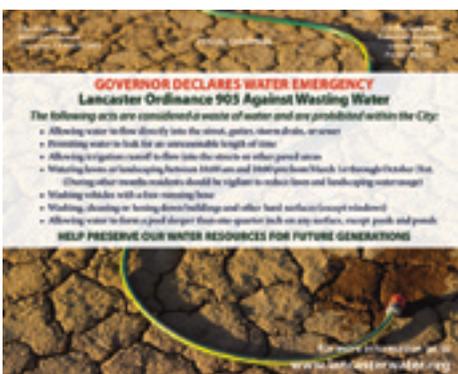
The Challenge

Governor Arnold Schwarzenegger had declared that California was in a severe drought. In recent times, the desert community of the Antelope Valley had water supply shortages that curtailed development. A severe drought could stop needed commercial development completely and trigger rationing for the citizens. The Lancaster City Council passed an emergency ordinance on wasteful water usage, and restrictions for the time and duration of watering lawns and outdoor plants. The City needed to get the attention of its citizens, not only to inform them of the new ordinance, but to impress upon them the need to conserve water in their desert environment.

The Solution



Smith Communications designed an eye catching large postcard, through photo compositing, that conveyed the idea of water conservation. On the reverse side the postcard had an image that evoked the fear of the impending results of not conserving. The composition of the hose led the viewer's eye through the ordinance language and down to the Website where more information could be found.



The Client

City of Lancaster

Mark Bozigian, City Manager
mbozigian@cityoflancafterca.org

The Challenge

The City of Lancaster recently re-branded the City. They wanted to incorporate the new logo and look into a wayfinding system. The branding shows the innovation and new direction the City has taken with Green Companies and technology.

The Solution

Smith Communications acted as Art Director for the monument sign in front of City Hall, in addition to other wayfinding signage.

The City's branding uses orange, blue, and green concentric, overlapping circles as a graphic element. We incorporated this element using an alternating textured and smooth effect for increased readability. This subtle effect does not overpower the logo or typography, while still maintaining the brand identity.



Thank you for your interest. Please contact us for any additional information or questions.

Conclusion

I have read, understood, and agree to the terms and conditions on all pages of this proposal, including the contents of the RFP for Branding provided by the City of Ridgecrest which are hereby incorporated by reference. The undersigned agrees to furnish the service stipulated in this proposal for one year from date of the Professional Services Agreement. There are no Conflicts of Interest.

Company: Smith Communications, LLC

Address: 3084 Promenade
Costa Mesa, CA 92626

Name: Ronald D. Smith

Signature: _____

Company Phone #: 714-549-5844

Title of Person Signing Bid: President

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Brief overview of the Branding process to date:

- 1) June 2 - OTAP reviews and approves Branding RFP prepared by staff (request for 3 proposals – A. Branding Program for Downtown; B. Branding Program for City wide; and C. Branding Program for both).
- 2) July 6 - City Council reviews and approves Branding RFP prepared by staff.
- 3) July 15 – Staff sent out RFP’s to four consultants, North Star, Destination Development International, Ron Smith and Total Destination Management. August 8 -Deadline for proposal.
- 4) August 5 – Destination Development International sent email saying that they are too busy to submit proposal at this time.
- 5) August 8 – Deadline for Proposals – the City received proposals from North Star and Ron Smith.
- 6) August 8 – Destination Development called saying that they changed their mind and asked if they could submit proposal within next 10 days. Staff told DDI that it would be unethical to extend the deadline since others followed the rules, but that they would be contacted if the city decided to re-request proposals.

The cost proposed by the two consultants is as follows:

Cost: Option A – Old Town	\$68,000	\$30,000
Option B – City of RC	\$88,000	\$30,000
Option C – A&B	\$102,00	\$50,000

	North Star	Smith Communications
Deliverables: Meetings	<ul style="list-style-type: none"> Initial telephone conference with staff In-market visit (tour, focus groups, interviews) Blue Sky strategy meeting Understanding / Insights preview (online) Understanding / Insights presentation (live) Creative development mtgs (online) 	<ul style="list-style-type: none"> Initial mtg with staff Public presentation 2 scoping mtgs Analysis and Positioning Rough draft of brand Final draft of brand Final presentation
Reports	<ul style="list-style-type: none"> Research and planning audit Communication and media audit Geo-demography report Perception study (qualitative) Consumer awareness study Action plan development Final report 	<ul style="list-style-type: none"> Monthly progress reports Report from initial staff mtg: will contain proposed methods, time line and survey 1-2 rough draft of branding initiative: brand marks, color palettes, typographic treatments and taglines. Final draft Final report: in addition to above draft, data analysis, positioning and mission stmt, recommended application and brand campaign, branding guidelines, recommended marketing
Field Work	<ul style="list-style-type: none"> Vision survey 	<ul style="list-style-type: none"> Data Collection and Community Survey
Other Material		<ul style="list-style-type: none"> Website redesign (option B only)
Cost: Option A - Old Town	\$68,000	\$30,000
Option B - City of RC	\$88,000	\$30,000
Option C - A&B	\$102,00	\$50,000
Additional Costs	<ul style="list-style-type: none"> Travel expenses not to exceed \$5k 	<ul style="list-style-type: none"> \$5k to \$20k for community survey Mileage

CITY OF RIDGECREST & RIDGECREST REDEVELOPMENT AGENCY

RETAIL SECTOR STRATEGIES REPORT



PROPOSAL FOR SERVICES



KOSMONT COMPANIES

CITY OF RIDGECREST & RIDGECREST REDEVELOPMENT AGENCY

RETAIL SECTOR STRATEGIES REPORT

Proposal

Prepared By

KOSMONT COMPANIES
public + private transactions

August 8, 2011

Primary Contacts:

Larry Kosmont, CRE
President & CEO
Kosmont Companies
865 S. Figueroa Street, 35th Floor
Los Angeles, CA 90017
Tel: 213-507-9000
Fax: 213-417-3311
lkosmont@kosmont.com

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Kosmont Companies
865 S. Figueroa Street, 35th Floor
Los Angeles, CA 90017
Tel: 949-226-0288
Fax: 213-417-3311
khira@kosmont.com



August 8, 2011

Ms. Rachel Rumbo
City Clerk
City of Ridgecrest
100 W. California Avenue
Ridgecrest, CA 93555

Re: Proposal for Preparation of a Retail Sector Strategies Report

Dear Ms. Rumbo:

Kosmont & Associates, Inc., doing business as Kosmont Companies ("Kosmont" or "Consultant"), is pleased to present this proposal to prepare a Retail Sector Strategies Report ("Report") to the City of Ridgecrest ("City") and its Redevelopment Agency ("Agency") (collectively known as "Client"). It is our understanding that the Client desires a qualified consultant to provide an accurate and honest assessment of the City's retail sector given existing and projected economic and resource conditions, and subsequently, to develop a cost-effective, proactive strategic action plan that will preserve and promote economic vitality and growth within the City's retail sector.

Kosmont Companies, a certified Minority Business Enterprise (MBE), is a full service real estate, economic development, finance, and redevelopment advisory firm with over 25 years of experience. Since 1986, Kosmont has assisted numerous cities and public agencies with market analysis, urban decay studies, economic development strategic planning and implementation, retail attraction and retention and real estate advisory services. Kosmont's retail team has a long track record of working with cities and redevelopment agencies on similar assignments. Kosmont's Retail NOW![®] program is a programmatic tool, which among other strategies, we have used to successfully attract and/or retain numerous retailers and commercial enterprises on the behalf of our clients . Kosmont Retail NOW![®] is the basis for a comprehensive retail strategy which identifies existing conditions, sets a path, targets tenants and produces results.

For this assignment, day-to-day management of the Kosmont Team will be headed by Mr. Ken Hira, Senior Vice President with Kosmont Companies, ICSC Southern California State Director and an expert in retail development. With over 20 years of experience, Mr. Hira is exceptionally skilled at developing retail strategies, identifying retail tenants and negotiating retail and mixed use projects that can assist in cities in achieving their economic development goals. Mr. Hira will be supported by Larry Kosmont, President and CEO of Kosmont Companies, who has over 36 years of experience having assisted hundreds of local government agencies in public finance and real estate matters ranging from large-scale economic development programs to site-specific real estate strategies and projects.

Kosmont Companies has reviewed and understands all the elements of this Request for Proposals and intends to perform the services as outlined in this proposal response. The Kosmont Team is very capable of providing comprehensive solutions which meet all of the



needs described in the Request for Proposals. This proposal shall remain valid for a period not less than ninety (90) days from the date of submittal.

We are available to discuss our qualifications at your convenience.

Yours truly,

A handwritten signature in cursive script that reads 'Larry J. Kosmont'.

Larry J. Kosmont, CRE
President & CEO

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1. Understanding and Approach

The City of Ridgecrest is located approximately one hour northeast of the Los Angeles area, in the Indian Wells Valley of Kern County. The City's close proximity to two major freeways, the US Route 395 and California State Route 14, make it a central location for retail and business activities in the Eastern Kern County Area. Kosmont understands that the City of Ridgecrest desires a consultant to prepare a Retail Sector Strategies Report. Kosmont will identify market demands for products and services and potential voids in the City's retail sector and provide clear guiding parameters for the attraction of tenants and/or retail developments accretive to the established objectives and complimentary to the existing conditions.

This assignment will include an assessment of the City's retail sector given the existing and projected economic conditions, as well as the development of a proactive action plan to preserve and promote economic vitality and growth within its retail sector. Kosmont will give consideration to information from state and local agencies, including but not limited to the Kern County Water Agency, on resources that impact the City's primary market area and availability to accommodate growth.

Kosmont will field a team of top industry professionals including top retail and economic development experts. The team will apply its extensive experience in building successful retail/commercial projects to create an integrative strategy that contains a clear and achievable roadmap for the City. In particular, Ken Hira's leadership as an expert in retail development will be leveraged to formulate a viable implementation plan for the subject area. His role as ICSC Southern California State Director and his long time industry relationships will uniquely support his efforts to access key opportunities for the benefit of the project area.

2. Scope of Work

Kosmont envisions the following Scope of Work in preparing the Retail Sector Strategies Report for the City of Ridgecrest and its Redevelopment Agency:

1. Project Initiation

Kosmont will kick-off the assignment with a meeting with key City personnel to review scope of work, timeline, roles and responsibilities, and project needs and issues. Kosmont will also utilize this time to determine which other stakeholders Consultant should arrange information-gathering meetings with (e.g. Ridgecrest Chamber of Commerce, other key business stakeholders). Consultant will contact key stakeholders and conduct interviews to assess their goals, objectives and key facts related to the desired product and service offerings in the City's retail sector. Kosmont will document these meetings and analyze the information that has been gathered.

2. Analyze Existing Conditions of City's Retail Sector

Based on Client and stakeholder meetings, Kosmont will draft a list of items to be targeted in the Report and identify the geographic boundaries of the City's retail sector. Consultant will obtain relevant data on the existing conditions including current tenant and operator mix, vacancies and other relevant characteristics such as sales, profitability, and turn-over data. Based on the information gathered, Kosmont will establish a baseline of the existing conditions and market demand within the City's retail sector, including grocery stores and other big-box retailers.

3. Evaluate Factors Impacting the City's Retail Sector in the Near Term

Kosmont will evaluate various factors that may impact the City's retail sector in the near term, including local demographic trends such as population, income, and other relevant demographic data and availability (or limitations) of State Water Project water and other primary resources necessary to accommodate housing, sustain population growth and other corresponding factors. Based on the foregoing analysis, Consultant will identify retail projects that are likely to be feasible within the geographic area, and will identify viability conditions and issues, including the potential impact on the existing grocery stores and other big-box retailers.

4. Identify Measures to Preserve and Promote Economic Vitality in the Retail Sector

Based on data compiled, Kosmont will identify measures to preserve and promote economic vitality and growth within the retail sector, including special incentives programs such as tax increment financing, enterprise zones, and CFDs/special tax districts, Infrastructure Financing Districts, and/or opportunities for public-private partnerships..

5. Prepare Action Plan

Consultant will develop an Action Plan that will be formulated based on the findings from prior tasks and will include prioritized recommendations on how the City can strengthen and grow its retail sector in a cost-effective way. The Report will address methods of promoting

available spaces and providing incentives to attract potential tenants and/or retail developers. Kosmont will apply its extensive experience in attracting retail and commercial tenants to projects to formulate a strategy which is most achievable and beneficial to the City. The strategy will also address potential avenues for outreach to desired tenants. A vital component of the roadmap will be a list of targeted tenants complementary to existing and planned uses within the geographic area with benchmarks as to the tenant's ability and potential to generate tax revenue and create jobs. The Report will also address the tenant categories and/or types that may be incompatible with existing uses, provide limited economic development benefits, and/or do not meet the demand priorities of the community.

Kosmont will also identify potential financing sources to carry out recommendations outlined in the action plan, which may include taxable/tax-exempt bonds, lease/leasebacks, redevelopment funds, Infrastructure Financing District, EB-5 immigrant investor funds, grants and guarantee sources (e.g. EPA, EDA, HUD, DOT, DOE), and other specialized economic development funding sources.

Kosmont is one of three private sector companies appointed as a Board member to the California Redevelopment Agency Association. We are following the travails of redevelopment both in terms of the filed litigation challenging recent legislation (AB1- 26x and AB1- 27x) as well as legislation (which is just being introduced). Kosmont anticipates that as a result of ongoing legislative proposals, that there may be changes in economic development tools available to local communities as well as further deterioration in redevelopment programs. Our work on this assignment intends to incorporate on a reasonable basis, these anticipated variations as part of our ongoing consideration of appropriate strategies for Ridgecrest. We do encourage our City clients to move expeditiously, since it has been our experience that in California, economic development and redevelopment platforms become more challenging with change, even if the intention is the opposite.

6. Initial Execution of Action Plan

Kosmont will work with Client on the initial execution of recommended actions related to the recruitment of targeted retailers and/or retail developers. Based on the findings and recommendations, within the inherent limitations of the overall budget ultimately approved for this Task 6, Kosmont will provide outreach services to desired retailers and/or retail developers including marketing of opportunity sites based on demographics, traffic and other relevant factors, arranging phone and in-person meetings, property tours, and attending retail conferences such as ICSC and other recruiting activities, as may be appropriate. Kosmont will leverage its experience in identifying and attracting retail tenants and negotiating retail development projects to solicit tenant interest in the City's retail sector. Examples of marketing materials produced for former clients are provided in the Appendix.

3. Estimated Cost & Fee Schedule

The compensation for Tasks 1 and 5 is estimated at \$49,500 to be invoiced on a time and materials basis.

Compensation for Task 6 is estimated initially at \$10,000 to be invoiced on a time and materials basis. Additional time and budget may be necessary to carry out recommended action items, as directed by the Client. Increases in time and material costs beyond the budgets identified herein, if necessary, will require approval by Client in advance.

Fee Schedule

Professional Services

President & CEO	\$275.00/hour
Partner/Senior Vice President/Senior Consultant	\$225.00/hour
Vice President/Associate	\$185.00/hour
Project Analyst	\$150.00/hour
GIS Mapping/Graphics Service/Research	\$ 95.00/hour
Clerical Support	\$ 60.00/hour

- **Reimbursables**

An administrative fee for in-house copy, fax, phone and postage costs will be computed at four percent (4.0 %) of monthly Kosmont Companies professional service fees incurred.

Reimbursables shall be charged *at cost* for professional printing, and delivery charges for messenger and overnight packages.

- **Charges for Court/Deposition/Expert Witness-Related Appearances**

Court-related (non-preparation) activities, such as court appearances, depositions, and expert witness activities, will be charged at a court rate of 1.5 times scheduled rates, with a 4-hour minimum.

Rates shall remain in effect until December 31, 2011

4. Statement of Qualifications

Kosmont Companies is exceptionally qualified and capable of preparing a Retail Sector Strategies Report for the City of Ridgecrest, as described in the scope of the Request for Proposals. Qualifications, skills, and services available include the following:

Public/Private Transactions

Kosmont Companies, a certified Minority Business Enterprise (MBE), is a nationally recognized real estate and economics advisory firm specializing in public/private transactions since 1986. We offer results-oriented services in real estate development, economics and finance, land use and entitlements, redevelopment and economic development consulting, and public/private brokerage. Our diverse and uniquely qualified development services team provides the depth and expertise required to help clients conceptualize, structure and implement projects of all product types, sizes and complexities. We serve an extensive range of clients including cities and public agencies, private trusts, landowners, developers, corporations, non-profit organizations and financial institutions.

Results-Oriented

Kosmont Companies has an extensive track record of delivering functional, workable, real-world results to our clients. We go beyond the practice of creating open-ended studies and reports to ensure our clients can implement our recommendations until they see results. With over two decades of experience in testing our recommendations, we have developed the acuity for what works in practice and what doesn't. A long track record of project experience and a long-term approach to solving issues allows us to deliver results in a streamlined, cost-effective manner. We recognize that elements of past successes often repeat from project to project, and therefore we concentrate on the unique aspects of each client's problem that require careful attention.

Structuring Public-Private Incentives

As the cities in California have become denser and more strained for resources, the need to find common ground between public and private interests has become ever more critical. We recognize the powerful social and economic benefits of community development and redevelopment, and Kosmont is committed to bringing public, private, and non-profit organizations together in meaningful real estate transactions that serve the long-term needs of communities.

A Team that Knows Both Sides of the Deal

The Kosmont team is comprised of a select group with significant experience in both the public and private sectors. Team members include a former city manager and redevelopment director for four Southern California cities, a land use attorney, two seasoned retail specialists, and a former Planner in charge of managing new school construction projects for a local education agency. Add to these our talented team of project managers, analysts and support staff, and Kosmont Companies is armed with the technical and industry expertise to guide a wide variety of challenges from inception to results. Kosmont team members also serve as staff members of the Renaissance Community Fund (RCF), an affiliated real estate development company dedicated to the revitalization of communities. Our ongoing performance as a private

developer coupled with our experience in public agency asset strategies, enables us to impart a vital insight to all of our clients. Our senior staff maintains a leadership role in the Real Estate, Redevelopment and Economic Development Industries through executive level board positions and memberships, policy advice, speaking engagements, authorship, and press interviews. Two of our personnel have acquired the credential of LEED Green Associates administered by the US Green Building Council.

Redevelopment & Economic Development Consulting Services

Economic Strategy: With decades of advisory services to the public sector, Kosmont is among the most capable companies in California when it comes to designing and implementing an economic development strategy. We have assisted hundreds of public agencies in their quest to retain jobs, attract and retain business, structure zoning, draft General Plan elements, draft Specific Plans and structure tax and incentive plans that target meaningful private investment.

Downtown Revitalization: Commuting is taking its toll and home affordability continues to be a concern for cities and counties. Many people are moving back to multi-family housing in city centers and many businesses are moving closer to workers. Consequently, older cities are rediscovering the viability of their aging downtowns and newer cities want to create a sustainable center for their communities. Kosmont has diverse experience with eminent domain processes and other redevelopment agency powers often utilized to create change, and expertise with the repositioning and workout of bankrupt assets which may be blocking revitalization. We work closely with redevelopment agencies in positioning and developing their opportunity sites through creative negotiation and financing that properly encourage private development/lease activity and business interests.

Developer Selection RFQ/RFP & DDA/ENA: Public agencies need an efficient and targeted RFP selection process, particularly when so many tax payer dollars are on the line and the quality of life of constituents will be affected by these decisions for many years. Kosmont Companies has a stellar record of marketing the development that municipal and regional public agencies want. Having been the developer, we not only understand what attracts good developers to publicly-funded projects, we also have an eye for which developer would make a good fit. Once a developer is selected Kosmont relies on its years of experience on both sides of the deal negotiating and drafting Disposition and Development Agreements, and Exclusive Negotiation Agreements to structure viable projects in a manner beneficial for all parties involved.

Tax/Fee Analysis: Despite the flattening effects of globalization, the hard costs of taxes and fees remain a major factor in a company's decision to remain in a particular jurisdiction or to relocate to a less costly one, and therefore, are a cornerstone of economic development policy. Kosmont has been analyzing and evaluating the effects of state and local tax rates and fees on businesses and regional economies for almost two decades through the *Kosmont-Rose Institute Cost of Doing Business Survey* as well as myriad advisory projects. We help public agencies assess the impact of their tax and fee structure on the economic factors that matter most.

Real Estate Economics and Finance Services

Public & Private Financing Structures: Partnerships between public and private property owners often hinge on the outcome of complex financial relationships. Kosmont Companies structures financial models to give you the most value at the end of the transaction while satisfying the other side of the deal.

Fiscal & Economic Impacts: A public agency's decision to approve a new project or development, more often than not, depends on the likely impact of a project on the local government's fiscal health as well as on how many jobs will be created. Kosmont provides Fiscal and Economic Impact reports to describe these and other economic impacts and benefits likely to be generated by a project on a local community. The results are often equally valuable to both the governing public agency as well as the owner/developer.

Project Economics & Market Studies: With decades of experience in market analysis and real estate economics, Kosmont Companies researches the potential for future development to be self-sustaining. We determine if the market holds enough demand or potential demand to make all elements of a development viable. Depending on the outcome of our analysis, we present alternative product mixes and design elements to enhance the marketability and long-term success of a project.

Development Services

Project Evaluation: Kosmont Companies has extensive experience in assessing the potential for development and/or leasing opportunities of all product types, whether they are ground-up or reuse; raw land, existing premises, whether suburban or infill. Our extensive experience with public and private sector deal structures and financing, enable us to spot opportunities and deliver solutions that are not always identified by the parties to the transaction.

Project Finance & Pro-Forma: Our financial real estate advisors have the acuity to determine if an opportunity will pencil out. We examine the optimum range of development pro forma that form the intersection of what a developer wants, what investors require, what the community desires, and what is likely to be accepted by the public agency.

Property Acquisition/Leasing: Knowing when and how to tie up or lease a property is one of the most critical decisions an owner can make. As a team that understands that profit/return is often in the buy or base lease-up period, we know when opportunities are timely and can help you determine if and when a particular property is likely to perform. We also know when to advise you to avoid a purchase that is not likely to be ripe for development or that long-term lease conditions are not optimal, and whether the circumstances may be outside a reasonable level of risk based on anticipated reward.

Entitlements: To create a successful project today, developers and public are frequently on different sides of the entitlements business. More than two decades of public and private sector consulting has made Kosmont Companies keenly aware of what cities and communities want. Today, entitlements are about striking a productive compromise between the public and private sector. Communities want development and they sometimes offer incentives to get it. We can help bring together the public and private sectors to facilitate entitlements that satisfy private development and investment expectations while giving communities the results they desire.

Project Development – "Owner's Rep": Some property owners become project development clients when they would like to tap the experience of a hired developer to minimize risk. Our own development experience in the Renaissance Community Fund provides us with the capability of guiding a client through the many daunting steps of real estate development.

Sustainable Economic Development

Kosmont Companies is a member of U.S. Green Building Council (USGBC), and two of our personnel have acquired the credential of LEED Green Associates administered by the USGBC. We are a leader in green initiatives and sustainable economic development practices. The sustainability landscape is constantly evolving and agencies must strive to be ahead of the curve. For over 23 years, Kosmont has advised numerous public agencies of all sizes and complexities across California on a variety of issues related to sustainable economic development, job creation, redevelopment, and a host of issues related to real estate finance and economics. Most recently Kosmont authored a statewide proposal on “Green RDA’s”, which focuses on roles of redevelopment and economic development in implementing AB 32 and SB 375 programs and initiatives.

Land Use Services

Entitlements Snapshot: Often a developer or landowner would like to know simply how to get approvals for a project, whether or not they go forward with the process. Our ‘Entitlements Snapshot’ is a report that outlines what zoning and environmental (CEQA) approvals will be necessary, identifies foreseeable constraints including land use as well as political/community issues, and provides a timeline leading to the public hearing process.

Due Diligence Report: Every site selection process begins with a basic due diligence review of the property. Kosmont Companies offers a comprehensive summary that will specifically alert a client to “fatal flaws” in a project that could make or break the decision to buy and/or develop.

Site Planning: With experience in development, land use planning, CEQA, real estate economics, market research and financial modeling, Kosmont Companies provides general guidelines when determining the scope and layout of a development. Once the economics and financial scope is better known, practical boundaries will have been set for the project architect to work within.

5. Proposed Project Team

Resumes

Mr. Ken Hira will be the contact person with primary responsibility for this project. Staffing for this engagement will consist of the following:



Kenneth K. Hira serves as Senior Vice President for Kosmont Companies. An expert in retail development and strategies for retail attraction, Mr. Hira has nearly 20 years of varied experience in virtually every aspect of real estate financing, downtown revitalization, acquisition, entitlement, development, asset management and disposition. Mr. Hira's expertise is in identifying retail tenants and negotiating retail and mixed-use projects that can revitalize communities and assist in economic development/tax generation programs.

A former Executive Vice President of the Irvine-based mixed-use developer, Pacific Century Commercial, Mr. Hira managed a portfolio of over \$100 million of retail sites, while operating the commercial division of the company. Prior to this, as a Managing Director of Acquisitions for Westrust and a Vice President of Development at Lewis Retail Centers, he evaluated and underwrote hundreds of acres of land, successfully captured and negotiated anchor tenant commitments creating \$60 million of value in ground-up development and redevelopment, and was responsible for 800,000 square feet of retail entitlement, design and development. As Vice President of GMS Realty, Mr. Hira entitled one million square feet of retail development projects, as well as led the acquisition of 24 neighborhood and community shopping centers, totaling 3.3 million square feet and valued at \$375 million, and organized a \$287 million recapitalization of the company.

Mr. Hira holds a Bachelor degree in Economics and Business from UCLA, and is an active volunteer leader of the International Council of Shopping Centers. He serves as the ICSC Southern California State Director, while previously serving as the ICSC Program Committee Chair and Alliance Co-Chair, advocating public-private partnerships. Mr. Hira is a registered Municipal Advisor with the U.S. Securities and Exchange Commission (SEC).



Larry J. Kosmont, CRE, is President and CEO of Kosmont Companies. Mr. Kosmont is a nationally-recognized real estate and economic development advisor to public agencies and private organizations. He is the founder and Chief Executive of Kosmont Companies as well as the managing partner of the Renaissance Community Fund, a real estate development company which specializes in suburban infill projects. Mr. Kosmont's 36-year career encompasses negotiations, development, and management of real estate transactions exceeding \$10 Billion. He has an extensive track record across all phases of real estate investment, development and management as well as a unique insight into the economic, administrative, and political aspects of local

government decision making. Mr. Kosmont has assisted hundreds of local government agencies in project and policy decisions ranging from large-scale economic development to site-specific real estate strategies and projects. He has guided more than 1,000 private sector projects in obtaining public approvals, structuring deal terms, and securing public-private financing. Mr. Kosmont is a Real Estate Broker in the state of California, a member of the distinguished Counselors of Real Estate (CRE), and a registered Municipal Advisor with the U.S. Securities and Exchange Commission (SEC).

From 1975 to 1986, Mr. Kosmont served in the roles of City Manager, Director of Community Development, and Redevelopment Director for the Southern California cities of Santa Monica, Seal Beach, Bell Gardens, and Burbank. He is also a board member of the following state and local organizations:

- California Redevelopment Association (CRA)
- California Association for Local Economic Development (CALED)
- USC Lusk Center for Real Estate



Susan Perry, Esq., is a Partner with Kosmont Companies. With nearly 20 years of experience in real estate transactions, land use and planning, Ms. Perry manages complex assignments involving asset due diligence, entitlements and public approvals on behalf of a broad range of private sector clients. Ms. Perry is Kosmont Companies' principal project liaison to private sector corporations, public agencies, developers, lenders, non-profits and REITs. She provides clients with transaction structuring, land use planning, CEQA compliance, and strategic entitlements approvals services. She also provides clients with due diligence analysis of regulatory hurdles to overcome in proceeding with a development; assesses a proposed project's opportunities, constraints and political acceptability with the community and decision-making bodies; creates an entitlement roadmap for the client; and she implements the strategy leading to project and environmental approvals.

Ms. Perry is an attorney and a member of both the State Bar of California and the American Bar Association and a registered Municipal Advisor with the U.S. Securities and Exchange Commission (SEC). She has served as President of the Southern California Development Forum and remains on SCDF's Advisory Board of Directors.



C. Wil Soholt, Senior Vice President at Kosmont Companies, functions as the firm's financial and investment strategist for public-private deals. He serves clients primarily through the evaluation and preparation of financial analyses/pro forma, the formulation and implementation of negotiation strategies, and the design of development programs and site plans that benefit both clients and their communities. Mr. Soholt also has broad experience in managing real estate development projects, from concept and feasibility evaluation through occupancy. Prior to joining Kosmont Companies, Mr. Soholt managed more than 25 redevelopment projects with an aggregate project cost

of \$140 million. Mr. Soholt's analytical capabilities extend to economic and geographic modeling, supporting a wide variety of projects that blend issues of real estate, land use, and economics. These include feasibility modeling, acquisition strategies, demographic projections, and data mining. Mr. Soholt has a talent for consensus building, creative problem solving, and identifying opportunities to capture hidden value.

Mr. Soholt holds a Master of Business Administration from Pepperdine University and a Bachelor of Science in Urban Planning and Real Estate Development from the University of Southern California. He is an instructor in Real Estate Development Finance for the California Association of Local Economic Development (CALED). Mr. Soholt is a Real Estate Broker, licensed by the State of California Department of Real Estate and a registered Municipal Advisor with the U.S. Securities and Exchange Commission (SEC).



Ryan Aubry, LEED Green Associate, Senior Vice President with Kosmont Companies, has over ten years experience in the detailed analysis of infill development. He has worked with various governmental organizations on planning and development issues relating to infill development, as well as with private developers. He has worked closely with the City of Los Angeles Planning Department, the County of Los Angeles Planning Department, and the Los Angeles Community Redevelopment Agency. Recently he served as a project manager for a development firm focusing on workforce housing in the City of Los Angeles, where he was involved in the development of nine infill condominium and town home projects as well as assisting with acquisition strategies. As a real estate consultant, Mr. Aubry has been involved in the underwriting of many property types including multifamily apartments, retail malls, urban hotels, and infill residential development. He is adept in using Geographic Information Systems (GIS) for the analysis of transit oriented development and other project types. He holds a Master's in Real Estate Development from the University of Southern California, as well as a Masters degree in Geography from the University of California Santa Barbara. Mr. Aubry is a member of the Urban Land Institute. He is also a registered Municipal Advisor with the U.S. Securities and Exchange Commission (SEC).



Mr. Stephen G. Harding, a Senior Consultant with Kosmont Companies, has more than thirty years professional public and private sector experience in municipal management, planning, economic development, redevelopment, finance and real estate development. As a consultant, developer or as an administrator, he has served more than 40 public and private sector organizations. He has negotiated, prepared feasibility studies and implemented \$3 billion in industrial, commercial and residential development projects. Additionally, he has prepared market based strategic economic development implementation plans and organizational studies for multiple governmental agencies throughout central and southern California.

In the public sector he has held the position of City Manager of the City of Murrieta, Deputy City Manager of the City of Santa Ana and President of the City of San Diego's Southeast Economic Development Corporation

In the private sector he has been a Managing Principal of Urban Futures Inc. and Director of Governmental Services of the Rosenow Spevacek Group. He has also served as Vice President of the Larwin Company, a full service development company constructing more than 60,000 homes.

Mr. Harding serves on the faculty of the Master of Public Administration Program at the University of La Verne. He is a past Chairman of the Board of the California Association for Local Economic Development and a past Member of the Board of the California Municipal Finance Authority. Mr. Harding holds both a Bachelor of Arts degree in Political Science and a Master of Public Administration degree from California State University, Long Beach.



Daniel B. Cromwell, CCIM is a Senior Consultant with Kosmont Companies, and has thirty years experience in nearly every component of Real Estate Development. He has broad-based expertise in economic incentive negotiation, site selection & evaluation, tax increment financing, public/private partnerships, entitlements, acquisitions, dispositions, strategic planning, development services, investment/financial analysis, centroid and roll-out studies.

A former Director of Real Estate for Bass Pro Shops and an Independent Consultant to Cabela's, Mr. Cromwell has delivered mega stores (120,000 sq. ft. to 185,000 sq. ft.) for these "destination retailers" in states from Georgia to Washington which included economic incentives worth over \$300 million. He successfully lobbied for new legislation in Washington to pass the first tax increment financing bill in the history of the state.

Mr. Cromwell earned the prestigious CCIM Designation in 1990 and has served on the Institute's Board of Directors from 1998 through 2007 and on many national committees including: Member Services (Chairman - 2004), Advanced Education and Cultural Diversity Advisory Board. Cromwell has also been active in the National Association of REALTORS®, serving as the President of the Kona Board of REALTORS® in 1994 and as the vice president for two terms with the Hawaii Association of REALTORS®. He also served as an RPAC (Realtor's Political Action Committee) trustee for four years and is a member of ICSC. Outside the realm of real estate, Cromwell was the founding president of the West Hawaii Jaycees. He graduated from the Pacific Maritime Academy in Honolulu.



Harpal Sadhal serves as Vice President for Kosmont Companies. Mr. Sadhal oversees all project management activities for the firm in addition to providing comprehensive analysis in the areas of due diligence, market research, and fiscal impacts. He also brings a strong real estate development background with an emphasis on land scouting, budget/financial modeling for

private commercial development projects, and financial analysis for evaluating complex problems for public agencies. Mr. Sadhal is also experienced in helping cities and private developers obtain federal funding opportunities, particularly through the American Reinvestment and Recovery Act of 2009. He is actively assisting several municipal clients in California with Recovery Zone Bond applications at both the County and State level. Mr. Sadhal holds a Bachelors of Arts in Psychology and Business from the University of Southern California. He also holds professional designation certificates from the University of California, Los Angeles in each Real Estate Finance and in Construction Management. Mr. Sadhal is currently pursuing his M.B.A. at the University of Southern California, Marshall School of Business with a concentration in real estate finance. He is also and a registered Municipal Advisor with the U.S. Securities and Exchange Commission (SEC).

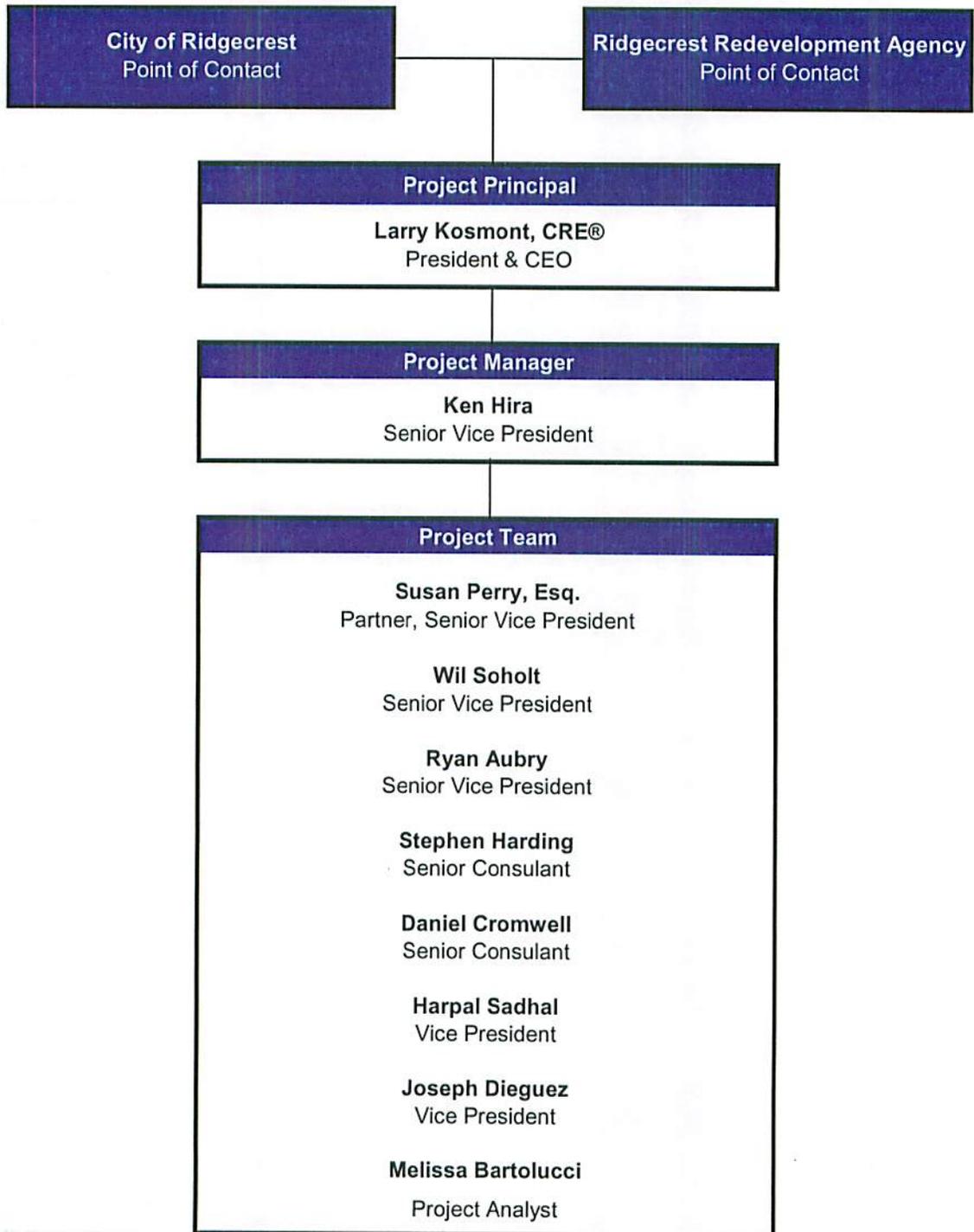


Joseph Dieguez is a Vice President with Kosmont Companies, serving clients primarily through market and financial analyses, project due diligence, government management services and marketing efforts. Prior to joining Kosmont Companies, Mr. Dieguez served as a senior analyst at a real estate investment, development and finance firm and as an analyst at a financial services management consulting firm, responsible for industry, market, portfolio and property-level research and analysis, negotiations and transaction execution support. Mr. Dieguez was previously an assistant project manager at a construction management firm, where he assisted with RFQ/P development and project implementation. Mr. Dieguez graduated with a Bachelors of Science degree in Mechanical Engineering from the Massachusetts Institute of Technology and is a Real Estate Salesperson licensed by the State of California Department of Real Estate.



Melissa Bartolucci is a Project Analyst with Kosmont Companies, where she assists with market analysis, due diligence, financial modeling, and marketing efforts. Prior to joining Kosmont Companies, Ms. Bartolucci served as Head of Marketing and Vice President, Compliance and Operations at a financial intermediary with business lines in equity brokerage, fixed income, derivatives, corporate finance and asset management advisory. Her contributions have included the facilitation of over a hundred non-deal roadshows and development of marketing proposals to corporate management teams, targeting specific regions, shareholder base, and potential investor opportunities. Ms. Bartolucci is currently pursuing her degree in Real Estate Development at the University of Southern California, where she is a board member of the Trojan Real Estate Association and US Green Building Council Emerging Professionals USC Student Group.

Team Organizational Chart



Appendix

Sample Marketing Materials

CITY OF BAKERSFIELD

South Mill Creek Village

NEC CALIFORNIA AVE. AND P ST.

RETAIL/RESTAURANT DEVELOPMENT OPPORTUNITY



Approx. 5.5 Acres Owned by City of Bakersfield

FEATURES:

- Strong intersection in downtown Bakersfield with major employment center of approx. 10,700 jobs
- Zoned C-C (Commercial Center) with broad permitted uses such as retail, restaurants, hotels, office
- Surrounding amenities include Mill Creek Linear Park; Maya Cinemas; McMurtrey Aquatic Center; Ice Sports Center; Rabobank Arena, Theater, Convention Center; Amtrak Station
- Redevelopment incentives available

DEMOGRAPHICS:

	Population	Employees	Avg. HH Inc.
1 mile:	17,346	20,934	\$30,436
3 mile:	145,039	79,062	\$41,155
5 mile:	318,892	129,720	\$49,641

TRAFFIC COUNTS (AADT):

California at P: ± 25,558 annual avg cars per day

CONTACT:

Donna Kunz
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dkunz@bakersfieldcity.us
(661) 326-3765

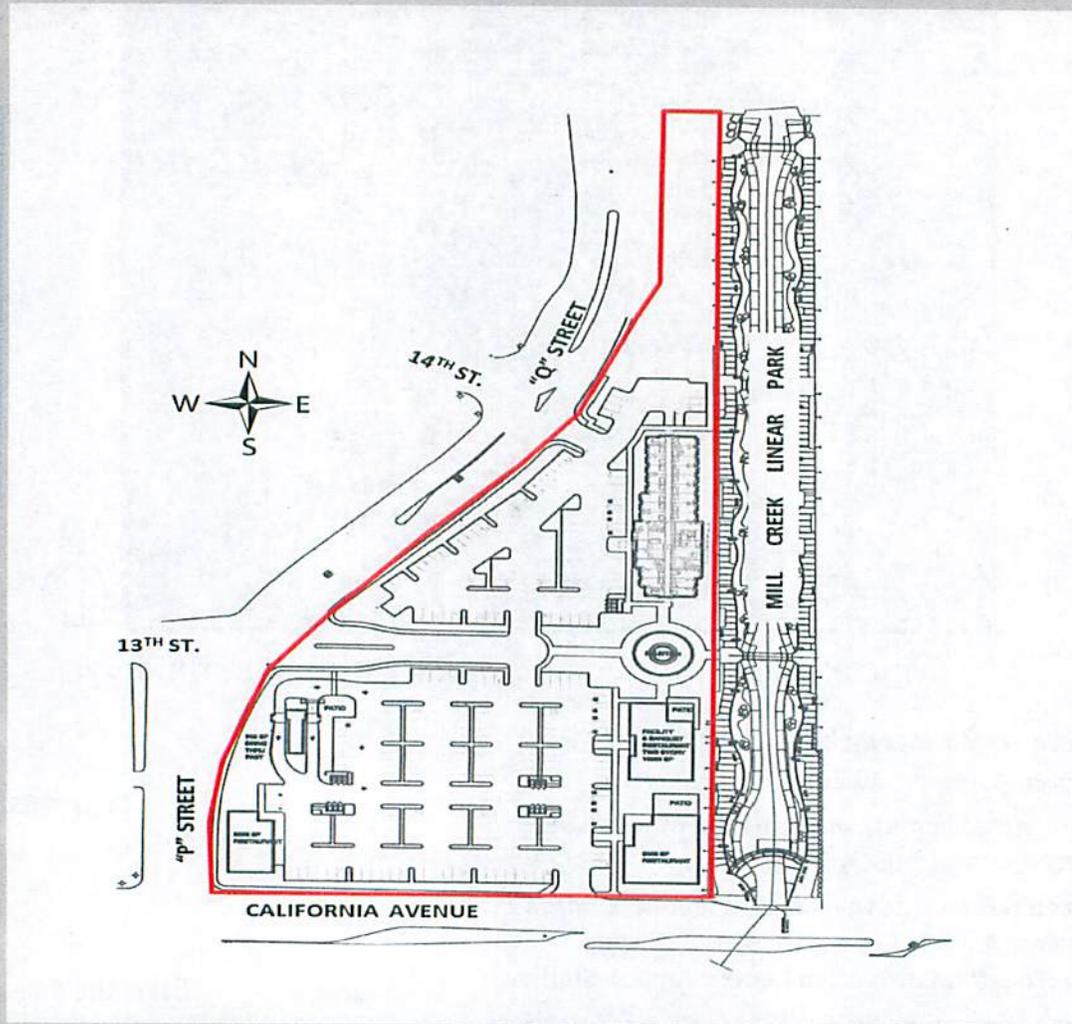
Ken Hira
Kosmont Companies
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(949) 226-0288



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South Mill Creek Village

NEC CALIFORNIA AVE. AND P ST., BAKERSFIELD
RETAIL/RESTAURANT DEVELOPMENT OPPORTUNITY
Preliminary Conceptual Site Plan



ASSESSOR PARCEL NUMBERS:

006-360-14	006-510-11
006-360-18	006-510-04
006-360-23	006-510-12
006-480-11	



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CITY OF PLACENTIA

SEC MELROSE STREET & SANTA FE AVENUE PROPOSED DOWNTOWN RETAIL DEVELOPMENT

Approximately 7,000 Square Feet (Single User or Divisible for Multi-Users)



CURRENTLY OWNED BY THE CITY OF PLACENTIA

FEATURES:

- Historic Downtown Placentia Undergoing Urban Revitalization
- Directly Adjacent to Proposed Metrolink Platform (est. 2014)
- Activated by Proposed 350-space Parking Structure
- Underserved Retail Market with High Sales Potential

DEMOGRAPHICS:

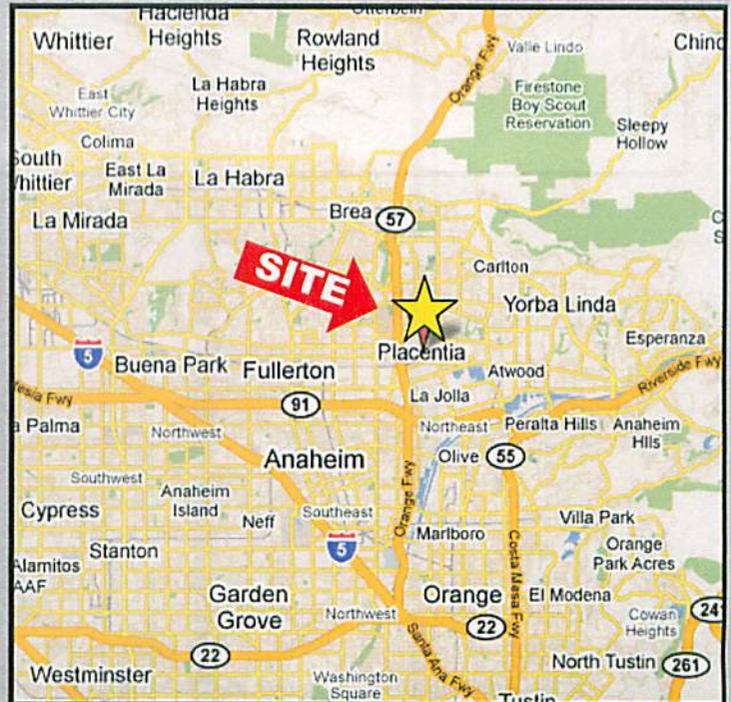
	<u>Population</u>	<u>Avg. HH Inc.</u>
1 mile:	26,236	\$61,831
2 mile:	84,658	\$74,957
3 mile:	186,269	\$80,512

Source: SitesUSA, April 2010

CONTACT:

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Ken Hira
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khira@kosmont.com
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SEC MELROSE ST. & SANTA FE AVE. PROPOSED RETAIL DEVELOPMENT

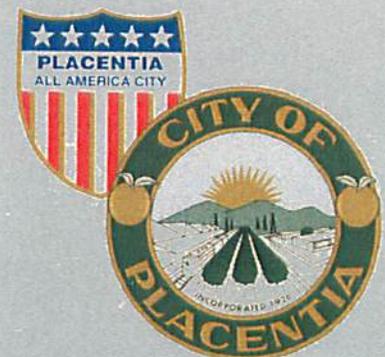
Conceptual Site Plan



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WATERFRONT LEASE OPPORTUNITY

Approximately 710 S.F.



201 FISHERMAN'S WHARF,
REDONDO BEACH PIER, REDONDO BEACH, CA

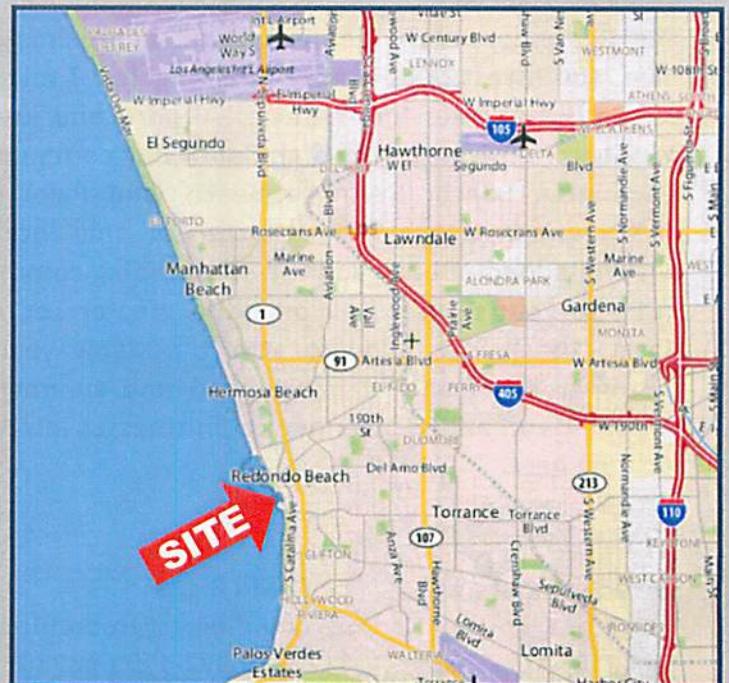
FEATURES:

- Ocean Front Location/Views
- Proximate to Parking Structure
- High Volume of Pedestrian Traffic on Pier
- Adjacent to High Density Residential
- Adjacent to High Volume Restaurants
- 6 Million Annual Visitors to the Pier
- 150,000 People Within 3 Miles
- Average Household Income of \$100,000 (3 Mile Radius)

CONTACT:

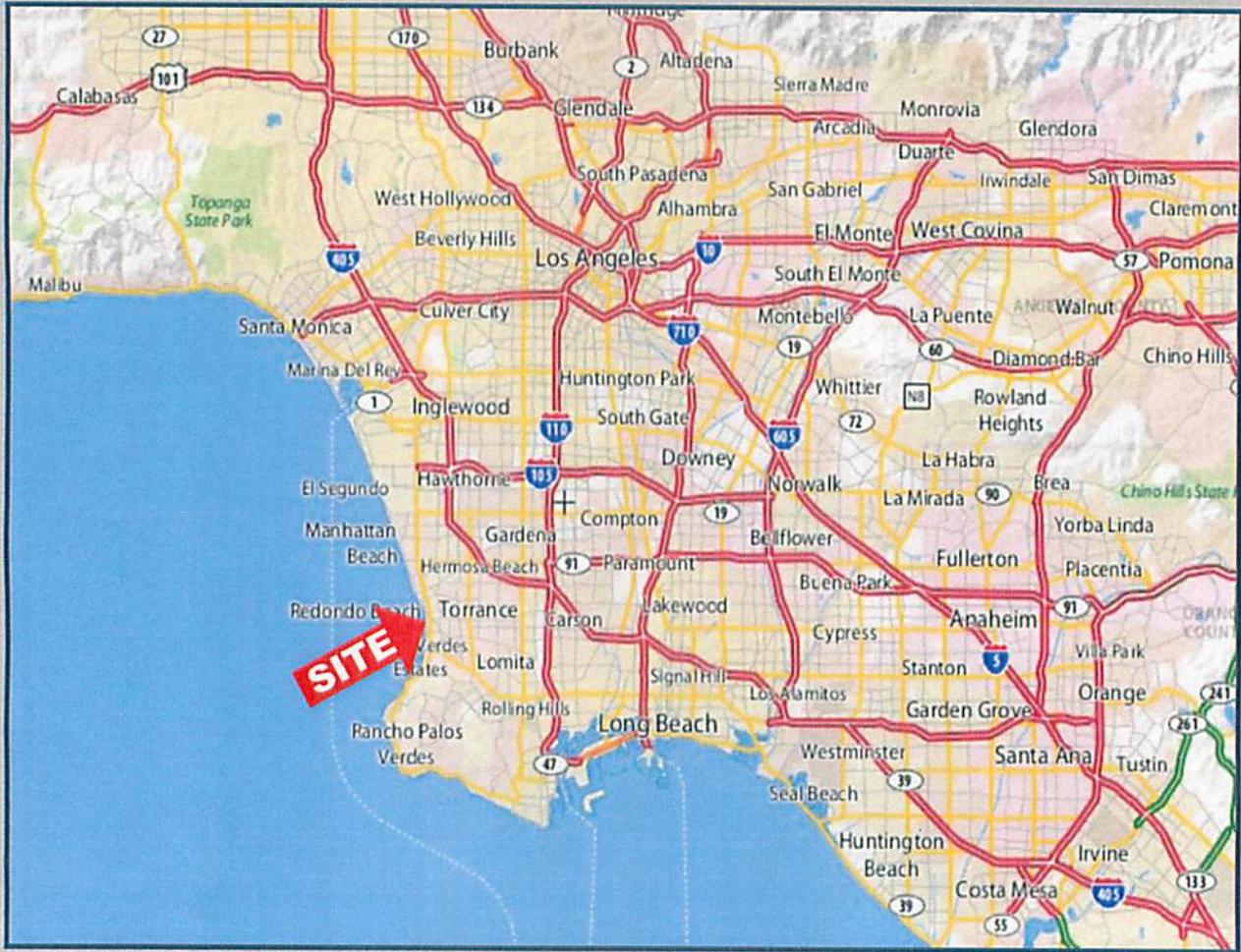
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David Biggs
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(310) 372-1171 x2730



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201 FISHERMAN'S WHARF, REDONDO BEACH PIER, REDONDO BEACH, CA



LOCATION:

The Redondo Beach Pier is located approximately 23 miles southwest of downtown Los Angeles, 7 miles south of the Los Angeles International Airport, and just a few minutes from the surrounding South Bay communities of Manhattan Beach, Hermosa Beach, and Palos Verdes. The Redondo Beach Pier attracts not only locals from within Redondo Beach and the surrounding communities, but also tourists from all over the greater Los Angeles Basin. The Pier's ability to attract a stable year round customer base, and high weekend and summer traffic volumes is an added incentive for businesses interested in locating here.

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