



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

**City Council Chambers
100 West California Avenue
Ridgecrest, California 93555**

**February 17, 2016
5:30 p.m.**

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/Redevelopment Agency. Meetings are recorded solely for the purpose of preparation of minutes.

CALL TO ORDER – 5:30 p.m.

ROLL CALL

Council Present: Mayor Peggy Breeden; Mayor Pro Tempore James Sanders; Vice Mayor Lori Acton; Council Members Eddie B. Thomas, and Mike Mower

Council Absent: None

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

APPROVAL OF AGENDA

Motion To Approve Agenda Made By Council Member Sanders, Second By Council Member Mower. Motion Carried By Roll Call Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; And 0 Absent.

PUBLIC COMMENT (Closed Session)

- None Presented

CLOSED SESSION

GC54956.8 Local Agency Real Property Negotiations – Negotiation For Sale – Ridgecrest Business Park Lot Nos. 1, 2, 3, 28, 29, 30, 31, 32, 33, 34, 35, And 36 – Agency Negotiators Economic Development Program Manager Gary Parsons And City Manager Dennis Speer

REGULAR SESSION – 6:00 p.m.

- Pledge Of Allegiance
- Invocation

CITY ATTORNEY REPORT

- Closed Session
 - GC54956.8 Local Agency Real Property Negotiations – Negotiation For Sale – Ridgecrest Business Park Lot Nos. 1, 2, 3, 28, 29, 30, 31, 32, 33, 34, 35, And 36 – Agency Negotiators Economic Development Program Manager Gary Parsons And City Manager Dennis Speer. Report Received, No reportable action taken
- Other
 - None

PRESENTATIONS

1. **Presentation Of A Proclamation Recognizing The Month Of February As Safe Surrender Baby Month** Ford
 - Council presented a proclamation to representatives of Kern County Health Services recognizing the month of February as Safe Surrender Baby Month.
2. **Presentation Of Lifesaving Awards To Members Of The Ridgecrest Police Department** Strand
 - Ron Strand presented awards for lifesaving efforts to two members of the Ridgecrest Police Department

Additional Public Comment

Ron Strand

- Announced news that the Kern County Sheriff contacted him with news that the jail would remain open until July 1, 2016.

3. Presentation Of The Fiscal Year 2015 Comprehensive Annual Financial Report Of The City Of Ridgecrest **Staheli**

Tyrell Staheli

- Presented staff report

Ken Pun

- Provided a PowerPoint presentation (*Attachment A*) of the City of Ridgecrest CAFR report
- Offered to return with answers for questions that may come up after the meeting.

Eddie Thomas

- Questioned the major strategy
 - Ken Pun – recommends a conservative savings for reserve. Explained focus and significant improvements in the numbers from the past. City is recovering the fund balance and general fund payment of long term liability.

Mike Mower

- Requested clarification of the unfunded liability
 - Ken Pun - Past standard did require including the unfunded liability and is now a requirement.

Jim Sanders

- Questioned the unfunded liability and if this is something council needs to fix.
 - Ken Pun – explained most agencies have unfunded liabilities up to 100%. City is on range with current 77% and many factors affect the liability including mortality rates and investments. If in range between 70% and 85% then in a good range.

Lori Acton

- Questioned cost of services and requested comparison between other agencies.
 - Ken Pun – explained factors considered in calculating. Survey of 105 agencies, City of Ridgecrest is good at 77% while the average is 109%. City is saving money.

Peggy Breeden

- Questioned unfunded liabilities, when do these have to be funded and how do we fund them when we are already behind.
 - Ken Pun – CalPERS does evaluation annually and determines contribution rates and factors in the current information. The negative side of a defined benefit plan is you don't know when it will end compared to a set-aside pool.

Peggy Breeden *(continued)*

- Commented this is a rosy projection. We hear we don't have money so how did you come up that we are doing well.
 - Ken Pun – with all the tax measures you have and revenues is helping to build up reserves. It takes time to build up the reserve and in past there were double digits deficits but now is a single digit deficit.
 - Tyrell Staheli – a balance sheet is a snapshot of what we would have to pay if we had to pay everything today.
 - Ken Pun – deficit is actually long term liability which is paid over time depending on the terms of the contract.
 - Tyrell Staheli – we have been doing cost control and not expanding services.
 - Jim Sanders – we are living within our means but have long term debts to pay.

Public Comment

Stan Rajtora

- Referenced page 5i stating City is seeing upswing in economic development and construction. Commented the figure is the second lowest of past numbers. Additionally commented on additional permits. There are more permits pulled but less in valuation so new housing starts is going down. Statements of an upswing need to be careful about making this statement because we have a long way to go.
- Referenced page 15 general fund balance of being a minus \$1 million rather than a minus \$5 million. Next page shows budgetary highlights of minus \$1 million. If we have \$800k carryover Measure 'L' dollars in the general fund and curious of the impact if we had spent the carryover funding.
 - Ken Pun – the Measure 'L' fund is included in the general fund so if you had spent the money it would be less by that amount.
- Expressed concern that had we spent the fund we would be minus \$1.8 million so not catching up the way we think. Those dollars need to be spent. Not supplementing general fund intentionally but these funds need to be spent on roads. Reviewed TAB and Measure 'L' fund allocations.
 - Mike Mower – funds were expended out of TAB which do not show in general fund. We have made progress.
- Thought the Measure 'L' fund carryover was to be spent on roads. If we had spent it then the deficit balance would be larger.
- Question from page 45 regarding Wastewater Improvement Fund Advances To Fiduciary Fund of \$2.5 million dollars, asked what this is.
 - Tyrell Staheli – that is the solar loan we are in dispute with Department of Finance over.

Stan Rajtora *(continued)*

- Referenced loan in 2010 for 5 years payback.
 - Tyrell Staheli – that was a loan to RDA which went away and the Department of Finance disallowed the loan so we are currently in dispute to get the money back.
- Commented on wastewater fee increases and City need to return the money to the wastewater fund. Asked Council to begin looking at a plan B to pay back the wastewater fund of the solar loan.
 - Jim Sanders – since the State absolved the RDA then they have an obligation to pay the loan back. This is one of the things the City is fighting them about right now.
- Questioned what would happen if the State wins the lawsuit and at this time the City is in default of the loan. It is important to get this loan paid off.
 - Peggy Breeden – questioned if there is a way to pay back the loan and put money into a reserve.
 - Tyrell Staheli – this is something we can look at during the budget hearing process.

Peggy Breeden

- Anyone with questions, present them to Tyrell who will relay them to Ken Pun. Ken will return to Council with answers to those questions.

PUBLIC COMMENT *(Regular Session)*

Mike Cash

- Buried an amazing man today, Army Col. Lloyd Brubaker was laid to rest. Spoke on his personal mentorship received from Mr. Brubaker. He was buried with full military honors. A great man with involvement in emergency HAMM radio operations.
- Commented on the pending closing of the jail and read the Kern County Sheriff's Office Mission Statement. Want to thank first responders for their service and to their families for their sacrifice.
- Spoke on efforts to keep the jail open. Thanked the Council and Supervisor Gleeson for their work to get the extension.
- Commented on the impact to the community if the jail closes and appreciation of the extension which give more time to find a permanent solution to keep the jail open.
- Losing the jail would decrease our safety and security and as a private citizen is willing to work to see a solution for this issue.

Teresa Jacobs

- Provided a concern about the parking at the Historical Society building which is impacting the parking for the building next door. Unable to rent the building when the lot was built for that building and not for the Historical Society. Original plan for Historical Society was to tear down the old parks maintenance buildings and provide parking. Requested City to do something about the issue. County Health department and renters at her building have requested the Historical Society move their vehicles. Have had to turn away 3 renters because of the parking situation and requesting City Council do something to correct the parking situation.
 - Peggy Breeden – asked staff to look at the situation to see if there is anything we can do about this situation.
- City Ordinance requires parking when adding a building however none was required when a building was added by the Historical Society.

Mike Neel

- Provided a handout to Council of selected pages from Dale Howard receivership papers which state they are now going to sell his house. Read excerpts from the pages provided. (*Attachment B*) Questioned local builder and someone named Ramirez which appears to be buyer set up to buy the property before courts have ruled
- Commented on City actions.

Dave Matthews

- Urged Council Members to contemplate the materials received on the Dale Howard situation.
- Commented on Mr. Brubaker as a good man and wished he had known of his passing sooner.
- Spoke on being an amateur meteorologist and looking at the snowpack. Previously predicted a wet winter which has happened. Commented on last week's heat wave causing shrinking of the recovery. Suggested funding Kevin McCarthy has spoken of and the possibility of increasing storage. Referenced article written by Mr. McCarthy about too much rain water going to waste. Provided copy to City Clerk (*Attachment C*)
- Commented on State of California being complacent about not storing waster, want to see County and City push back to State about finding a way to save this water runoff.

Robert Fine

- Provided information about the hospital heliport to Council.
- Spoke on the history of the heliport and Hospital statements that the pad would be rarely used.
- In past year there has been significant increase especially at night. Flying low over houses and shaking houses. Still working to provide video to City Clerk

- Spoke with Jim Suver who stated no changes to policies.
- Senior citizens in the nursing home are being affected by the late night flights.
- Exemplified multiple disturbances throughout the night.
- Old pad is across the street and owned by the City. Suggested working something out with the City.
- Spoke on the billboard with Jim Suver and conversations with him about flights.
- Last night flight sat on pad for 50 minutes before taking off. Suggested transporting to Inyokern airport and flights taking off and landing there rather than over housing.
- Will provide more information and return to discuss again.
 - Peggy Breeden – has spoken with Mr. Suver who has agreed to come address Council on the issue in public comment.

Jim Winkle

- Spoke on the helicopter pilots coming in low and unsafe. Asked the pilots not fly in a disrespectful manner. What they are doing is good for patients and asked Council to help find a solution for the homeowners. Spoke on video of sand washing over family and having to run into the house when the helicopters fly so low over the home.

Benny Fuller

- Commented on left hand red arrows. Norma and Inyokern Blvd is unnecessary. No cross traffic or oncoming traffic and asked the area be reconfigured.
 - Dennis Speer – will advise CalTrans District 9 as that is under their control.

COUNCIL ANNOUNCEMENTS

- None

CONSENT CALENDAR

4. Adopt A Resolution To Award A Construction Agreement To A-C Electric Company In The Amount Of Three Hundred Fifty Seven Thousand Dollars (\$357,000.00) For The Installation Of A Traffic Signal At The Intersection Of China Lake Boulevard And Bowman Road And Authorize The City Manager To Execute The Agreement Speer
5. Adopt A Resolution Of The City Council Of The City Of Ridgecrest Setting Dates And Times For The Operation Of Irrigation Systems Lemieux
6. Approve Draft Minutes Of The Ridgecrest City Council/Successor Redevelopment Agency/Financing Authority/Housing Authority Special Workshop Meeting Dated January 28, 2016 Ford

7. Approve Draft Minutes Of The Ridgecrest City Council/Successor Redevelopment Agency/Financing Authority/Housing Authority Special Closed Session Meeting Dated January 29, 2016 Ford

8. Approve Draft Minutes Of The Ridgecrest City Council/Successor Redevelopment Agency/Financing Authority/Housing Authority Regular Meeting Dated February 3, 2016 Ford

Items Removed For Discussion

- Item Nos. 4 and 5

Motion To Approve Item Nos. 6, 7, And 8 Of Consent Calendar Made By Council Member Mower, Second By Council Member Thomas. Motion Carried By Roll Call Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; And 0 Absent.

Item No. 4 Discussion

Mike Mower

- Questioned the math
 - Dennis Speer – explained contingency and match required
- Asked how staff arrived at the additional match of \$44,000.
 - Dennis Speer - Reviewed the numbers

Public Comment

Dave Matthews

- Asked if the construction would start before Bowman is open and if not would light be activated before the opening.
 - Mike Mower - Proposed opening of intersection is 3 months so the light would coincide with the opening.
 - Loren Culp – traffic signal will be constructed in coordination with Walmart improvements to the intersection so need to award the construction contract. Spoke on additional procurements required. Walmart has slipped in their project and anticipate starting the project by mid-April. Part of the delay is they are trying to not incur damage if we have an El Nino event.

Peggy Breeden

- Questioned possibility of additional bid
 - Dennis Speer – do not get as many bidders for signals so doubtful would receive anything more.

Mike Mower

- Reviewed the numbers and funds to be used to complete the project. Ok with the project but confused by the math.
- Confirmed that contingencies and match money are coming from Measure 'L' funds

Lori Acton

- Reviewed the numbers on the staff report and breakdown of amounts.

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

Item No. 5 Discussion

Eddie Thomas

- Questioned special permit.
 - Michael Silander – responded this resolution was written to mirror the water district. City is not going to issue special permit, only water district. Costs will also be set by water district.
- Asked about length of time this will be required
 - Michael Silander – will depend on the State, will change with mandates.

Peggy Breeden

- Water district can be charged daily so trying to do what they can reasonably do to meet the mandated reductions.

Eddie Thomas

- Asked about cash incentive for reduction to lawns.

Public Comment

Dave Matthews

- Asked why this was not included in the ordinance
 - Michael Silander – ordinance takes multiple readings and longer to change so split to be able to react more quickly should the watering schedule change.

Stan Rajtora

- Talked about this at City Org meeting and thought it would be a simplified version of the model ordinance.
 - Mike Mower – they are two different things; Item No. 5 brings us in line with the Water District ordinance.
- Would object to this, if we have complied with California law then we have done everything we need to do. Water district is increasing rates and changing many things over the next few months. Do not see a need to change City code to keep up with the district. No need to do anything other than putting the California model ordinance in simplified language. Need to let the water district settle down before we do anything and should not do anything with regard to implementation.
 - Michael Silander – there is a line which addresses this resolution for water schedule.
- Need to let water district figure out what they are doing before we start jumping through hoops.

Lori Acton

- Since we do not issue special permits should we not add to the paragraph a reference to the water district as the permit issuer.

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

ORDINANCES

9. **Second Reading And Adoption, Ordinance No. 16-01, An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Water Efficient Landscaping** **Lemieux**
 - No comments received by Council or Public

Two Motions:

- a) *Motion To Waive Reading In Full And To Adopt By Title Only, Ordinance No. 16-01, An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Water Efficient Landscaping Made By Council Member Sanders, Second By Council Member Acton. Motion Carried By Roll Call Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; And 0 Absent.*

- b) *Motion To Adopt, By Title Only, Ordinance No. 16-01, An Ordinance Of The City Council Of The City Of Ridgecrest Amending The Ridgecrest Municipal Code As It Relates To Water Efficient Landscaping Made By Council Member Mower, Second By Council Member Thomas. Motion Carried By Roll Call Vote Of 5 Ayes (Mayor Breeden, Council Members Sanders, Acton, Thomas, And Mower); 0 Noes; 0 Abstain; And 0 Absent.*

DISCUSSION AND OTHER ACTION ITEMS

1. Adopt A Resolution Of The City Council Of The City Of Ridgecrest Establishing The Salary Of The Position Of City Manager Lemieux

Michael Silander

- Presented staff report

Peggy Breeden

- Read statement regarding Mr. Speer being placed as City Manager and Director of Public Works by previous Council and the inability for one man to successfully accomplish two jobs. Requested the budgeted step increase be used to fill the Public Works Director.
- Do not fault Mr. Speer's work but is one man doing two jobs in an impossible situation.

Jim Sanders

- Agree Mr. Speer has done the job of more than two people. Past City Managers have had support staff and the current City Manager has no support staff because that is what we had to cut down on. Think he has done a good job and should be rewarded with a step increase.

Motion To Approve Resolution Establishing The Salary Of The City Manager Made By Council Member Sanders, Second By Council Member Acton. Motion Carried By Roll Call Vote Of 3 Ayes (Council Members Sanders, Acton, And Thomas); 2 Noes (Mayor Breeden And Council Member Mower); 0 Abstain; And 0 Absent.

2. Presentation And Discussion By The Technology Committee On Reliable, Community-Wide Broadband Implementation Breeden

Broadband Technology Committee

- Subcommittee of the Economic Development Committee
- Provided PowerPoint presentation regarding broadband internet fiber optic technology for Ridgecrest
- With exception of Justin O'Neill all members are volunteers with no financial connection to City of Ridgecrest

Beth Sumner

- Spoke on the investment of broadband as an Economic Development stimulator and compared to other infrastructure utilities.
- Provided example of broadband needs within their business.
- Stated Ridgecrest is in unique position as a rural community that has high speed fiber installed in the street. Possibility to provide this service to businesses. Encourage Council to lead the pursuit to advance the utility with policies and plans. Go after the funding to enhance the system.

Dr. Ferguson

- Spoke on Tele-Health and the Ridgecrest Regional Hospital, expanding Tele-Medicine and home devices are expected to double annually and the Hospital will need to have connectivity with high-speed to expand with this service.

Eric Bruin

- Spoke on the future of broadband and experience of the Desert Valley Bank growth since connecting to broadband. Commented on the efficiency of the service.

Justin O'Neill

- Spoke on broadband and the impact to millennial generation. Referenced survey statistics and quality of life impacts, recruiting, and communication.

Dr. Ferguson and Mr. Chun

- Spoke on funding opportunities, including assessment districts and TAB funding.

Justin O'Neill

- Spoke on education use of broadband and met with the school district who are on board to work with the City.

Cerro Coso speaker

- Spoke on college internet history and impacts of broadband impact since connecting in 2012.

Student Speakers

- Spoke on impacts to students with online classes and difficulty in keeping up with classes without a fast internet connection.

Jay Chun

- Spoke on municipality installation versus private sector.
- Highlighted other communities that have or are currently upgrading infrastructure for community broadband.
- Showed video of Sandy Oregon

Bill Sumner

- Provided cost benefit analysis and funding proposals
- Suggested partnership with Kern County
- Requesting City council to direct staff to work with the committee to draft a policy for broadband over the next 3 months.
- Asking City to designate general manager, install conduit, do the RFP, develop policy, designate IT staff to work on the plan, use TAB funds to pay for implementation.

Jay Chun

- Reviewed survey data
- Spoke on benefits of fiber
- Encouraged council to speak with community leaders in other agencies that have or are converting to broadband

Lori Acton

- Asked about SmartCities. Explained what SmartCities is and offered to speak with the community.

Jim Sanders

- Commented on conversations held with co-workers.
- Asked why private ISP are not doing this already?
 - Jay Chun – Mediacom and others are focused on larger cities. They don't see the return on their investment and not looking into the future. They don't want to make the investment. Can't get bonds and grants like the municipality
 - Justin O'Neill – spoke with Mediacom, they are tight-lipped and not willing to expose anything to competitors. Delays and lack of regulations harms the communities like ours. Spoke on delays and regulatory issues. Encouraged us to create our own.

Lori Acton

- Spoke on the lack of capital funding for other carriers and the CPUC is looking to regulate so would be in our best interest to be ahead of this.

Justin O'Neill

- Spoke on government leading the way of why this is important.

Eddie Thomas

- Questioned Mr. Sanders on the availability of volunteers from the people spoken with.
 - Need an IT person from the City and a project engineer to put this together which will be funded positions that need to come from the City.
- Asked about the idea of cost for salaries for these types of positions.

Jim Sanders

- Connect with almost everything said, commented on home business experiences, education for children.
- Biggest complaints received are concerning both speed and reliability.
- Original concern is competing with private sector and perhaps competition will help things.

Mike Mower

- Relayed experience with development and Mediacom refusing to provide service. Don't have a problem competing.

Peggy Breeden

- Questioned whether council has issues with beginning the groundwork.
- Discussion about funding sources for staffing.
- Requested this be sent to a committee to begin this process.
- Committee has put in a lot of hours and it is time for City to take up the banner and begin the process.

Lori Acton

- Requested to be involved.

Discussion moved to City Organization committee

Benny Fuller

- Volunteered to help.

Unknown Speaker

- Supports the program, took 5 years to get Mediacom service thanks to committee members assistance.
- Provides VA services and has not been able to meet the areas of training because of slow speeds.
- Will pay for it and will sign up today to provide fiber to his home.

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

Lori Acton – meet next week

Infrastructure Committee

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

Mike Mower – special meeting for 4th Thursday

❖ **Ad Hoc Water Conservation Committee**

Members: Jim Sanders; Peggy Breeden
Meeting: 1st Monday each month at 5:00 p.m. as needed
Location: Conference Room B

No report

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

No report

❖ **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

- Luncheon participation and did a good job
- Balsam street beautification project and end of year program
- Advocating for new leadership

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

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

No report

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

No report

OTHER COMMITTEES, BOARDS, OR COMMISSIONS

Mike Mower

- Kern COG tomorrow

CITY MANAGER REPORT

Dennis Speer

- Wastewater treatment facility - consultant held workshop and the community got the impression the base was participating but in fact are only a customer of the facility. Base is working with us for future right of way issue but is only a customer.
- Attended Lahontan last week and reviewed project and were supportive. Appropriate time for application is after environmental document and after Council makes its selection of the type of project.

MAYOR AND COUNCIL COMMENTS

Jim Sanders

- nothing

Lori Acton

- Excited to move forward
- Condolences to Mr. Brubaker's family, sorry to hear of his passing

Eddie Thomas

- invited public to black history event "Did You Know", February 27 at 11:00 at the church

Mike Mower

- Economic Outlook Conference is next week

Peggy Breeden

- GSA meeting this Friday in Council Chambers
- Denim And Diamonds auction on the 27th for scholarship fund

ADJOURNMENT at 9:58 p.m.



Rachel J. Ford, CMC
City Clerk



CITY OF RIDGECREST
CITY COUNCIL PRESENTATION
For the Year Ended June 30, 2015

Presented by:
Kenneth H. Pun, CPA, CGMA

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CITY OF RIDGECREST
CITY COUNCIL PRESENTATION

Contents

- ▶ Scope of Work
- ▶ Required Communications
- ▶ Audit Results
- ▶ Other Matters
- ▶ Thank you



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**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

Scope of Work

- ▶ **Comprehensive Annual Financial Report**
 - **Introductory Section (Unaudited)**
 - Letter of Transmittal
 - Certificate of Achievement for Excellence in Financial Reporting - GFOA
 - Organization Chart
 - Principal Officials
 - **Financial Section**
 - Management's Discussion and Analysis (Unaudited)
 - Government-Wide Financial Statements
 - Fund Financial Statements
 - Notes to Basic Financial Statements
 - Required Supplementary Information (Unaudited)
 - Supplementary Information



**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

Scope of Work (Continued)

- ▶ **Comprehensive Annual Financial Report (Continued)**
 - **Statistical Section (Unaudited)**
 - Financial Trends Information
 - Revenue Capacity Information
 - Debt Capacity Information
 - Demographic and Economic Information
 - Operating Information



**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

Required Communications

- ▶ Audit Responsibilities
- ▶ Planned Scope and Timing of Audits (Engagement Letter/Contract)
- ▶ Significant Findings from Audit
- ▶ Accounting Policies, Disclosures and Significant Estimates (Note 1 to the CAFR)
- ▶ Uncorrected Misstatements
- ▶ Significant Difficulties Encountered During Audit
- ▶ Disagreement with Management
- ▶ Consultants with Other Accountants
- ▶ Independence



**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

Management's Responsibilities	Auditor's Responsibilities
Present the financial statements in accordance with Accounting Principles Generally Accepted in the United States of America	Perform the audit in conformity with Auditing Standards Generally Accepted in the United States of America and the Standards applicable to Financial Audits contained in <i>Government Auditing Standards</i>
Adopt sound accounting policies	Communicate with "Those Charged with Governance"
Establish and maintain internal controls over financial reporting and compliance	Assess audit risk of internal control over financial reporting and compliance
Provide evidence supporting the amounts and disclosures in the financial statements	Determine fairness presentation of the financial statements
Prevent and detect fraud	Render audit opinions

**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

Audit Results

- ▶ **Unmodified Opinion**
 - Financial Statements are fairly presented in all material respects
 - Significant accounting policies have been consistently applied
 - Estimates are reasonable
 - Disclosures are properly reflected in the financial statements
- ▶ **No material misstatements or significant deficiencies were noted in internal control over financial reporting**



**CITY OF RIDGECREST
Government-Wide Summary
Statement of Net Position
June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets	\$ 60,730,610	\$ 35,351,660	\$ 96,082,270
Deferred Outflows of Resources	1,271,969	134,430	1,406,399
Liabilities	23,372,115	1,591,576	24,963,691
Deferred Inflows of Resources	2,693,747	351,437	3,045,184
Net Position:			
Net investments in capital assets	42,325,287	15,069,345	57,394,632
Restricted	9,961,497	-	9,961,497
Unrestricted (Deficit)	(16,350,067)	18,473,732	2,123,665
Total Net Position	<u>\$ 35,936,717</u>	<u>\$ 33,543,077</u>	<u>\$ 69,479,794</u>



**CITY OF RIDGECREST
Government-Wide Summary, Continued
Statement of Activities
For the Year Ended June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Expenses	\$ (18,657,846)	\$ (2,839,933)	\$ (21,497,779)
Program Revenues:			
Charges for Services	1,296,391	4,145,779	5,442,170
Operating Grants and Contributions	2,315,476	92,834	2,408,310
Capital Grants and Contributions	7,728,784	-	7,728,784
Total program revenues	<u>11,340,651</u>	<u>4,238,613</u>	<u>15,579,264</u>
Net Cost of Services	(7,317,195)	1,398,680	(5,918,515)
General Revenues	15,015,740	644,521	15,660,261
Transfers	615,822	(615,822)	-
Net Change in Net Position	<u>\$ 8,314,367</u>	<u>\$ 1,427,379</u>	<u>\$ 9,741,746</u>



**CITY OF RIDGECREST
Cost of Services to Tax Revenues
Governmental Activities
For the Year Ended June 30, 2015**

Net Cost of Services	<u>\$ 7,317,195</u>
Tax Revenues	<u>\$ 9,486,140</u>
Cost of Services to Tax Revenue Ratio	<u>77%</u>



**CITY OF RIDGECREST
General Fund Summary
June 30, 2015**

Assets	\$ 3,532,381
Liabilities	\$ 4,533,412
Fund Balances:	
Nonspendable	525
Restricted	247,365
Assigned	1,051,917
Unassigned	<u>(2,300,838)</u>
Total Fund Balances	<u>(1,001,031)</u>
Total Liabilities and Fund Balances	\$ 3,532,381



**CITY OF RIDGECREST
General Fund Summary, Continued
For the Year Ended June 30, 2015**

Total Revenue	\$ 11,680,736
Total Expenditures	<u>(12,012,003)</u>
Operating Income (Loss)	(331,267)
Transfers	<u>1,649,147</u>
Net Change in Fund Balance	\$ <u>1,317,880</u>



**CITY OF RIDGECREST
General Fund Summary, Continued
For the Years Ended June 30, 2013 and 2012**

Total Unassigned Fund Balance	\$ (1,001,031)
Total Expenditures	\$ 12,012,003
Percentage Available for Future Expenditures	<u>-8%</u>

Note: National Credit Rating Agencies and GFOA have stated that the "surplus" should be 5% to 10%.



**CITY OF RIDGECREST
Schedule of Funding Progress
of Other Post Employment Benefits Plan
June 30, 2015**

	<u>June 30, 2013</u>
Actuarial Value of Assets	\$ 449,520
Entry Age Normal Actuarial Accrued Liabilities	<u>961,858</u>
Unfunded Actuarial Accrued Liabilities	\$ (512,338)
Funded Status	<u>47%</u>

*Based on the latest actuarial valuation available



**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

**Implementation of GASB Statements No. 68 and
71, the New Pension Standards**

- ▶ GASB Statement No. 68, *Accounting and Financial Reporting for Pension Plans*
- ▶ GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*


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**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

**Implementation of GASB Statements No. 68 and
71, the New Pension Standards**

- ▶ **Restatement:**
 - **Restated beginning net position:**
 - **Governmental Activities – From \$40,303,302 to \$27,622,350**
 - Contribution made after measurement date of \$1,047,304
 - Net Pension Liabilities of \$(13,728,256)
 - **Business-Type Activities – From \$33,641,881 to \$32,115,698**
 - Contribution made after measurement date of \$138,355
 - Net Pension Liabilities of \$(1,664,538)
 - **Successor Agency – From \$(5,787,613) to \$(6,115,982)**
 - Net Pension Liabilities of \$(328,369)


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**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

**Implementation of GASB Statements No. 68 and
71, the New Pension Standards**

▶ **Current Year Impact:**

- **Deferred Outflows of Resources**
 - Pension Contributions Made After the Measurement Date of \$1,384,615
 - Positive Difference between City's Contributions and Proportionate Share of Contribution of \$21,784


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**CITY OF RIDGECREST
CITY COUNCIL PRESENTATION**

**Implementation of GASB Statements No. 68 and
71, the New Pension Standards**

▶ **Current Year Impact:**

- **Net Pension Liabilities**
 - Reported Aggregate Net Pension Liability of \$12,683,533
- **Deferred Inflows of Resources**
 - Difference between Projected and Actual Earnings on Pension Plan Investments of \$2,957,636
 - Negative Difference between City's Contribution and Proportionate Share of Contribution of \$87,548


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18

**Thank You
For Allowing Pun & McGeady LLP
to provide services to
CITY OF RIDGECREST**



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 2 ANDREW F. ADAMS, SB#275109
 3 California Receivership Group, PBC
 2716 Ocean Park Blvd., Suite 3010
 4 Santa Monica, CA 90405
 Ph. (310)471-8181
 Fax (310) 471-8180
 Court-Appointed Receiver

6 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 7 COUNTY OF KERN

9 CITY OF RIDGECREST, a California
 10 Municipal, ("the City") and the PEOPLE
 OF THE STATE OF CALIFORNIA,
 11 ("the People") by and through Jones &
 Mayer, Special Counsel to the City of
 Ridgcrest

12 Petitioner,

13 v.

14 WILLIAM DALE HOWARD, and
 15 individual; DORRANCE ANNE
 HOWARD, an individual; BETTY
 16 JOAN WHITELEY, an individual; PETER
 FAI LOY LAM, an individual;
 17 WILLIAM G. and IMALDA IVEY
 TRUST, a family trust; AURORA
 18 DORRANCE, LLC, a California Limited
 Liability Company; MARTIN MOSLEY,
 19 an individual, and DOES 1-50.

20 Respondents.

Case No. 8-1500-CV-277696 SPC

**NOTICE OF MOTION AND MOTION
 TO SELL THE PROPERTY AND STRIP
 EXISTING LIENS; MEMORANDUM OF
 POINTS AND AUTHORITIES IN
 SUPPORT THEREOF; DECLARATION
 OF ANDREW ADAMS**

Date: March 17, 2016
 Time 8:30 a.m.
 Dept. 4

Reservation #14312

22 PLEASE TAKE NOTICE that on March 17, 2016 at 8:30 a.m. in Department 4 of the
 23 Kern County Superior Court at 1415 Truxtun Ave., Bakersfield, CA 93301, or as soon thereafter
 24 as the Court may be able to hear the matter, Mark Adams, the court-appointed Receiver in
 25 *Ridgcrest v. William Dale Howard, et. al.* will be appearing to request an order directing the
 26 sale of all properties under receivership. The Motion is filed and to be considered if the current
 27 situation continues, whereby the existing mature Deed of Trust is not paid off, and thus the sale
 28

1 can be discharged.³ The Certificate itself matured on December 31, 2015. The Receiver had
2 discussed this at various times with Respondent William Howard ("Howard"), but again most
3 recently in a January 29, 2016 email. Howard either has to refinance the Certificate, or the
4 Property has to be sold, and as of now it does not appear that the Certificate will be paid off. If
5 Howard does make those arrangements by the hearing, then the need for the sale will be
6 removed. In this way, this Motion is filed and set for hearing based on what is expected to
7 happen, but also to ensure that there are adequate and timely plans in place in the event that
8 Howard does not take action. Similarly, the exact recommended sale offer is not yet known, but
9 if a good offer is submitted by the hearing date, it can be presented for confirmation under Code
10 of Civil Procedure §568.5, and a Proposed Order reflecting that confirmation can be filed.

11 If Respondent cannot or will not repay the Certificate, it is appropriate for this Court to
12 direct the proceeds from the sale of the Property to pay the amount owed on the Certificate. Then
13 the liens that have been "stripped" can be put to this Court for further orders as to which will be
14 paid first. The Receiver can submit demands for payoff requests from all interested parties, and
15 then submit them to this Court. In this way, any disputes or claims to interests in the properties
16 are heard after the Properties are sold, and are no longer sitting vacant or potentially reverting to
17 their nuisance conditions. After the sale of the Property is completed and the Receivership
18 Certificate paid, steps can be taken to being to wind down this receivership.

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**II. THIS COURT HAS AUTHORITY TO
AUTHORIZE ITS RECEIVER TO SELL THE PROPERTY**

26 A Receiver is authorized to sell any property under his control with court approval. Code
27 of Civil Procedure § 568.5,⁴ *People v. Riverside University* (1973) 35 Cal.App.3d 572, 582-83.
28 This approval can be conferred in the appointment order. can be applied prospectively upon

³ The discharge and final accounting can be accomplished two ways – through a noticed motion or by stipulation. Usually a stipulation treats the prior monthly accountings in sum as the final accounting, but that is part of the agreement of the parties. Obviously the stipulation is faster and more efficient, but I do not expect that here.
⁴ "A receiver may, pursuant to an order of the court, sell real or personal property in the receiver's possession upon the notice and in the manner prescribed by Article 6 (commencing with Section 701.510) of Chapter 3 of Division 2 of Title 9. The sale is not final until confirmed by the court."

1 to authorize the activity, then Court approval is necessary. *Id* at 581 (citing *Rochat v. Gee* (1902)
2 137 Cal. 497, 500, amongst others). This approval can be retroactively applied, as the case
3 might require. *Id* at 581-82. The Court can review the sale, or deny the Receiver's
4 recommendation, however this is only necessary in instances of "... fraud, unfairness or
5 oppression in the sale . . ." *Id* at 582. It is standard practice to seek preemptive court review of
6 a sale when possible, thus, this Report seeks that approval of the sale described herein.

7 In this matter, the conditions that the Appointment Order directed be remedied have been
8 remedied. The existing Certificate has matured, and it is the Receiver's recommendation that a
9 foreclosure sale be avoided if at all possible.⁵ Thus, the sale is both necessary to pay off the
10 amounts and bring about the end of this matter, but it is also the best way to set the course for the
11 future on this matter, as it will bring in a new owner that can abide the governing municipal and
12 state housing code. Based on the conditions herein, the sale of the receivership property appears
13 to be the only solution, and this Court has full authority to order that sale.

14 15 **III. THIS COURT'S DISCRETION ON THE MANNER OF SALE**

16 Sales of receivership property are authorized and governed by Code of Civil Procedure §
17 568.5: "A receiver may, pursuant to an order of the court, sell real or personal property in the
18 receiver's possession upon the notice and in the manner prescribed by Article 6 (commencing
19 with Section 701.510) of Chapter 3 of Division 2 of Title 9. The sale is not final until confirmed
20 by the court." While the statute appears to require that all receivership sales be handled by a
21 levying agent (through §701.510 *et seq.*), this is not mandatory, nor is it usually the most
22 efficient or proper way to complete the sale. In most cases, as is the situation here, a market sale
23 is best. And case law makes it clear that this Court has full discretion to order a market sale.

24 On the question of whether or not this Court can authorize a market sale, *People v.*
25 *Riverside University* (1973) 35 Cal.App.3d 572 is directly on point. There, the receiver for a
26

27 ⁵ A foreclosure sale is actually the exact inverse of the market sale requested in this motion, as it provides lesser
28 title, will result in a lower sale price, and is binding as to any other interests (assuming that there are not ample sale
proceeds). In the market sale requested here, any sale proceeds beyond those used to payoff the Certificate can be
later claimed by the very parties that would otherwise be left without recourse in a foreclosure.

1 (sheriff or marshal). The Receiver or the City would have to first establish the monetary
2 judgment (possibly to pay off the Certificate), apply for a writ of execution, and then wait for the
3 levying officer (the "sheriff or marshal." *Code Civ. Proc.* § 680.260) to receive written sale
4 instructions (i.e. minimum bid amount, description of real property, amount of monetary
5 judgment). The levying officer would then follow the statutory execution sale procedure, which
6 requires statutory notice of the levy and sale, publication of the noticed sale, conducting sale at
7 public location, and providing applicable post-sale notice. *Code Civ. Proc.* §§ 701.510 –
8 701.680. As is shown above, the execution sale procedure does not require, nor is it aided, by
9 the involvement of a receiver. It is a very detailed and time-intensive process, that in my opinion
10 should be avoided unless there is good reason not to.

11 A sale under §701.510 would be more costly to the receivership in the form of further
12 time from my staff to arrange for the sale. It would also likely net a lower price, as a market sale,
13 conducted in the standard method of selling these types of properties, will assuredly provide
14 more in the way of sale proceeds. Further, this allows for me to investigate and choose the buyer
15 of the Property, instead of allowing anyone who bids the highest take ownership of the Property
16 that remains subject to this receivership.⁶ Finally, this method of sale is much faster than under
17 §701.510, because the sale can be completed and confirmed in less time than is necessary to get
18 approval, list the Property, etc.

19 Were it that the statute stood alone with the direction to utilize the levying officer, then
20 such a process might be the only option. But other courts have already made it clear that market
21 sales can be utilized under this Court's discretion. So strict adherence to the sale process that will
22 take longer, result in an unknown buyer, result in a lower sale price, and cost more in
23 receivership fees is not necessary. As briefly disused above in fn. 5, the foreclosure sale is
24 simply not beneficial for anyone, and leaves all parties in a worse position that a market sale.

25
26
27 ⁶ Controlling who the property is sold to is more important where the work remedying the violations is not yet done,
28 because the receivership has to rely on that new owner to do the work. That is not the situation here, as the work is
done, but controlling and vetting the buyer remains a useful tool, because the receivership is not automatically ended
upon the sale of the Property.

1 1109 Mayo Street has comps of approximately \$95,000. The Property at 1304 Porter Street came
2 back with comps putting the value at \$40,000. The demolished property is now just considered a
3 vacant lot, and the value of those lots is likely only \$3,000. Those are only estimates, and
4 obviously the highest offers will be reviewed. But in my experience with this Property, I do not
5 believe that we can obtain the ultimate highest value, both because the structures are in bad
6 shape (even if no longer a nuisance) and also because the owner can be expected to be hostile to
7 the sale and may cause a problem in completing the sale. For those reasons, I do not recommend
8 letting the property be listed for six months-year that might result in a sale price at those values.

9 8. I have listed the Properties with a local agent that came recommended to me. She
10 is going to complete at least one inspection, along with Lou Laurenti who handles all security
11 issues for CRG, and put the Properties on the market. While that estimate is not assured, and the
12 sale price will depend on a variety of factors (and thus it should not be considered an expected
13 sale price), I believe that is a fairly accurate estimate of the ultimate sale price that the parties can
14 expect.

15 9. I have reviewed a set of litigation guarantees from May 2012, and the *lis pendens*
16 recorded by the City of Ridgecrest in November of 2013. All potential interested parties listed in
17 either of those documents will be mailed notice of this Motion as far as is reasonably possible, so
18 that they can make any objections. Similarly, they will be sent demands with notice that any
19 unpaid fees and costs are to be submitted for this Court's review, if the Court grants the Motion.
20 In this way, all potential interested parties, beyond those that are named in this matter will be
21 given notice and an opportunity to be heard in this matter.

22
23 10. As stated in the Motion, the intent is to simply provide a backup option, with the
24 preferable method of dealing with the Certificate is for Howard to pay it off, or refinance it. This
25 would enable him to remain in his property, and allow for a more efficient and faster completion
26 to this matter. Having communicated with him on this matter, I do not believe that he is willing
27 or capable to do so. Thus, the Motion is filed, with the request to sell the Property and strip the
28 liens, and if there is not a solution in place by March 17, then I would ask the Court to approve

1 the Motion.

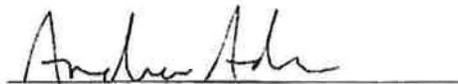
2 11. Also, as there is not a sale yet arranged for confirmation, I will not submit a
3 Proposed Order with this Motion. One can be provided at the hearing. Or the Court can affirm
4 the sale generally, and wait for further sale details to decide as to whether or not to confirm the
5 sale. Or the Court could affirm the listing, but at the same time request that the specifics of the
6 sale (when known in their entirety) are put before the court by way of an ex parte application.
7 The Court has wide discretion in completing the sale, and the recommendation put to the Court is
8 only a recommendation.

9 12. Right now, because the Certificate and its Deed of Trust have matured, and they
10 can be foreclosed upon, I believe that the proper method of dealing with this matter is for the
11 Court to confirm the sale. In my experience, a market sale results in much more proceeds and is
12 much faster than a foreclosure sale. I believe that a foreclosure would not accomplish any of the
13 goals of the parties here, as it removes Howard from his home, would likely result in a lower sale
14 price, and puts a new buyer into the Property that I have not had a chance to "vet" yet.

15 13. Thus, the recommendation is that this Court confirm the sale to prevent the
16 foreclosure.

17
18 I declare under penalty of perjury under the laws of the State of California that the
19 foregoing is true and correct.

20
21 Executed this 12th day of February 2016, in Santa Monica, California.

22
23 

24 Andrew Adams, for Court-Appointed Receiver Mark Adams

25
26 ///

27 ///

28 ///

SERVICE LIST

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GUEST EDITORIAL

Too much rain is going to waste

BY KEVIN MCCARTHY

After months of hopeful predictions, El Niño is delivering our state much-needed snow and rain. But with Mother Nature doing her small part to ease the drought, the big question remains: What will we do to capture excess rain and snow now for use in future times of drought?

We know it makes no sense to waste water, especially as Valley residents endure this terrible drought. Sadly, federal and state regulators are letting this precious moment slip by, letting water flow out to the Pacific Ocean.

For example, a couple of weeks ago, almost 330,000 gallons of water per second flowed through the Delta and out into the Pacific Ocean. At the same time, less than a tenth of that was sent to the Central Valley and Southern California.

We must ask ourselves what exactly is preventing us from capturing all of this water. The blame lies squarely on U.S. Fish and Wildlife Service and National Marine Fisheries Service regulations that put the well-being of fish over people. Specifically, these agencies are requiring pumping to cease or be severely restricted if it impacts fish. More inexplicably, these agencies are curtailing operations simply because of a perceived risk to fish – something that is certainly beyond the original intent of the law and outside the criteria of their own regulations.

For the millions of Californians who are making sacrifices to reduce their water use every day, these contemptuous actions have resulted in the loss of enough water during late January storms to meet the daily water needs of 10 million families.

With predictions since last summer of an El Niño weather pattern, my House Republican colleagues from California and I knew the wet season was coming, so we have sought to get the agencies to allow more pumping. But the law places absolute authority in the hands of these bureaucracies to set pumping levels and interpret the law as they see fit. That is why we decided to try to change the law, passing legislation last year (and three times prior) to reform these regulations to ensure our communities can get this water. Unfortunately, each time, the Obama administration and U.S.

Sens. Dianne Feinstein and Barbara Boxer have opposed us and refused to agree to bipartisan proposals.

When I talk to folks who are not from California about the drought, I often recount the famous fable by Aesop, "The Ant and the Grasshopper."

The grasshopper uses times of plenty to live carefree while mocking the ant that is storing food to prepare for hard times.

It's not too late for the president, our senators and federal agencies to heed the fable's moral. There may still be storms this winter whose rain and snow we can capture, but that requires policy decisions to be more practical, putting the needs of Californians over fish.

Fixing California's drought challenge remains my top priority in Congress, and I will continue to work with my House colleagues, the president and Sens. Feinstein and Boxer to find a solution that gets water flowing to the communities in our state that so desperately need it.

•

Congressman Kevin Mc-Carthy serves California's 23rd district and is currently the Majority Leader in the U. S. House of Representatives.