



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

AGENDA

Wednesday

Regular

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

November 18, 2015

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

(760) 499-5000

**Peggy Breeden, Mayor
James Sanders, Mayor Pro Tempore
Lori Acton, Vice Mayor
Eddie B. Thomas, Council Member
Mike Mower, Council Member**

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LAST ORDINANCE NO. 15-04
LAST RESOLUTION CITY COUNCIL NO. 15-106

CITY OF RIDGECREST

CITY COUNCIL REDEVELOPMENT SUCCESSOR AGENCY HOUSING AUTHORITY FINANCING AUTHORITY

AGENDA

Regular Council
Wednesday November 18, 2015

CITY COUNCIL CHAMBERS CITY HALL

100 West California Avenue
Ridgecrest, CA 93555

Closed Session – 5:30 p.m.

Regular Session – 6:00 p.m.

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

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

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

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

PUBLIC COMMENT – CLOSED SESSION

CLOSED SESSION

GC54956.9 (d) (4) Conference With Legal Counsel – Existing Litigation –
Cameron Rainwater v. City Of Ridgecrest

REGULAR SESSION – 6:00 p.m.

- Pledge Of Allegiance
- Invocation

CITY ATTORNEY REPORT

- Closed Session
- Other

PRESENTATIONS

1. Presentation Of A Proclamation Recognizing Allen Soard For Attaining Eagle Scout Designation Council

PUBLIC COMMENT

COUNCIL ANNOUNCEMENTS

CONSENT CALENDAR

2. Adopt A Resolution Of The City Council Of The City Of Ridgecrest Authorizing The Disability Retirement Of Sworn Safety Member Michael D. Myers Strand
3. Approve Draft Minutes Of The Ridgecrest City Council/Successor Redevelopment Agency/Financing Authority/Housing Authority Dated November 4, 2015 Ford

DISCUSSION AND OTHER ACTION ITEMS

4. Presentation And Adopt A Resolution Of The Ridgecrest City Council Accepting For Filing The Other Post-Employment Benefits (OPEB) Actuarial Study As Of June 30, 2015 Prepared By Nyhart Company Staheli
5. Nomination And Appointment To The Measure 'L' Citizens Advisory Committee Council
6. Adopt A Resolution Of The Ridgecrest City Council Approving The Sale Of Property Within The Ridgecrest Business Park To The Ridgecrest Regional Hospital Parsons

PUBLIC HEARING

7. **Conduct A Public Hearing Before The City Council Of The City Of Ridgecrest Regarding The Community Development Block Grant (CDBG) Funding In The Estimated Amount Of \$138,000.00 And Adopt A Resolution Approving The Fiscal Year 2016-2017 Annual Action Plan Application And Direct Staff To Submit The Application** Speer

COMMITTEE REPORTS

(Committee Meeting dates are subject to change and will be announced on the City website)

City Organization and Services Committee

Members: Lori Acton; Mike Mower
Meeting: 4th Wednesday each month at 5:00 p.m. as needed
Location: Council Conference Room B

Infrastructure Committee

Members: Jim Sanders; Mike Mower
Meeting: 3rd Thursday each month at 5:00 p.m. as needed
Location: Council Conference Room B

❖ Ad Hoc Water Conservation Committee

Members: Jim Sanders; Peggy Breeden
Meeting: 3rd Monday each month at 5:00 p.m. as needed
Location: Conference Room B

Parks, Recreation, and Quality of Life Committee

Members: Eddie Thomas; Lori Acton
Meeting: 1st Tuesday each month at 12:00 p.m. as needed
Location: Kerr-McGee Center Meeting Rooms

❖ Ad Hoc Youth Advisory Council

Members: Eddie Thomas
Meeting: 2nd Wednesday of each month, 12:00 p.m. as needed
Location: Kerr-McGee Center Meeting Rooms

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

Members: Eddie Thomas; Lori Acton
Meeting: Quarterly on the 3rd Tuesday of the month at 4:00 p.m. as needed
Location: Kerr McGee Center Meeting Rooms

Ridgecrest Area Convention And Visitors Bureau (RACVB)

Members: Lori Acton and Eddie Thomas
Meetings: 1st Wednesday Of The Month, 8:00 A.M.
Next Meeting: To Be Announced

OTHER COMMITTEES, BOARDS, OR COMMISSIONS

CITY MANAGER REPORT

MAYOR AND COUNCIL COMMENTS

ADJOURNMENT

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

WHEREAS, Allen Soard has currently attained the highest rank of Eagle Scout in the Boy Scouts; and

WHEREAS, Allen earned his Eagle Scout by planning and carrying out the construction of a concrete compass rose at the Maturango Museum for all members of the community to enjoy; and

WHEREAS, he has volunteered in various community events including the Parade of 100 Flags honoring 911 victims and plays Taps for the American Legion when military honors are requested; and

WHEREAS, although Allen just graduated from High School, he is actively planning his future by working hard to complete his Emergency Medical Technician certification and has recently enlisted in the United States Coast Guard with the desire to pursue Search and Air Rescue.

Now, therefore, be it proclaimed

The City Council of the City of Ridgecrest does hereby commend Allen Soard for his hard work and dedication to attain the rank of Eagle Scout, his high level of civic involvement to this community, and we acknowledge that all the people of this community are represented in honoring his accomplishments.

***Proclaimed this
18th Day of November, 2015***

Peggy Breeden

Peggy Breeden, Mayor

James B. Sanders

***James Sanders
Mayor Pro Tem***

Lori Acton

***Lori Acton
Vice Mayor***

Eddie B. Thomas

***Eddie B. Thomas
Council Member***

Michael R. Mower

***Mike Mower
Council Member***

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

SUBJECT:

Resolution approving the disability retirement of Police Sergeant Michael D. Myers

PRESENTED BY:

Chief of Police – Ronald Strand

SUMMARY:

The Public Employee's Retirement Law requires that a contracting agency (City of Ridgecrest) determine whether an employee of such agency in employment in which he/she is classified as a local safety member is disabled for purposes of the Public Employee's Retirement Law and whether such disability is "industrial" within the meaning of such Law.

This resolution authorizes the Disability Retirement and Advanced Disability Pension Payments (ADPP) for Police Sergeant Michael D. Myers.

Sergeant Myers has been declared Permanent and Stationary by his treating physician and is unable to perform certain duties of the position of Police Sergeant. This disability, Orthopedic in nature, has been reviewed by Staff and Worker's Compensation and is believed to be a result of industrial injury and will be apportioned by Worker's Compensation and CalPERS when calculating the final retirement pension.

The resolution authorizes that advance payments be issued to Sergeant Myers until such time as his retirement payments are issued by CalPERS, at which time the advance payments will be reimbursed to the City of Ridgecrest by CalPERS.

This Worker's Compensation claim is handled by our worker's compensation administrator, Athens Administrators, which has been notified of Sergeant Myers retirement date of January 5, 2016

FISCAL IMPACT:

Monthly Advance Disability Pension Payments (ADPP) of \$3317.33

Reviewed by Administrative Services Director

ACTION REQUESTED:

Approve as requested

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

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RESOLUTION NO. 15-XX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIDGECREST
AUTHORIZING THE DISABILITY RETIREMENT OF SWORN SAFETY MEMBER
MICHAEL D. MYERS**

WHEREAS, the City of Ridgecrest (hereinafter referred to as Agency) is a contracting Agency of the Public Employee's Retirement System; and

WHEREAS, the Public Employee's Retirement Law requires that a contracting Agency determine whether an employee of such Agency in employment which he/she is classified as a local safety member is disabled for purposes of the Public Employee's Retirement Law and whether such disability is "industrial" within the meaning of such Law:

WHEREAS, an application for disability/industrial disability retirement of Michael D. Myers employed by the Agency in the position of Police Sergeant has been filed with the Public Employees' Retirement System; and

WHEREAS, The Ridgecrest City Council has reviewed the medical and other evidence relevant to such alleged disability;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Ridgecrest City Council find and determine and it does hereby find and determine that Michael Myers is substantially incapacitated within the meaning of the Public Employees' Retirement Law for performance of his/her duties in the position of Police Sergeant, and

BE IT FURTHER RESOLVED THAT THE:

2. Ridgecrest City Council find and determine and it does hereby find and determine that Michael Myers is also substantially incapacitated from the performance of the usual duties of the position of Police Sergeant with other California public agencies in CalPERS.
3. Ridgecrest City Council find and determine and it does hereby find and determine that such disability is a result of injury or disease arising out of and in the course of employment.
4. Neither said Michael Myers nor the Agency City of Ridgecrest has applied to the Workers' Compensation Appeals Board for a determination pursuant to Section 21166 whether such disability is industrial.

BE IT FURTHER RESOLVED:

5. That the member was, or will be, separated from his employment in the position of Police Sergeant after expiration of his leave rights under Section 21164, Government Code, effective January 5, 2016 and that no dispute as to the expiration of such leave rights is pending. His last day on pay status is January 4, 2016
6. There is not a possibility of third party liability.
7. The primary disabling condition is Orthopedic.
8. Advanced Disability Pension payments will be made. The payments will be made Monthly in the amount of \$3317.33 beginning January 5, 2016 and will be mailed to the retiree's home address.
9. Sergeant Michael Myers is afforded all of the rights and privileges allowed by the law to a retired Police Sergeant.

APPROVED AND ADOPTED, this 18th day of November, 2015, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Peggy Breeden, Mayor

Rachel J. Ford, CMC
City Clerk

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

SUBJECT:

Minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of November 4, 2015

PRESENTED BY:

Rachel J. Ford, City Clerk

SUMMARY:

Draft Minutes of the Regular City Council/Successor Redevelopment Agency/Housing Authority/Financing Authority Meeting of November 4, 2015

FISCAL IMPACT:

None

Reviewed by Finance Director:

ACTION REQUESTED:

Approve minutes

CITY MANAGER 'S RECOMMENDATION:

Action as requested: Approve Draft Minutes

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MINUTES OF THE REGULAR MEETING OF THE RIDGECREST CITY COUNCIL

City Council Chambers
100 West California Avenue
Ridgecrest, California 93555

November 4, 2015
5:00 pm

This meeting was recorded and will be on file in the Office of the City Clerk for a certain period of time from date of approval by City Council. Meetings are recorded for the purpose of preparation of minutes.

CALL TO ORDER – 5:00 p.m.

CALL TO ORDER

ROLL CALL

Council Present: Mayor Peggy Breeden; Mayor Pro Tempore Jim Sanders; Vice-Mayor Lori Acton; Council Members Eddie Thomas and Mike Mower

Staff Present: City Manager Dennis Speer; City Clerk Rachel J. Ford; City; City Attorney Michael Silander and other staff

APPROVAL OF AGENDA

- No amendments

Motion To Approve Agenda Made By Council Member Thomas, Second By Council Member Mower. Motion Carried By Voice Vote Of 4 Ayes (Mayor Breeden, Council Members Acton, Thomas, And Mower); 0 Noes; 0 Abstain; 1 Absent (Council Member Sanders)

- Jim Sanders joined Council for Closed Session

REGULAR SESSION – 6:00 p.m.

- Pledge Of Allegiance
- Invocation

CLOSED SESSION

GC54956.9 (d) (4) Conference With Legal Counsel – Existing Litigation – City Of Ridgecrest v. Matasantos

GC54956.9 (d) (4) Conference With Legal Counsel – Existing Litigation – City Of Ridgecrest v. Cohen

GC54956.9 (d) (4) Conference With Legal Counsel – Existing Litigation - William Johnson v. City of Ridgecrest. 1:15-CV-01540-JLT

GC54956.9 (d) (4) Conference With Legal Counsel – Existing Litigation - Cameron Rainwater v. City of Ridgecrest. BCV-15-100181 SPC

GC54957 Personnel Matters – Public Employee Performance Evaluation – City Manager

REGULAR SESSION – 6:00 p.m.

- Pledge Of Allegiance
- Invocation

CITY ATTORNEY REPORT

- Closed Session
 - Conference With Legal Counsel – Existing Litigation – City Of Ridgecrest v. Matasantos – report received, no reportable action taken
 - Conference With Legal Counsel – Existing Litigation – City Of Ridgecrest v. Cohen – report received, no reportable action taken
 - Conference With Legal Counsel – Existing Litigation - William Johnson v. City of Ridgecrest – report received, no reportable action taken
 - Conference With Legal Counsel – Existing Litigation - Cameron Rainwater v. City of Ridgecrest – report Received, No Reportable Action Taken
 - Personnel Matters – Public Employee Performance Evaluation – City Manager – matter was discussed but not completed and will continue at the next council meeting.

PRESENTATIONS

1. **Presentation Of A Proclamation Honoring American Indian Heritage Month 2015** **Council**
 - Council presented a proclamation to representatives of the local American Indian tribes.
 - Little Deer Durvin thanked Council and announced the Pow Wow, Hog Fry, and crafts this weekend.

PUBLIC COMMENT Opened at 6:05 p.m.

Mike Neel

- Commented on TOT payments for local hotels for the past few years. Information received thru public record request. Suggested City perform an audit because no significant change was observed during last year petroglyph festival
- Commented on bulb out restricting ADA wheelchair access. Has been two month of delay since told it would go before planning commission. Spoke on discussion with two persons in wheelchairs who struggle to maneuver the street or avoid using the street because of the bulb outs. Commented on other medians with planters restricting ADA wheelchair traffic and stated there is no need for grass or other plantings at these locations.
 - Peggy Breeden – responded the infrastructure meeting is discussing the issue and City Engineer is working on a study. Item will be on the agenda as soon as the answers are received from staff. Commented on the Council Member experiment with wheelchairs.
- Reiterated his concern about the bulb outs on Ridgecrest Blvd. and cars turning into the wheelchair zone.

Dave Matthews

- Responded to Mr. Neel's comments stating it would take someone getting hit before something is done.
- Commented on the agenda title for the proclamation.

COUNCIL ANNOUNCEMENTS

Jim Sanders

- None

Lori Acton

- Reminder that BLM will have horse and burro adoptions this weekend.

Eddie Thomas

- none

Mike Mower

- none

Peggy Breeden

- reminder for petroglyph festival and optimist club dinner
- commended the military banner people who are doing a tremendous job
- Economic Development Committee report given. Smaller committees presented their reports and Beth Sumner is compiling the data. Having trouble getting some participation so if anyone is interested in helping finish this report please contact Mrs. Sumner

CONSENT CALENDAR

2. Adopt A Resolution Of The Ridgecrest City Council Accepting An Offer Of Dedication From Khaled Odeh and Shafiqeh Odeh for APN 456-010-04, In The City Of Ridgecrest, County Of Kern, State Of California And Authorizing The Mayor To Sign The Right of Way Agreement And The Certificate Of Acceptance For The Escrow Fees Of Five Thousand Dollars
Speer
3. Adopt A Resolution Of The Ridgecrest City Council Accepting An Offer Of Dedication From The Pam Ridgecrest Venture, LLC For APN 456-010-02 And APN 456-010-03, In The City Of Ridgecrest, County Of Kern, State Of California And Authorizing The Mayor To Sign The Right Of Way Agreement And The Certificate Of Acceptance For The Escrow Fees Of Five Thousand Dollars
Speer
4. Adopt A Resolution Declaring Surplus Equipment And Authorizing Staff To Negotiate The Destruction Of Said Equipment
Speer
5. Receive For File The Quarterly Investment Report For First Quarter 2015
Staheli
6. Adopt A Resolution Amending The Classification Plan And Revising Certain Job Descriptions
Staheli
7. Approve Draft Minutes Of The Ridgecrest City Council/Successor Redevelopment Agency/Financing Authority/Housing Authority Minutes Of Meeting Date October 21, 2015
Ford

Items Pulled From Consent Calendar

- Item Nos 2, 3, 4, and 6

Motion To Approve Consent Calendar Items Nos. 5, And 7 Made By Council Member Acton, Second By Council Member Thomas. Motion Carried By Voice Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; 0 Absent

Item No. 2 and 3 Discussion

Dave Matthews

- Asked if property owner is paid for the property
 - Dennis Speer – dedicated property

Motion To Approve Consent Calendar Items Nos. 2 And 3 Made By Council Member Acton, Second By Council Member Mower. Motion Carried By Voice Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; 0 Absent

Item No. 4 Discussion

Mike Mower

- Clarified destruction or disposing

Motion To Approve Consent Calendar Items No. 4 Made By Council Member Mower, Second By Council Member Acton. Motion Carried By Voice Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; 0 Absent

Item No. 6 Discussion

Lori Acton

- Commented on some positions which may allow for experience in lieu of degree.
 - Dennis Speer – brought for discussion from several years ago. Need to fill gaps between manager and supervisor. May save money at times by hiring manager instead of director. Spoke on requirement for degree for director which under state law requires degree for professional designation. Comment came from audience question several years ago, trying to clarify for the director position.
- Commented on someone who has worked their way up but don't want this person with 30 years' experience not advance because of lack of a degree. Suggested this be a preference for some of the manager positions, not director positions.

Eddie Thomas

- Asked for more clarification on the degree requirements.
 - Dennis Speer – positions of mid-management and director level would thing education and experience adds value to the knowledge, skills, and ability for the positions.
- Is this the minimum you are trying to establish?
 - Dennis Speer – as for Directors it would require a Bachelor's degree as a minimum.

Item No. 6 Discussion (continued)

Peggy Breeden

- Without knowing the functions, are there changes to these?
 - Dennis Speer – for Directors only education requirement changed. For managers it provides management over supervisors.
- This does not create jobs or openings but fiscal impact is in the future.
 - Dennis Speer – no fiscal impact unless we hire something not budgeted.

Public Comment

Dave Matthews

- Read table title (department head, mid-managers, classified) and suggested separating them in future.

Tyrell Staheli

- The word classified should be 'confidential'

Tom Wiknich

- Reviewed positions and which are currently filled. Asked where Matthew Alexander position is listed.

Motion To Approve Consent Calendar Items No. 6 Made By Council Member Sanders, Second By Council Member Mower. Motion Carried By Voice Vote Of 4 Ayes (Mayor Breeden, Council Members Sanders, Thomas, And Mower); 1 Noes (Council Member Acton); 0 Abstain; 0 Absent

DISCUSSION AND OTHER ACTION ITEMS

8. Discussion And Approval Of Letter Of Intent To Participate In The Proposed Groundwater Sustainability Agency (GSA) Speer

Dennis Speer

- Presented staff report

Peggy Breeden

- Commented on past long term attendance at water board meetings in various capacities. Much divisive discussion. Our goal is to have land use authority within the city of Ridgecrest. Important for us to be at the GSA. Not saying we are agreeing with everything and nothing here says we are going to levy charges. This only says we want to be part of the agency. Example do you want to be on the train or do you want to give up authority. Feels we need to be on the train. Listed the agencies eligible to be on the GSA. There is legislation proposed to allow other opportunities for participation. We must do everything we can to protect our land use authority and the water located with our land.

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Peggy Breeden *(continued)*

- If we don't do this the State will do it for us. Don't want anyone except those who have to live with the rules to be a part of making those rules.

Jim Sanders

- Feel it is important to participate. We would be sending an elected representative to participate and have a vote on what happens with our aquifer.

Eddie Thomas

- Concur with participating

Mike Mower

- We would be derelict in our duty to not be involved.

Public Comment

Tom Wiknich

- Feel this is very important and council is taking the first step by saying they want to participate. Would like this to move forward faster.
- Suggested council begins having public meeting on this subject. Suggested Mick Gleeson, water district and Mayor begin receiving public input. Not as the GSA, but to gather information and questions for the time the GSA is formed.
- Agree we have to participate.
- Suggested Town Hall meetings for this subject with the 3 agencies who will be representing us on the GSA.
- Agrees with elected officials be members on the GSA.
- Happy to hear the Council agrees this agency is important to this valley. Suggested this agency be based in the valley and suggested room in City Hall and the agency members be people who live here and will be impacted by the decisions of the agency.
- Thanked county supervisors and Mick Gleeson for everything they have done so far, it is time for the next step which is Council getting involved.
 - Peggy Breeden – 3rd Thursday of each month ground water management committee. Asked staff to keep this on the agenda. Last Friday meeting was the first of many public meetings with a facilitator from the Water District. Supervisor Gleeson is hoping to get the item to board of supervisors before the end of December and get the resolution adopted. If we can get this started with notice of intent to state we will be ahead of many others. This is our job, our community, and our valley. No one is going to tell us what to do but us.
- Thanked Mayor and Council

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James Hiser

- Council is misled; they feel they have a vote. Commented on EPA involvement. You will be advising Mick Gleeson who will then vote his position. There will have to be a lot of give and take with a lot of words from the State. Mr. Gleeson has indicated he will be the final say for the valley. Commented on poison water and significant legal issues coming.
- We were declared a system in crisis because of one user who overdrew his water and lowered other wells.
- Commented on list and stats that are now old. There are significant ongoing issues and local input is limited and will be constructed of persons outside the valley and we are in this crisis because of misinterpretation of the data.

Dave Matthews

- Understands the GSA is mandated by the state so need to get started.
- Suggested we need to take initiative to point out to the State and Federal that we need to bring in new sources of water. You can conserve 100% of nothing and you still have nothing. State is going in the wrong direction and has done very little to increase the water supply. Draught situation has added to this problem. Need to push for new sources of water rather than just conserving.

Stan Rajtora

- Agree with sending letter in response to the County
- Agree with local membership and participation in the GSA
- Felt the letter was vague and could be misinterpreted. County asked what role we would play and we are saying we will participate. Some roles are advisory and we should be clear with response that we want to be an equal voting member joint powers agency.
 - Lori Acton – reviewed the County request.
- We have an opportunity to be clear and need to take advantage of this and make it clear we want to be a voting member of a join powers agency. If we send a letter that could be misinterpreted, we don't know how it will be used in the future.
 - Mike Mower – suggested adding the word voting member to the letter.

Mike Neel

- Have voiced my opinion to both the water district and mick Gleeson at the last meeting. Basic position is GSA needs to be a separate elected agency, elected by whatever means to provide proper representation of all citizens within the water basin.
- Quoted city attorney letter regarding GSA purpose.
- This agency will have policing and taxing authority so people in this basin need to be on the agency.

Mike Neel *(continued)*

- Commented that current approach has only been talked about, once formed and begins exercising their powers there will be strong opinions. If they don't like what is going on, they will not have an opportunity to change the agency. With city council the public has the ability to recall elected officials who are not doing their job. With an appointed GSA the public will not have the ability to change them if they don't like what is happening.
- As a citizen, I demand the right to be able to elect this board. Asked city council to relay this to the county board of supervisors. Not necessary to push this so fast. The boards of supervisors want to be state's poster child and grab a small amount of money by being first. Need to get it right the first time because won't be able to change it later.

Motion To Approve A Letter Of Intent To Participate In The Proposed Groundwater Sustainability Agency (GSA) As Amended Made By Council Member Sanders, Second By Council Member Acton. Motion Carried By Voice Vote Of 5 Ayes (Mayor Breedon, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; 0 Absent

9. Adopt A Resolution Of The Ridgecrest City Council Approving The Sale Of Property Within The Ridgecrest Business Park To American Loan Masters

Parsons

Gary Parsons

- Presented staff report

Mike Mower

- Requested clarification of split and costs split for third lot.
 - Gary Parsons – responded with cost breakdown.

Peggy Breedon

- Asked for the total City will receive from this amount.
 - Gary Parsons – reviewed calculations.

Mike Mower

- Reviewed the acreage and cost for Lot 36 with the sump.
 - Gary Parson – clarified that almost ½ of the lot will be retained by City for the sump.

Peggy Breedon

- Asked about other inquiries in the past few years
 - Gary Parsons - never

Public Comment

Dave Matthews

- Description of property should be East Graaf Street.
- Lot 36, does City have control of the sump
 - Gary Parsons – yes, original agreement with China Lake Properties with Redevelopment the sump requirement was made to control water flow to the base.
- If we maintain, we need access
 - Gary Parsons – clarified the easement access
- Asked if American Loan Masters will develop the land.
 - Gary Parsons – identified the business current location and the planned expansion. If expansion is successful then City will gain additional sales tax and jobs.
- Asked about China Lake Properties.
 - Gary Parsons – a private investment group that owned the land. The Agency bought for the business park with an agreement for delayed payment based on sale of the property.
- Asked if there are names attached.
 - Gary Parsons – representative is Joanne Clark

Tom Wiknich

- Asked about development agreement
 - Gary Parsons – this is land acquisition, no proposal for development at this time. Only storage.
- Commented on past sales with developments
 - Gary Parsons – when development is done will go through the process
 - Peggy Breeden – will not have any concessions when it is developed and conditions can be placed at this time.
- Asked about existing DDA's
 - Gary Parsons – referenced problems resulting in the dissolution of RDA.

Benny Fuller

- Asked about authority to negotiate on the price.
 - Gary Parsons – staff has presented best price.
- Reviewed the pricing of the lots and asked about cost for expansion of the road at the cul-de-sac. Does not see a hindrance of business. Do not think the parcel is worth significantly less due to access.
 - Gary Parsons – reviewed the access issues. Have not had an offer in 5 years on the property.
- Asked for clarity on discussions with Caltrans for putting in roads along China Lake Blvd.
 - Gary Parsons – this sets next to the light and do not believe Caltrans will allow a road that close to the light.

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Benny Fuller *(continued)*

- Asked if the sump has to be in this location.
 - Gary Parsons – Navy has requested the location so we have complied.
- Asked if Navy was paying for the use of the land to provide the sump. We are now using the land free of charge for a sump to help the navy while we devalue the property.
 - Gary Parsons - We have an obligation to keep surface flow from going onto the base.

Jim Sanders and Mike Mower

- Reviewed the sump location and drainage canal with Gary Parsons

Mike Mower

- Asked about other taxing agencies.
 - Gary Parsons – idea is state would like all taxing agencies get their share of the sale. Exemplified school district, if they receive funds, will lose the same amount in allocations from the State. Only agency that benefits is the State. Benefit is to take this property which is currently not generating taxes and begin generating taxes with a business expansion.

Peggy Breeden

- Asked about China Lakes Properties portion going to taxing agencies
 - Gary Parsons – no, they are a private entity

Lynn Loscar

- Asked about options to capture the water and create a cistern.
 - Gary Parsons – reality is the water is supposed to circulate back into groundwater. Would need to check with engineer to get numbers and look at opportunities to capture water.

Gary Parsons

- Reviewed the sale prices for each lot.

Motion To Adopt A Resolution Approving The Sale Of Real Property Within The Ridgecrest Business Park To American Loan Masters Made By Council Member Sanders, Second By Council Member Thomas. Motion Carried By Voice Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; 0 Absent

COMMITTEE REPORTS

(Committee Meeting dates are subject to change and will be announced on the City website)

City Organization and Services Committee

Members: Lori Acton; Mike Mower
Meeting: 4th Wednesday each month at 5:00 p.m. as needed
Location: Council Conference Room B

Mike Mower

- Discussed meeting with County on building process
- Discussed past and future street projects
- Dark November and December, next meeting in January

Infrastructure Committee

Members: Jim Sanders; Mike Mower
Meeting: 3rd Thursday each month at 5:00 p.m. as needed
Location: Council Conference Room B

Peggy Breeden

- Will provide written report for website

❖ Ad Hoc Water Conservation Committee

Members: Jim Sanders; Peggy Breeden
Meeting: 3rd Monday each month at 5:00 p.m. as needed
Location: Conference Room B

Peggy Breeden

- Next meeting November 16
- Discussed xeriscaping
- Members asked about looking at the sump areas in front of City Hall to see if they are truly being used. Looking at options for xeriscaping these spots. No reason to expend a small fortune to remove grass and xeriscape just to save water. We are not helping the water district because it is our own well water. Not bad to save water in the whole valley but currently have funding restrictions. Still looking at this. Discussion included putting drip system around trees in the parking lot.
- Looking at watering options and making sure water does not arc outside the park area into the street

Parks, Recreation, and Quality of Life Committee

Members: Eddie Thomas; Lori Acton
Meeting: 1st Tuesday each month at 12:00 p.m. as needed
Location: Kerr-McGee Center Meeting Rooms

Lori Acton

- Topic we need to cover is dead and dying trees and how we will replace them after the draught.
- Could also discuss the grass issues
- Will get with staff to set up the meeting

❖ **Ad Hoc Youth Advisory Council**

Members: Eddie Thomas
Meeting: 2nd Wednesday of each month, 12:00 p.m. as needed
Location: Kerr-McGee Center Meeting Rooms

Eddie Thomas

- Youth are doing well. Projects are moving forward and getting good press.

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

Members: Eddie Thomas; Lori Acton
Meeting: Quarterly on the 3rd Tuesday of the month at 4:00 p.m. as needed
Location: Kerr McGee Center Meeting Rooms

Eddie Thomas

- Meeting next month

Ridgecrest Area Convention And Visitors Bureau (RACVB)

Members: Lori Acton and Eddie Thomas
Meetings: 1st Wednesday Of The Month, 8:00 A.M.
Next Meeting: To Be Announced

Lori Acton

- Dark today, will meet next month

OTHER COMMITTEES, BOARDS, OR COMMISSIONS

Peggy Breeden

- Bowman Business District Ad Hoc Committee have been meeting with council and planning commissioners to discuss ways we can best serve property owners with regard to traffic flow and development. Discussions have been very good. Will meet the 17th of the month in conference room B
 - Loren Culp – will be bringing information relating to landscaping and lighting districts and maintenance districts.

Lori Acton

- Jawbone Canyon is discussing WEMO and Trails.
- Next meeting on the 18th with potluck luncheon
- BLM has list of races coming up and will get the information out for the public.

Peggy Breeden

- East Kern Economic Development meeting next Thursday at the college
- November 12 Air Pollution Control District meeting at City Hall

CITY MANAGER REPORT

Dennis Speer

- Staff has identified recommendations of specific areas turf could be removed and will return to ad hoc with information. Have provided list to IWW Water District. Staff is developing example costs to give an idea of the fiscal impact.
- Phillip Braem has resigned to take a position in the state of Washington after 14 years with the City.

MAYOR AND COUNCIL COMMENTS

Mike Mower

- Asked about South China Lake Blvd being closed for construction.
 - Loren Culp – Walmart project has water line going in over next 2 weeks
- Saturday petroglyph festival booth schedule
 - Peggy – 9:00 a.m. to noon
 - Lori – 11:00 to whenever
 - Eddie – 3:00 p.m. to 6:00 p.m.
 - Mike – 3:00 p.m. to 6:00 p.m.
 - Jim – noon to 3:00 p.m.

Eddie Thomas

- Community day on Saturday at the Base with car show
- Petroglyph Festival this weekend
- Participated in the Ridge Project last Saturday and so proud of the people who volunteered. 178 people helped and it looks so good.
- Will be gone at next meeting celebrating anniversary.

Lori Acton

- Like the idea of taking public comments and questions for GSA. Look at website Q&A
- Public questions, on Facebook movement of putting scarves and hats on trees for homeless or those who need it. There is a share group who would like to participate. Need information from staff on what is and is not allowed so it doesn't get out of control. Similar to a coat drive. Youth want to take this on.
- Jerry Hilliard has agreed to give presentation on Quad State. In the works.
- December 11 flyers from Governor Brown's office, Economic Development group will be here to meet with local agencies and public.
- Thanked everyone who worked on the community cleanup
- Toys for Tots would like to put a box in the lobby. Dennis Speer does not see a problem with this.
- Veterans Day coming up next week, thank a veteran for what they have done and remember those who gave their all.
- Time capsule at Petroglyph Park at 10:00 a.m.
- Lost a great guy in Mr. Chase at the fair. This is a sad thing for the scouts and our community.

MINUTES - CITY COUNCIL - REGULAR

November 4, 2015

Page 15 of 15

Jim Sanders

- Was going to talk about Quad State and Petroglyph Festival which have already been discussed.
- Will be out the 18th to attend a wedding in Utah.

Peggy Breeden

- Requested workshop on Wastewater Treatment Plant.
 - Dennis Speer – Staff is working with consultant and have given them 6 different topics that need to be researched prior to the workshop
- Requested agenda discussion on contract with Justin O'Neill
- Requested agenda discussion on Municipal Code of how we operate in comparison to other agencies
- Requested Town Hall meeting for GSA and set up Facebook area for questions to be asked that we can address.
- Requested agenda discussion of monies Walmart paid to City, how it is utilized, where it is going, and what is happening with it.
- Commented on a letter to City and base asking how we will deal with El Nino flooding. Captain Wiley responded with the base plan and we need to see if we should do any coordination with the base.
 - Dennis Speer – China Lake will be holding workshop on the 13th that staff will be attending.

ADJOURNMENT at 8:18 p.m.

Rachel J. Ford, CMC
City Clerk

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

SUBJECT:

Accept for filing the Actuarial Valuation report of the City's OPEB

PRESENTED BY:

Tyrell Staheli, Finance Director
Nyhart Company

SUMMARY:

The City of Ridgecrest provides postretirement health benefits for eligible retirees and their dependents at retirement. In general, to be eligible for retiree health benefits, an employee must retire from the City and began receiving a pension benefit thru CalPERS. The City's financial obligation is to provide \$122 per month subject to the CalPERS statutory minimum required contribution. In 2016, the minimum contribution is scheduled to increase to \$125. 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. At the start of the current fiscal year, the City has 24 retirees participating in the CalPERS health plan and three PEAR retirees are receiving the \$100 per month reimbursement directly from the City for their non-CalPERS coverage while there are two PEAR retirees receiving the \$250 per month reimbursement.

As part of the GASB 45 compliance, the City engaged the services of Nyhart 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. From its inception in 2008 to FY 2015, the City has contributed to the trust a total of \$430,131. The current market value of the trust as of June 30, 2015 is \$611,217.

The attached Actuarial Valuation study shows the City's actuarial accrued liability (AAL) as of the measurement date of June 30, 2015 is \$1,632,502. Factoring the market value of the assets in the trust as of June 30, 2015, the city's unfunded actuarial accrued liability (UAAL) is equal to \$1,021,285. Assuming this amount is to be amortized in 22 years on a level percentage of pay method, the amortization would be \$73,877 per year. The annual required contribution (ARC) is estimated to be 2.5% of the annual payroll estimated at \$5,567,000.

The table below shows the calculation of the annual required contribution (ARC) under GASB 45 for the fiscal years ending June 30, 2016 and June 30, 2017.

	FY 2015/2016	FY 2016/2017
Normal Cost at End of Fiscal Year	\$ 62,989	\$ 67,574
Amortization of UAAL	73,877	76,093
Annual Required Contribution	\$ 136,866	\$ 143,667

FISCAL IMPACT:

Continuation of OPEB contributions: \$136,866 in FY 2016 and \$143,667 in FY 2017

ACTION REQUESTED:

Approval of the attached resolution.

CITY MANAGER'S RECOMMENDATION: As requested.

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RESOLUTION NO. 15-XX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIDGECREST
ACCEPTING THE OPEB ACTUARIAL STUDY AS OF JUNE 30, 2015
PREPARED BY NYHART 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 Nyhart 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 the employee is a member of the Police Employee Association of Ridgecrest (PEAR) bargaining group and retired after March 17, 2005. In which case, upon presentation of proof of other health insurance coverage, they are eligible to receive \$100 per month if the PEAR member retires between March 17, 2005 and August 31, 2011 or \$250 per month for those who retire after August 31, 2011; and

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

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

APPROVED AND ADOPTED this 18th day of November, 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Peggy Breeden, Mayor

ATTEST:

Rachel J. Ford, cmc, City Clerk

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August 28, 2015

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, 2015 actuarial valuation conducted on behalf of the City of Ridgecrest (the "City") for its retiree health program.

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

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

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

Sincerely,
NYHART

A handwritten signature in black ink, appearing to read "Marilyn K. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

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

MKJ:rl

Enclosure



**City of Ridgecrest
Actuarial Valuation
Retiree Health Program
As of June 30, 2015**

July 2015

Prepared By:

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San Diego, CA 92101-4404
(619) 239-0831
www.nyhart.com

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• St. Louis • San Diego • Houston • Denver •

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**City of Ridgecrest
Retiree Health Benefits Program
GASB Actuarial Valuation
As of June 30, 2015**

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SECTION I. EXECUTIVE SUMMARY

Background

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

The City currently provides a contribution for retiree medical benefits to approximately 27 retired employees. In addition, approximately 98 active employees are earning credit towards eligibility for a City contribution for future retiree medical benefits. In general, to be eligible for a City contribution, an employee must retire from the City and began receiving a pension benefit through CalPERS. The City’s financial obligation is to provide the CalPERS statutory minimum required contribution (\$122 per month in 2015, \$125 per month in 2016, 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 increased 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 the \$250 reimbursements for PEAR employees will be held constant in future years. Future increases would increase the liability. Section V of the report details the plan provisions that were included in the valuation.

The City participates in the CalPERS Health Program for its retiree medical coverage. In general, the premium rates charged to participating employers are the same for each medical plan within each region (or “community”) and are the same for both active and retired employees covered under the same medical plan. An implied rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. GASB 45 requires that implied rate subsidies be considered in the valuation of medical costs. In past valuations the liability for the implicit rate subsidy was excluded from the valuation as the GASB had provided for an exemption for community-rated plans. This valuation includes an estimate of the liability for the implicit rate subsidy.

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, 2015, the measurement date, is \$2,072,142 (including \$1,526,220 for the City’s explicit contribution and \$545,922 for the implicit rate subsidy). This value is based on an assumed discount rate of 7.28%. 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 7.28% per year, and all other actuarial assumptions were met, the fund would have enough to pay the City’s required contribution for retiree health benefits. This includes benefits for the current retirees as well as the current active employees expected to retire in the future. The valuation does not consider employees not yet hired as of the valuation date.

If the amount of the actuarial liability is apportioned into past service, current service and future service components; the past service component (actuarial accrued liability) is \$1,632,502 (including \$1,208,322 for the City's explicit contribution and \$424,180 for the implicit rate subsidy)., the current service component (normal cost or current year accrual) is \$58,714 (including \$43,337 for the City's explicit contribution and \$15,377 for the implicit rate subsidy). and the future service component (not yet accrued liability) is \$380,926 (including \$274,561 for the City's explicit contribution and \$106,365 for the implicit rate subsidy).

Changes from Prior Valuation

The valuation reflects updated census and rate information. In addition, there were several assumption changes including updates to the mortality and retirement assumptions, a lowering of the discount rate to 7.28% for CERBT investment strategy 1 and the inclusion of a liability for the implicit rate subsidy. A reconciliation of the approximate change in the liability from the prior valuation is provided below:

June 30, 2013 Valuation @7.61%	\$1,213,000
Increase due to passage of time	112,000
Increase due to liability for new entrants	115,000
Net experience gain	(66,000)
Net increase due to updated demographic assumptions	66,000
Increase due to lowering of discount rate to 7.28%	<u>86,000</u>
June 30, 2015 Valuation @7.28%	\$1,526,000
Increase due to inclusion of the implicit rate subsidy	<u>546,000</u>
June 30, 2015 Valuation @7.28%	\$2,072,000

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 including any contribution receivable or benefits payable in CERBT as of June 30, 2015 is \$611,217. The actuarial value of assets at June 30, 2015 is equal to the market value of assets. The unfunded actuarial accrued liability (UAAL) at June 30, 2015 is \$1,021,285 (\$597,105 for the City's explicit contribution). The funded ratio is 37% (51% for City's explicit contribution) using actuarial value of assets. The UAAL as a percentage of payroll is 18%.

The CERBT provides participating employers with the choice of three investment allocation strategies. The expected rate of return of assets is dependent on the funding strategy of a participating employer and which investment allocation strategy is selected. For employers fully funding their annual required contribution, strategy 1 has a CERBT published median yield of 7.28%, strategy 2 has a published median yield of 6.73% and strategy 3 has a published median yield of 6.12%. The valuation was performed using a 7.28% discount rate assuming the City remains in strategy 1 for the 2015/2016 and 2016/2017 fiscal years and assumes no additional margin for adverse deviation applied to the CERBT stated median discount rate. The results for alternatives allocation strategies using a 6.73% and 6.12% discount rate are also provided in Section II-J of the report.

Annual Required Contribution

The City's annual required contribution (accrual expense) for the current fiscal year is \$136,866 (including \$89,685 for the City's explicit contribution and \$47,181 for the implicit rate subsidy). This amount is comprised of the present value of benefits accruing in the current fiscal year (normal cost) plus a 22-year amortization (on a level-percentage of pay basis) of the unfunded actuarial accrued liability/(surplus) at June 30, 2015. Thus, it represents a means to expense the plan's liabilities in an orderly manner. The net increase in OPEB obligation/(asset) 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 and the estimated implicit rate subsidy.

Actuarial Basis

The actuarial valuation is based on the assumptions and methods outlined in Section VII of the report. To the extent that a single or a combination of assumptions is not met the future liability may fluctuate significantly from its current measurement. 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 23%.

Another key assumption used in the valuation is the discount (interest) rate which is based on the expected rate of return of plan assets. The valuation is based on a discount rate of 7.28%. A 0.5% decrease in the discount rate would increase the annual required contribution by 8%. A 0.5% increase in the discount rate would decrease the annual required contribution by 8%.

Scheduled to take effect in 2018, the "Cadillac Tax" is a 40% non-deductible excise tax on employer-sponsored health coverage that provides high-cost benefits. For pre-65 retirees and individuals in high-risk professions, the threshold amounts are currently \$11,850 for individual coverage and \$30,950 for family coverage. For insured plans, the insurance company is responsible for payment of the excise tax. For self-funded plans, the employer is responsible for payment of the excise tax. The valuation does not include any additional liability for the Cadillac Tax.

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

SECTION II. FINANCIAL RESULTS

A. Valuation Results as of June 30, 2015

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

	<u>Pear</u>	<u>Race</u>	<u>Mgmt</u>	<u>Mid-Mgmt</u>	<u>Conf.</u>	<u>Total</u>
1. Actuarial Liability (AL)						
Actives	\$662,703	\$317,453	\$ 44,047	\$143,214	\$117,128	\$1,284,545
Retirees	<u>332,016</u>	<u>186,298</u>	<u>166,355</u>	<u>80,468</u>	<u>22,460</u>	<u>787,597</u>
Total AL	\$994,719	\$503,751	\$210,402	\$223,682	\$139,588	\$2,072,142
Explicit Contribution	\$758,704	\$381,677	\$141,411	\$145,818	\$ 98,610	\$1,526,220
Implied Subsidy	\$236,015	\$122,074	\$ 68,991	\$ 77,864	\$ 40,978	\$ 545,922
2. Actuarial Accrued Liability (AAL)						
Actives	\$394,123	\$225,199	\$ 28,578	\$119,004	\$ 78,001	\$ 844,905
Retirees	<u>332,016</u>	<u>186,298</u>	<u>166,355</u>	<u>80,468</u>	<u>22,460</u>	<u>787,597</u>
Total AAL	\$726,139	\$411,497	\$194,933	\$199,472	\$100,461	\$1,632,502
Explicit Contribution	\$562,199	\$317,579	\$128,246	\$127,695	\$ 72,603	\$1,208,322
Implied Subsidy	\$163,940	\$ 93,918	\$ 66,687	\$ 71,777	\$ 27,858	\$ 424,180
3. Normal Cost	\$ 30,867	\$ 14,601	\$ 2,918	\$ 4,645	\$ 5,683	\$ 58,714
Explicit Contribution	\$ 22,966	\$ 10,270	\$ 2,591	\$ 3,642	\$ 3,868	\$ 43,337
Implied Subsidy	\$ 7,901	\$ 4,331	\$ 327	\$ 1,003	\$ 1,815	\$ 15,377
No. of Actives	40	30	3	11	14	98
Average Age	37.5	48.2	54.8	56.1	41.3	43.9
Average Past Service	8.6	10.3	13.5	14.8	8.3	9.8
No. of Retirees	11	8	5	2	1	27
Average Age	62.0	69.8	69.2	56.3	71.4	65.6
Average Retirement Age	53.3	60.3	61.8	51.5	67.7	57.4

B. Reconciliation of Market Value of Plan Assets

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

	<u>6/30/2014</u>	<u>6/30/2015</u>
1. Beginning Market Value of Assets	\$ 449,520	\$ 571,481
2. Contribution	39,460	41,034
3. Fund Earnings (gross)	83,182	(722)
4. Benefit Payments	0	0
5. Administrative Expenses	<u>(681)</u>	<u>(576)</u>
6. Ending Market Value of Assets	\$ 571,481	\$ 611,217
7. Approximate Rate of Return	18%	0%

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

C. Development of Actuarial Value of Assets

The actuarial value of assets is based on the market value of assets plus any contribution receivable or benefits payable. The actuarial value of assets at June 30, 2015 is \$611,217.

D. Development of Unfunded Actuarial Accrued Liability

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

	<u>Explicit</u>	<u>Implicit</u>	<u>Total</u>
1. Actuarial Accrued Liability (AAL)	\$1,208,322	\$ 424,180	\$ 1,632,502
2. Actuarial Value of Assets	<u>(611,217)</u>	<u>(0)</u>	<u>(611,217)</u>
3. Unfunded AAL	\$ 597,105	\$ 424,180	\$ 1,021,285

E. Amortization of Unfunded Actuarial Accrued Liability

The amortization of the unfunded actuarial accrued liability component of the annual contribution (ARC) is being amortized over a period of 22 years on a level-percentage of pay method. Under the level-percentage of pay method, the amortization payment is scheduled to increase in future years based on wage inflation.

1. Unfunded AAL (UAAL)	\$ 597,105	\$ 424,180	\$ 1,021,285
2. Amortization Factor	13.82418	13.82418	13.82418
3. Amortization of UAAL	\$ 43,193	\$ 30,684	\$ 73,877

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, 2016 and estimated for the fiscal year ending June 30, 2017.

FY2015/2016

1. Normal Cost at End of Fiscal Year	\$ 46,492	\$ 16,497	\$ 62,989
2. Amortization of Surplus	<u>43,193</u>	<u>30,684</u>	<u>73,877</u>
3. Annual Required Contribution (ARC)	\$ 89,685	\$ 47,181	\$ 136,866
4. Estimated Payroll	\$5,567,000	\$5,567,000	\$5,567,000
5. ARC as a Percentage of Payroll	1.6%	0.9%	2.5%

FY2016/2017

1. Normal Cost at End of Fiscal Year	\$ 49,876	\$ 17,698	\$ 67,574
2. Amortization of Surplus	<u>44,489</u>	<u>31,604</u>	<u>76,093</u>
3. Annual Required Contribution (ARC)	\$ 94,365	\$ 49,302	\$ 143,667

G. Required Supplementary Information (Funding Progress @6/30/2015)

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

1. Actuarial Accrued Liability (AAL)	\$1,208,322	\$ 424,180	\$ 1,632,502
2. Actuarial Value of Assets	<u>(611,217)</u>	<u>(0)</u>	<u>(611,217)</u>
3. Unfunded AAL	\$ 597,105	\$ 424,180	\$ 1,021,285
4. Funded Ratio	51%	0%	37%
5. Current Payroll	\$5,567,000	\$5,567,000	\$5,567,000
6. UAAL as % of Payroll	10.7%	7.6%	18.3%

H. Estimated Net OPEB Obligation/(Asset) at 6/30/2016¹

The table below shows an illustration of the development of the net OPEB obligation/(asset) at June 30, 2016 assuming the net OPEB obligation/(asset) at June 30, 2015 is (36,344).

1. FY2015/2016 Annual Required Contribution	\$136,866
2. Interest on Net OPEB Obligation/(Asset) [.0728 x H7]	(2,646)
3. Adjustment to ARC [minus H7/D2]	<u>\$ 2,629</u>
4. Annual OPEB Cost [H1+H2+H3]	\$136,849
5. Contributions Made (ARC Inclusive of Benefit Payments and Implicit Rate Subsidy)	(136,865)
6. Increase in Net OPEB Obligation/(Asset)	(\$ 18)
7. Net OPEB Obligation/(Asset) – June 30, 2015	<u>(36,344)</u>
8. Net OPEB Obligation/(Asset) – June 30, 2016	(\$ 36,362)

I. Sensitivity Analysis:

The impact of a 0.5% decrease or increase in the discount (interest) rate and the impact of a 1% increase in future healthcare trend rates on the City's actuarial liability, actuarial accrued liability, unfunded actuarial accrued liability and the annual required contribution is provided below:

	Dollar (\$ Increase/ (Decrease)	Percentage (%) Increase/ (Decrease)
<i>0.5% Decrease in Discount Rate</i>		
- Actuarial Liability	\$ 181,455	9%
- Actuarial Accrued Liability	\$ 109,064	7%
- Unfunded Actuarial Accrued Liability	\$ 109,064	11%
- Annual Required Contribution	\$ 11,590	8%
<i>0.5% Increase in Discount Rate</i>		
- Actuarial Liability	(\$ 158,996)	(8%)
- Actuarial Accrued Liability	(\$ 98,415)	(6%)
- Unfunded Actuarial Accrued Liability	(\$ 98,415)	(10%)
- Annual Required Contribution	(\$ 10,493)	(8%)
<i>1% Increase in Future Healthcare Trend Rates</i>		
- Actuarial Liability	\$ 342,552	17%
- Actuarial Accrued Liability	\$ 217,071	13%
- Unfunded Actuarial Accrued Liability	\$ 217,071	21%
- Annual Required Contribution	\$ 31,547	23%

¹ Assumes the City contributions the annual required contribution for the 2015/2016 fiscal year.

J. Liabilities - Alternative Discount Rate

The results below present the impact of the liability and annual required contribution using a discount rate to reflect pre-funding the retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) alternative allocation strategies 2 and 3 with discount rates of 6.73% and 6.12%, respectively.

Investment Strategy 2

<u>Liabilities</u>	<u>Explicit</u>	<u>Implicit</u>	<u>Total</u>
1. Actuarial Liability (AL)			
Actives	\$1,053,695	\$390,740	\$1,444,435
Retirees	<u>634,626</u>	<u>194,068</u>	<u>828,694</u>
Total AL	\$1,688,321	\$584,808	\$2,273,129
2. Actuarial Accrued Liability (AAL)			
Actives	\$ 674,200	\$250,220	\$ 924,420
Retirees	<u>634,626</u>	<u>194,068</u>	<u>828,694</u>
Total AAL	\$1,308,826	\$444,288	\$1,753,114
3. Actuarial Value of Assets	(611,217)	(0)	(611,217)
4. Unfunded AAL (UAAL)	\$ 697,609	\$444,288	\$ 1,141,897
5. Amortization Factor	15.33951	15.33951	15.33951
6. Amortization of UAAL	\$ 47,939	\$ 30,531	\$ 78,470

FY2015/2016 Annual Required Contribution (ARC)

1. Normal Cost at End of Year	\$ 53,011	\$ 18,202	\$ 71,213
2. Amortization of UAAL at End of Year	<u>47,939</u>	<u>30,531</u>	<u>78,470</u>
3. Annual Required Contribution (ARC)	\$ 100,950	\$ 48,733	\$ 149,683

FY2016/2017 Annual Required Contribution (ARC)

1. Normal Cost at End of Year	\$ 56,578	\$ 19,427	\$ 76,005
2. Amortization of UAAL at End of Year	<u>49,377</u>	<u>31,447</u>	<u>80,824</u>
3. Annual Required Contribution (ARC)	\$ 105,955	\$ 50,874	\$ 156,829

Investment Strategy 3

<u>Liabilities</u>	<u>Explicit</u>	<u>Implicit</u>	<u>Total</u>
1. Actuarial Liability (AL)			
Actives	\$1,222,102	\$433,226	\$1,655,328
Retirees	<u>678,762</u>	<u>200,568</u>	<u>879,330</u>
Total AL	\$1,900,864	\$633,794	\$2,534,658
2. Actuarial Accrued Liability (AAL)			
Actives	\$ 757,142	\$267,937	\$1,025,079
Retirees	<u>678,762</u>	<u>200,568</u>	<u>879,330</u>
Total AAL	\$1,435,904	\$468,505	\$1,904,409
3. Actuarial Value of Assets	(611,217)	(0)	(611,217)
4. Unfunded AAL (UAAL)	\$ 824,687	\$468,505	\$1,293,192
5. Amortization Factor	15.42768	15.42768	15.42768
6. Amortization of UAAL	\$ 53,455	\$ 30,368	\$ 83,823

FY2015/2016 Annual Required Contribution (ARC)

1. Normal Cost at End of Year	\$ 61,599	\$ 20,325	\$ 81,924
2. Amortization of UAAL at End of Year	<u>53,455</u>	<u>30,368</u>	<u>83,823</u>
3. Annual Required Contribution (ARC)	\$ 115,054	\$ 50,693	\$ 165,747

FY2016/2017 Annual Required Contribution (ARC)

1. Normal Cost at End of Year	\$ 65,369	\$ 21,569	\$ 86,938
2. Amortization of UAAL at End of Year	<u>55,059</u>	<u>31,279</u>	<u>86,338</u>
3. Annual Required Contribution (ARC)	\$ 120,428	\$ 52,848	\$ 173,276

SECTION III. PROJECTED CASH FLOWS

The valuation process includes the projection of the expected benefits (including the explicit City contribution and the implicit rate subsidy) to be paid by the City under its retiree health benefits program. 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 the expected 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 or reaching a limit age 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 Total Cash Flows – Representative Years

<u>Fiscal Year</u>	<u>Explicit</u>	<u>Implicit</u>	<u>City Total</u>
2015/16	\$ 44,241	\$ 32,459	\$ 76,700
2016/17	\$ 48,887	\$ 32,680	\$ 81,567
2017/18	\$ 53,902	\$ 40,694	\$ 94,596
2018/19	\$ 58,936	\$ 45,931	\$ 104,867
2019/20	\$ 64,128	\$ 46,956	\$ 111,084
2020/21	\$ 69,484	\$ 38,119	\$ 107,603
2021/22	\$ 75,504	\$ 35,439	\$ 110,943
2022/23	\$ 80,842	\$ 39,760	\$ 120,602
2023/24	\$ 86,033	\$ 37,695	\$ 123,728
2024/25	\$ 92,586	\$ 40,640	\$ 133,226
2025/26	\$ 98,095	\$ 35,681	\$ 133,776
2026/27	\$ 103,596	\$ 39,606	\$ 143,202
2027/28	\$ 109,303	\$ 34,972	\$ 144,275
2028/29	\$ 115,141	\$ 34,683	\$ 149,824
2029/30	\$ 121,169	\$ 34,803	\$ 155,972
2030/31	\$ 128,294	\$ 33,522	\$ 161,816
2031/32	\$ 134,232	\$ 36,558	\$ 170,790
2032/33	\$ 139,802	\$ 36,673	\$ 176,475
2033/34	\$ 145,264	\$ 34,785	\$ 180,049
2034/35	\$ 150,795	\$ 37,936	\$ 188,731
2035/36	\$ 156,043	\$ 36,185	\$ 192,228
2036/37	\$ 161,203	\$ 34,620	\$ 195,823
2037/38	\$ 166,986	\$ 36,153	\$ 203,139
2038/39	\$ 172,984	\$ 45,445	\$ 218,429
2039/40	\$ 179,021	\$ 52,176	\$ 231,197
2040/41	\$ 184,837	\$ 46,974	\$ 231,811
2041/42	\$ 190,835	\$ 50,494	\$ 241,329
2042/43	\$ 196,763	\$ 46,217	\$ 242,980
2043/44	\$ 202,481	\$ 58,523	\$ 261,004
2044/45	\$ 207,530	\$ 67,213	\$ 274,743
2045/46	\$ 211,554	\$ 69,341	\$ 280,895
2050/51	\$ 222,075	\$ 68,181	\$ 290,256
2055/56	\$ 215,097	\$ 21,223	\$ 236,320
2060/61	\$ 198,323	\$ 0	\$ 198,323
2065/66	\$ 175,535	\$ 0	\$ 175,535
2070/71	\$ 145,982	\$ 0	\$ 145,982
2075/76	\$ 108,779	\$ 0	\$ 108,779
2080/81	\$ 66,050	\$ 0	\$ 66,050
2085/86	\$ 29,039	\$ 0	\$ 29,039
2090/91	\$ 8,086	\$ 0	\$ 8,086
2095/96	\$ 1,117	\$ 0	\$ 1,117
2100/01	\$ 0	\$ 0	\$ 0
All Years	\$10,233,247	\$1,889,664	\$12,122,911

SECTION IV. GASB 74 AND 75 STUDY

This study analyzes the impact of the recently issued GASB Statements No. 74 and 75 (GASB 74 and GASB 75) on plan and employer financial statements and comments on the increased disclosure requirements. GASB 74 is effective for fiscal years beginning after June 15, 2016. GASB 75 is effective for fiscal years beginning after June 15, 2017. Actuarial valuations are required to be performed at least once every two years to calculate the net OPEB liability. Plans with less than 100 active and inactive employees can utilize an alternative measurement method, instead of an actuarial valuation, to calculate the net OPEB liability.

GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, focuses on the accounting for OPEB within employers' financial statements and is similar to GASB 68 applicable to governments with defined benefit pension plans. GASB 75 will require the City to accrue the net OPEB liability on its financial statements. The net OPEB liability (NOL) is calculated as the actuarial accrued liability (AAL) using a specific cost method less OPEB plan's fiduciary net position (GASB eligible assets). The two major changes under the new accounting standards that we studied include:

1. The NOL is required to be determined using the Entry Age Normal Level % of Pay Cost Method (EAN) to determine the liability and the market value of assets (MVA). For most employers, this cost method yields a higher unfunded liability than the Projected Unit Credit (PUC) Cost Method.
2. The required discount rate may be lower if projected OPEB assets do not cover projected benefit payments – based on the employer's funding policy and current workforce. The projection of future benefit payments include discretionary ad hoc benefit changes and COLAs, to the extent such changes are made regularly, and certain taxes or other assessments expected to be imposed on the benefit payment.

The table below presents the impact on the determination of the unfunded actuarial accrued liability if GASB 75 were effective at June 30, 2015.

Assumptions	Current	Change 1&2 Discount Rate**	Change 1&2 Discount Rate***
Discount Rate:	7.28%	7.28%	4.75%
Cost Method:	Entry Age Level \$	Entry Age % of Pay	Entry Age % of Pay
Assumed Funding Policy:	Fund at least the ARC – Under Entry Age Level \$	Fund at least the ARC – Under Entry Age Level \$	Fund at the Explicit Portion of ARC – Under Entry Age Level \$
Impact			
OPEB Liability (AAL):	\$1,632,502	\$1,558,711	\$2,177,337
Net Fiduciary Position (MVA):	(611,217)	(611,217)	(611,217)
Net OPEB Liability(NOL):	\$1,021,285	\$ 947,494	\$1,566,120
Current Net OPEB Obligation/(Asset)*:	(36,344)	(36,344)	(36,344)
Impact on Financial Statement:	\$1,057,629	\$ 983,838	\$1,602,464)

*Current June 30, 2015 Net OPEB Obligation/(Asset) reported by the City.

**Based on the City's current funding and investment policy using current assets, projected contributions and expected earnings, the trust is expected to remain positive in future years. Thus, the discount rate is not required to be blended with a 20-year municipal high quality bond rate.

***Assumes City does not pre-fund for the implicit rate subsidy; reflects blended discount rate of 7.28% for portion of years trust is expected to remain positive and a 20-year municipal high quality bond rate (3.75%) for remaining years.

Under GASB 74 and 75, once the NOL is recognized on the City's financial statement, future annual OPEB expense determination requires a specified cost method, immediate recognition of the service cost and interest cost and any benefit changes and requires (shorter) amortization periods for assumptions changes and experience gain losses.

Both GASB 74 and 75 will require governmental employers to present much more extensive note disclosure and Required Supplementary Information (RSI) about their OPEB liabilities.

GASB 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," sets forth requirements for OPEB plan financial statements that are similar to the requirements set forth in GASB 67 for pension plan financial statements. GASB 74 does not require that the underfunded status of the plan be reported as a liability on the plan's financial statements. However, the actuarially determined OPEB liability is required to be disclosed in the footnotes to the financial statements and required supplementary information (RSI), as well as the actuarial assumptions utilized in calculating the liability and various other ratios and disclosures of the composition of the OPEB liability. Additionally, the RSI is to be presented for the past 10 years under GASB 74, as opposed to the past six years as currently required.

GASB 75 requires a statement of fiduciary net position and a statement of changes in fiduciary net position. In addition, GASB 75 requires various footnote disclosures and RSI, including a description of the benefits provided and classes of members covered, the significant assumptions and inputs utilized in calculating the net OPEB liability, the components of the net OPEB liability, and other related ratios. Similar to GASB 74, RSI is required for the past 10 years.

SECTION V. 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 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 is \$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	\$115.00
2014	\$119.00
2015	\$122.00
2016	\$125.00
2017+	Adjusted Annually to reflect Medical Portion of CPI

SECTION VI. 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	0	0	1
50-54	1	0	0	1	0	2
55-59	2	0	2	1	0	5
60-64	1	3	0	0	0	4
65-69	4	2	0	0	0	6
70-74	1	1	1	0	1	4
75-79	0	1	1	0	0	2
80-84	1	0	1	0	0	2
85+	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Total:	11	8	5	2	1	27
Average Age:	62.0	69.8	69.2	56.3	71.4	65.6
Average Retirement Age:	53.3	60.3	61.8	51.5	67.7	57.4

Note: Excludes 32 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	5	1								6
25-29	9	4	0							13
30-34	3	4	3							10
35-39	4	1	3	1						9
40-44	1	6	2	2						11
45-49	3	3	5	1	1					13
50-54	2	4	3	1	0	3				13
55-59	2	2	2	3	0	4	0			13
60-64	2	1	0	0	0	0	1	0		4
65-69	0	2	3	0	0	1	0	0	0	6
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:	31	28	21	8	1	8	1	0	0	98
Average Age:			43.9							
Average Service:			9.9							
Estimated Payroll:			\$5,567,000							

* Counts exclude 1 Council Member that could be eligible for medical coverage if they retire from the City at the end of their term.

Age/Service Distribution of Eligible PEAR Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	4									4
25-29	6	3								9
30-34	2	3								5
35-39	2	0	3	1						6
40-44	0	3	1	2						6
45-49	1	0	2	0						3
50-54	0	2	0	0	0	1				3
55-59	1	0	0	1	0	2				4
60-64	0	0	0	0	0	0	0			0
65-69	0	0	0	0	0	0	0	0		0
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	16	11	6	4	0	3	0	0	0	40
Average Age:		37.5								
Average Service:		8.6								
Estimated Payroll:		\$2,333,000								

Age/Service Distribution of Eligible RACE Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	1									1
25-29	1	1								2
30-34	1	0	1							2
35-39	1	1	0							2
40-44	1	1	1	0						3
45-49	1	2	1	1						5
50-54	1	1	1	0	0	1				4
55-59	1	2	2	1	0	0	0			6
60-64	2	0	0	0	0	0	1	0		3
65-69	0	0	1	0	0	1	0	0	0	2
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	10	8	7	2	0	2	1	0	0	30
Average Age:		48.2								
Average Service:		10.3								
Estimated Payroll:		\$1,222,000								

Age/Service Distribution of Eligible Management Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0	0								0
30-34	0	0								0
35-39	0	0								0
40-44	0	0								0
45-49	1	0	0	0	0					1
50-54	0	0	0	0	0	1				1
55-59	0	0	0	0	0	0	0			0
60-64	0	0	0	0	0	0	0	0		0
65-69	0	1	0	0	0	0	0	0	0	1
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	1	1	0	0	0	1	0	0	0	3
Average Age:		54.8								
Average Service:		13.5								
Estimated Payroll:		\$427,000								

Age/Service Distribution of Eligible Mid-Management Employees

Age	Service									Total
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	
20-24	0									0
25-29	0									0
30-34	0	0								0
35-39	0	0								0
40-44	0	0								0
45-49	0	1	2							3
50-54	0	0	2							2
55-59	0	0	0	1	0	2				3
60-64	0	1	0	0	0	0	0			1
65-69	0	1	1	0	0	0	0	0		2
70+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total:	0	3	5	1	0	2	0	0	0	11
Average Age:		56.1								
Average Service:		14.8								
Estimated Payroll:		\$957,000								

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	1								1
25-29	2	0	0							2
30-34	0	1	2							3
35-39	1	0	0							1
40-44	0	2	0	0						2
45-49	0	0	0	0	1					1
50-54	1	1	0	1	0					3
55-59	0	0	0	0	0	0				0
60-64	0	0	0	0	0	0	0			0
65-69	0	0	1	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:	4	5	3	1	1	0	0	0	0	14
Average Age:		41.3								
Average Service:		8.3								
Estimated Payroll:		\$628,000								

SECTION VII. 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 to June 30th

Measurement Date: June 30, 2015

Fiscal Years Covered: FY2015/16 and FY2016/17

Discount Rate: 7.28% per annum. This discount rate assumes the City continues to fully fund for its retiree health benefits through the California Employers' Retiree Benefit Trust (CERBT) under its investment allocation strategy 1. The 7.28% reflects the CERBT published median interest rate for strategy 1 without any additional margin for adverse deviation.

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

Inflation: 2.8% per annum

Payroll Increases: 3.0% 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 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 employees are as follows:

Age	Males	Females
25	0.4	0.2
30	0.5	0.3
35	0.6	0.4
40	0.8	0.5
45	1.1	0.7
50	1.6	1.0
55	2.3	1.4
60	3.1	1.8

[The PERS mortality rates have been updated to reflect mortality improvements reported in the 2014 CalPERS Experience Study]

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	6.0	4.2
60	7.1	4.4
65	8.3	5.9
70	13.1	9.9
75	22.1	17.2
80	39.0	29.0
85	69.7	52.4
90	129.7	98.9

[The PERS mortality rates have been updated to reflect mortality improvements reported in the 2014 CalPERS Experience Study]

Retirement Age: According to the retirement rates under the most recent CalPERS pension plan experience study. According to the following retirement tables:

Miscellaneous Tier 1: 2.7% @ 55
 Miscellaneous Tier 2: 2.0% @ 62
 Safety Tier 1: 3.0% @ 55
 Safety Tier 2: 2.7% @ 57

[The PERS retirement rates have been updated to reflect the 2014 CalPERS Experience Study.]

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

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

Future New Entrants: None

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

Claim Cost Development: The valuation claim costs are based on the premiums paid for medical insurance coverage. The City participates in CalPERS, a community rated plan. Past valuations assumed the City was exempt from the valuation of any medical plan implicit rate subsidy. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy.

Medical Trend Rates: Medical costs are adjusted in future years by the following trends:

Year	PPO	HMO
2015	Actual	Actual
2016	7.0%	6.5%
2017	6.5%	6.0%
2018	6.0%	5.5%
2019	5.5%	5.0%
2020+	5.0%	5.0%

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

Year	Trend
2017+	4.0%

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

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

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

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

Amortization of UAAL: The unfunded actuarial accrued liability is being amortized over an initial 30 years using the level-percentage-of-pay method on a closed-basis. The remaining amortization period at June 30, 2015 is assumed to be 22 years.

SECTION VIII. ACTUARIAL CERTIFICATION

This report summarizes the GASB actuarial valuation for the City of Ridgecrest (the "City") as of June 30, 2015. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statements No. 43 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans) and No. 45 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions). The valuation is also based upon our understanding of the plan provisions as summarized within the report.

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information and asset information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate and other economic assumptions have been selected by the Plan Sponsor. Demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

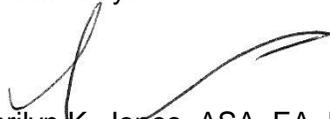
While some sensitivity analysis was provided in the report, we did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact me.

Certified by:



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

Date: 8/28/2015

SECTION IX. DEFINITIONS

The definitions of the terms used in GASB actuarial valuations are noted below.

Actuarial Liability (also referred to as Present Value of Future Benefits) – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

Actuarial Accrued Liability – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of plan benefits and expenses which is not provided for by the future Normal Costs.

Actuarial Assumptions – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, turnover, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial Cost Method – A procedure for determining the Actuarial Present Value of future benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Present Value – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

Annual OPEB Cost – An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

Annual Required Contribution (ARC) – The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

Explicit Subsidy – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.

Funded Ratio – The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

Healthcare Cost Trend Rate – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Implicit Rate Subsidy – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.

Net OPEB Obligation – The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

Normal Cost – The portion of the Actuarial Present Value of plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Pay-as-you-go – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Per Capita Costs – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

Select and Ultimate Rates – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the healthcare trend rate assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed healthcare trend rate of 6.5% for year 20W0, 6.0% for 20W1, 5.5% for 20W2, then 5.0% for 20W3 and thereafter, then 6.5%, 6% and 5.5% are select rates, and 5% is the ultimate rate.

Substantive Plan – The terms of an OPEB plan as understood by the employer(s) and plan participant.

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

SUBJECT:

Appointment to the Measure 'L' Citizens Advisory Committee

PRESENTED BY:

Rachel J. Ford – City Clerk

SUMMARY:

Measure 'L', a ¾ cent sales tax increase, was approved by voters on June 5, 2012. When the item was placed on the ballot, the City Council opted to create an advisory body to focus specifically on the corresponding revenues as a safeguard to ensure the appropriate expenditures of the funds. The ordinance specifies term limits for committee members. An excerpt from the ordinance reads as follows:

Sec. 3-2.115. Terms of Office.

- (a) Of the members of the committee first appointed, two shall be appointed for terms of one year, two shall be appointed for terms of two years, and one shall be appointed for a term of three years. Succeeding members shall be appointed for terms of four years. The secretary's term shall be designated by the City Manager. All members shall serve until a successor is appointed and qualified.

The following vacancy needs appointment to the Measure 'L' Committee to complete the original terms:

1. Replacement for Robert Gould (Resigned) – Term expires July 2018

Council has requested that Council Member Mike Mower submit a nomination for this vacancy.

FISCAL IMPACT:

No Fiscal Impact

Reviewed by Finance Director

ACTION REQUESTED:

Staff recommends the City Council select a member to serve on the Measure 'L' Citizens Advisory Committee for the balance of the 4 year term.

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested: Staff recommends the City Council select a member to serve on the Measure 'L' Advisory Committee for the balance of the 4 year term

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

SUBJECT:

Sale Of City Of Ridgecrest Land Held Within The Ridgecrest Business Park To The Ridgecrest Regional Hospital

PRESENTED BY:

Gary Parsons, Economic Development Manager

SUMMARY:

The City obtained two lots (APN numbers 033-070-22 and 033-070-46) within the City of Ridgecrest Business Park in exchange for release of certain development conditions called for in a Disposition and Development Agreement (DDA) with K-Partners.

The city has received an offer of purchase from the Ridgecrest Regional Hospital for the purchase of these two lots for the development of new hospital facilities. The offer is for amount of \$755,000 (see attached).

This transaction is a City transaction and not part of the Successor Agency holdings, therefore; the purchase price is not subject to the approval of the Successor Agency Oversight Board or the Department of Finance (DOF).

Any funds generated will be City general funds and not Agency funds.

FISCAL IMPACT:

Provide \$755,000 to the general fund less city share of property sales costs, and placement of these funds in the City Reserve account

ACTION REQUESTED:

Approval of sale of City properties APN's 033-070-46 and 033-070-22 for the amount of \$755,000 to the Ridgecrest Regional Hospital and corresponding Resolution.

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

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RESOLUTION NO. 15-XX

**A RESOLUTION OF THE RIDGECREST CITY COUNCIL APPROVING
THE SALE OF PROPERTY WITHIN THE RIDGECREST BUSINESS
PARK TO THE RIDGECREST REGIONAL HOSPITAL**

WHEREAS, The City obtained two lots within the City of Ridgecrest Business Park in exchange for release of certain development conditions called for in a Disposition and Development Agreement (DDA) with K-Partners; and,

WHEREAS, Ridgecrest Regional Hospital has requested to purchase said two (2) parcels of land located within the Ridgecrest Business Park for the development of new hospital facilities; and,

WHEREAS, the parcels are identified as APN 033-070-22 and APN 033-070-46; and,

WHEREAS, the offer to purchase both parcels is for the total amount of \$755,000.

NOW, THEREFORE, BE IT RESOLVED, the City Council hereby approves the sale of APN's 033-070-22 and 033-070-46 to The Ridgecrest Regional Hospital in the amount of \$755,000.

APPROVED AND ADOPTED this 4th day of November, 2015 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Peggy Breeden, Mayor

ATTEST:

Rachel J. Ford, CMC
City Clerk

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November 4, 2015

Mr. Gary Parsons, Economic and Community Development Director
City of Ridgecrest
100 W California Ave
Ridgecrest, CA 93555

RE: Offer to purchase

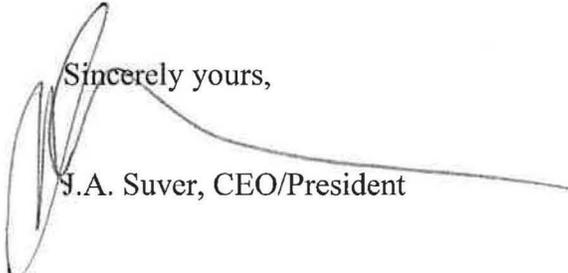
Dear Mr. Parsons:

Ridgecrest Regional Hospital is offering the city seven-hundred, fifty-five thousand dollars (\$755,000) for the purchase of lots 22 and 46 in Bk 421 totaling approximately three acres.

The hospital is looking to expand over the next decade including a new elder facility, cancer center and additional physician offices. With the emergency department expansion planned, the hospital will need to utilize the southern vacant parcel of additional parking; hence the need for additional land for new buildings.

I look forward to successful completion of our negotiations. Please contact me with any questions at james.suver@rrh.org or 760-499-3900.

Sincerely yours,



J.A. Suver, CEO/President

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

SUBJECT:

Hold A Public Hearing Before The City Council Of The City Of Ridgecrest Regarding The Community Development Block Grant (CDBG) Funding In The Estimated Amount Of \$138,000.00 And Adopt the Resolution Approving The Fiscal Year 2016-2017 Annual Application And Direct Staff to Submit The Application

PRESENTED BY:

Dennis Speer, Public Works Director

SUMMARY:

A noticed Public Hearing for November 18, 2015 was established to discuss and prioritize proposed Community Development Block Grant (CDBG) Projects for the Fiscal Year 2016-2017 Annual Action Plan and Application for Community Development Programs within the County of Kern. The anticipated funding amount for Fiscal Year 2016-2017 is \$138,000.00. The Resolution is presented to confirm the allocation of funds at the conclusion of the Public Hearing and must be filed, along with the project application, with the County of Kern prior to December 11, 2015.

It is staff's recommendation to use this proposed funding toward the completion of the Senior Center Project that began with Fiscal Funding from CDBG 2012-2013.

Public comments are solicited and will be heard and accepted before approval of any selected projects.

FISCAL IMPACT:

None

Reviewed by Finance Director

ACTION REQUESTED:

Hold A Public Hearing Before The City Council Of The City Of Ridgecrest Regarding The Community Development Block Grant (CDBG) Funding In The Estimated Amount Of \$138,000.00 And Adopt the Resolution Approving The Fiscal Year 2016-2017 Annual Action Plan and Application And Direct Staff to Submit The Application

CITY MANAGER / EXECUTIVE DIRECTOR RECOMMENDATION:

Action as requested:

Submitted by: Karen Harker
(Rev. 02/13/12)

Action Date: November 18, 2015

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RESOLUTION NO. 15-XX

A PUBLIC HEARING BEFORE THE CITY COUNCIL OF THE CITY OF RIDGECREST REGARDING THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDING IN THE ESTIMATED AMOUNT OF \$138,000.00 AND A RESOLUTION APPROVING THE FISCAL YEAR 2016-2017 ANNUAL ACTION PLAN AND APPLICATION AND DIRECT STAFF TO SUBMIT THE APPLICATION

WHEREAS, the Kern County Department of Community Development requires that public comment be obtained for proposed Community Development Block Grant (CDBG) Projects for the FY 2016-2017; and

WHEREAS, the City Council of the City of Ridgecrest on November 18, 2015 held a duly noticed Public Hearing for the purpose of obtaining public input and identifying unmet needs of the community; and

WHEREAS, the anticipated funding amount for FY 2016-2017 is \$138,000.00; and

WHEREAS, it is staff's recommendation to use this funding allocation for the continuation of the Senior Center Project; and

WHEREAS, this project was funded in Fiscal Year 2012-2013 by CDBG and will amend the contract 17.13.1.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Ridgecrest Does Hereby Approve The Annual Action Plan for Fiscal Year 2016-2017 Funding In The Estimated Amount of \$138,000.00 And Approves The Kern County Community Development Block Grant Annual Application And Directs Staff To Submit The Application.

APPROVED AND ADOPTED this 18th day of November 2015, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Peggy Breeden, Mayor

ATTEST"

Rachel J. Ford, CMC, City Clerk

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