



AGENDA

VALLEJO CITY COUNCIL

JOINT SPECIAL MEETING OF THE CITY COUNCIL, REDEVELOPMENT AGENCY AND HOUSING AUTHORITY

MAYOR
Anthony Intintoli, Jr.

CITY COUNCIL
Gary Cloutier, Vice Mayor
Gerald Davis
Tom Bartee
Hermie Sunga
Stephanie Gomes
Tony Pearsall

AUGUST 14, 2007

City Hall
555 Santa Clara Street
Vallejo, CA 94590

This AGENDA contains a brief general description of each item to be considered. The posting of the recommended actions does not indicate what action may be taken. If comments come to the City Council without prior notice and are not listed on the AGENDA, no specific answers or response should be expected at this meeting per State law.

Those wishing to address the Council on any matter for which another opportunity to speak is not provided on the AGENDA but which is within the jurisdiction of the Council to resolve may come forward to the podium during the "COMMUNITY FORUM" portion of the AGENDA. Those wishing to speak on a "PUBLIC HEARING" matter will be called forward at the appropriate time during the public hearing consideration.

Copies of written documentation relating to each item of business on the AGENDA are on file in the Office of the City Clerk and are available for public inspection. Information may be obtained by calling (707) 648-4527, TDD (707) 649-3562, or at our web site: <http://www.ci.vallejo.ca.us/>



Vallejo City Council Chambers is ADA compliant. Devices for the hearing impaired are available from the City Clerk. Requests for disability related modifications or accommodations, aids or services may be made by a person with a disability to the City Clerk's office no less than 72 hours prior to the meeting as required by Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof.

NOTICE: Members of the public shall have the opportunity to address the City Council concerning any item listed on the notice before or during consideration of that item. No other items may be discussed at this special meeting.

VALLEJO CITY COUNCIL SPECIAL MEETING 5:15 P.M. – CITY COUNCIL CHAMBERS

A. INTERVIEWS – PLANNING COMMISSION

VALLEJO HOUSING AUTHORITY – SPECIAL MEETING
6:45 P.M. – CITY COUNCIL CHAMBERS

NOTICE: Members of the public shall have the opportunity to address the Housing Authority concerning any item listed on the notice before or during consideration of that item. No other items may be discussed at this special meeting.

1. CALL TO ORDER

2. ROLL CALL

3. ADMINISTRATIVE ITEMS

- A. CONSIDERATION OF A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A LOAN AGREEMENT BY AND BETWEEN THE CITY OF VALLEJO HOUSING AUTHORITY AND VALLEJO NEIGHBORHOOD HOUSING SERVICES, INC. FOR THE GRAHAM GARDENS PROJECT

Vallejo Neighborhood Housing Services, Inc. (VNHS) is planning to develop a housing project known as "Graham Gardens." Graham Gardens will consist of the construction of 22 (for-ownership) duet homes at 300 Mini Drive. When completed, eleven of these homes will be sold to households earning at or below 80 percent of the area median income (AMI). The City of Vallejo has committed its Federal HOME Program funds to the project. In July, VNHS requested \$700,000 in subordinate construction loan funds from the City or the Vallejo Housing Authority for twelve months. This loan would be repaid in one year with interest from funds generated through the sale of the affordable units.

PROPOSED ACTION: Adopt the resolution authorizing the Executive Director to execute a Loan Agreement between the City of Vallejo Housing Authority and Vallejo Neighborhood Housing Services, Inc. for the construction of Graham Gardens, and to take any additional actions, including amendments to the terms of the Agreement, that do not require the expenditure of Housing Authority funds, as may be necessary to carry out the terms of this Agreement.

4. RECESS UNTIL JOINT MEETING WITH VALLEJO CITY COUNCIL AND REDEVELOPMENT AGENCY

5. JOINT MEETING WITH VALLEJO CITY COUNCIL AND REDEVELOPMENT AGENCY

- A. CONSIDERATION OF (1) A RESOLUTION BY THE VALLEJO HOUSING AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONSULTANT AGREEMENT WITH EDEN HOUSING, INC. IN AN AMOUNT NOT TO EXCEED \$50,000 TO PERFORM AN ANALYSIS AND SELECTION OF SITES FOR THE ACQUISITION AND REHABILITATION OF AFFORDABLE RENTAL HOUSING, AND APPROVING EDEN HOUSING, INC. AS THE PREFERRED NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING, AND (2) RESOLUTIONS BY THE VALLEJO CITY COUNCIL AND VALLEJO REDEVELOPMENT AGENCY APPROVING EDEN HOUSING, INC. AS THE PREFERRED NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING

PROPOSED ACTION: Adopt the resolutions, (1) authorizing the Executive Director of the Housing Authority to execute a Consultant Agreement with Eden Housing, Inc. in a form acceptable to the Authority Counsel and in an amount not to exceed \$50,000 to perform a site feasibility study to recommend a site or sites for the acquisition and rehabilitation of affordable rental housing, and approving Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing, and (2) providing approval of Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

6. ADJOURN TO REGULAR MEETING OF THE CITY COUNCIL

VALLEJO CITY COUNCIL
REGULAR MEETING
7:00 P.M. -- CITY COUNCIL CHAMBERS

1. CALL TO ORDER

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL

4. PRESENTATIONS AND COMMENDATIONS - NONE

5. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS

Members of the public wishing to address the Council on Consent Calendar Items are requested to submit a completed speaker card to the City Clerk. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.02.310. Requests for removal of Consent Items received from the public are subject to approval by a majority vote of the Council. Items removed from the Consent Calendar will be heard immediately after approval of the Consent Calendar and Agenda.

6. CONSENT CALENDAR AND APPROVAL OF AGENDA

All matters are approved under one motion unless requested to be removed for discussion by a Councilmember, City Manager, or member of the public subject to a majority vote of the Council.

A. APPROVAL OF CITY COUNCIL MINUTES FOR JUNE 5 AND JULY 24, 2007

PROPOSED ACTION: Approve the minutes.

7. PUBLIC HEARINGS - NONE

8. POLICY ITEMS – NONE

**9. ADJOURN TO A JOINT REGULAR MEETING OF THE VALLEJO CITY COUNCIL,
THE VALLEJO HOUSING AUTHORITY AND SPECIAL MEETING OF THE VALLEJO
REDEVELOPMENT AGENCY**

10. ADMINISTRATIVE ITEMS

A. CONSIDERATION OF (1) A RESOLUTION BY THE VALLEJO HOUSING AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONSULTANT AGREEMENT WITH EDEN HOUSING, INC. IN AN AMOUNT NOT TO EXCEED \$50,000 TO PERFORM AN ANALYSIS AND SELECTION OF SITES FOR THE ACQUISITION AND REHABILITATION OF AFFORDABLE RENTAL HOUSING, AND APPROVING EDEN HOUSING, INC. AS THE PREFERRED NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING, AND (2) RESOLUTIONS BY THE VALLEJO CITY COUNCIL AND VALLEJO REDEVELOPMENT AGENCY APPROVING EDEN HOUSING, INC. AS THE PREFERRED

NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND
REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING

PROPOSED ACTION

City Council

Adopt the resolution providing approval by the City Council of Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

Redevelopment Agency

Adopt the resolution providing approval by the Redevelopment Agency of Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

Housing Authority

Adopt the resolution (1) authorizing the Executive Director of the Housing Authority to execute a Consultant Agreement with Eden Housing, Inc. in a form acceptable to the Authority Counsel and in an amount not to exceed \$50,000 to perform a site feasibility study to recommend a site or sites for the acquisition and rehabilitation of affordable rental housing, and approving Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing, and (2) providing approval of Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

11. RECONVENE TO THE VALLEJO CITY COUNCIL MEETING

12. ADMINISTRATIVE ITEMS (Continued)

B. RESOLUTION ACCEPTING RIDGECREST QUARTERLY REPORT FOR THE FOURTH QUARTER OF FY 2006/2007

Pursuant to the settlement agreement in *Ridgecrest Homeowners Association v. City of Vallejo*, it was agreed that the City General Fund would reimburse the Landscape Maintenance District ("LMD") program for inspection services provided to non-LMD areas of the City and that the City Council would accept a report documenting the transfer as an administrative item on a quarterly basis.

PROPOSED ACTION: Adopt a resolution which accepts the report documenting the reimbursement to the Landscape Maintenance District Program for the period of April 1, 2007 through June 31, 2007, for non-LMD landscape inspection services provided by the LMD program in the amount of \$22,451.94 which has been transferred from the General Fund into the Landscape Maintenance Fund.

13. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES

A. APPOINTMENTS TO PLANNING COMMISSION

The City Council interviewed individuals who submitted an application for consideration of an appointment to the Planning Commission on August 6 and August 14, 2007.

PROPOSED ACTION: Appoint two members to the Planning Commission.

14. WRITTEN COMMUNICATIONS

Correspondence addressed to the City Council or a majority thereof, and not added to the agenda by the Mayor or a Council member in the manner prescribed in Government Code, Section 54954.2, will be filed unless referred to the City Manager for a response. Such correspondence is available for public inspection at the City Clerk's office during regular business hours.

15. CITY MANAGER'S REPORT

16. CITY ATTORNEY'S REPORT

17. COMMUNITY FORUM

Anyone wishing to address the Council on any matter for which another opportunity to speak is not provided on the agenda, and which is within the jurisdiction of the Council to resolve, is requested to submit a completed speaker card to the City Clerk. When called upon, each speaker should step to the podium, state his /her name, and address for the record. Each speaker is limited to three minutes pursuant to Vallejo Municipal Code Section 2.20.300.

18. REPORT OF THE PRESIDING OFFICER AND MEMBERS OF THE CITY COUNCIL

19. CLOSED SESSION: *May recess to consider matters of pending litigation (GC 54956.9), personnel (GC 54957), labor relations (GC 54957.6), and real property negotiations (GC 54956.8). Records are not available for public inspection.*

20. ADJOURNMENT

VALLEJO REDEVELOPMENT AGENCY- SPECIAL MEETING
JOINT WITH CITY COUNCIL AND HOUSING AUTHORITY
7:00 P.M. CITY COUNCIL CHAMBERS

NOTICE: Members of the public shall have the opportunity to address the Redevelopment Agency concerning any item listed on the notice before or during consideration of that item. No other items may be discussed at this special meeting.

1. CALL TO ORDER

2. ADMINISTRATIVE ITEMS

CONSIDERATION OF (1) A RESOLUTION BY THE VALLEJO HOUSING AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONSULTANT AGREEMENT WITH EDEN HOUSING, INC. IN AN AMOUNT NOT TO EXCEED \$50,000 TO PERFORM AN ANALYSIS AND SELECTION OF SITES FOR THE ACQUISITION AND REHABILITATION OF AFFORDABLE RENTAL HOUSING, AND APPROVING EDEN HOUSING, INC. AS THE PREFERRED NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING, AND (2) RESOLUTIONS BY THE VALLEJO CITY COUNCIL AND VALLEJO REDEVELOPMENT AGENCY APPROVING EDEN HOUSING, INC. AS THE PREFERRED NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING

PROPOSED ACTION: Adopt the resolution providing approval by the Redevelopment Agency of Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

3. ADJOURNMENT



CITY OF VALLEJO

VHA
ADMIN. A
Agenda Item No.

VALLEJO HOUSING AUTHORITY

Date: August 14, 2007

TO: Chair and Members

FROM: Craig Whittom, Assistant City Manager/Community Development *W*
Laura J. Simpson, Housing and Community Development Manager

By L. Rivera for Laura J. Simpson

SUBJECT: CONSIDERATION OF A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A LOAN AGREEMENT BY AND BETWEEN THE CITY OF VALLEJO HOUSING AUTHORITY AND VALLEJO NEIGHBORHOOD HOUSING SERVICES, INC. FOR THE GRAHAM GARDENS PROJECT

BACKGROUND AND DISCUSSION

Vallejo Neighborhood Housing Services, Inc. (VNHS), a non-profit housing organization, is planning to develop a housing project known as "Graham Gardens." Graham Gardens will consist of the construction of 22 (for-ownership) duet homes at 300 Mini Drive. When completed, eleven of these homes will be sold to households earning at or below 80 percent of the area median income (AMI).

To date, the City of Vallejo has committed \$833,123 in Federal HOME Investment Partnerships Program deferred loan funds to the project, and \$105,341 in HOME Program grant funds. VNHS has received these HOME funds as an eligible HOME Community Housing Development Organization, or "CHDO". The completion of Graham Gardens will enable the Redevelopment Agency to complete its affordable housing obligations under the terms of the Buchongo Settlement Agreement.

Since development of the project began, one of the subordinate lenders chose not to go forward with Graham Gardens, which left the project with a funding gap of approximately \$1.2 million. Through receiving bids that were lower than the engineer's estimate, and value engineering, VNHS has been able to save approximately \$500,000.

In July, VNHS requested additional subordinate construction loan funds from the City of Vallejo or the Vallejo Housing Authority in the amount of \$700,000, for twelve months, at a rate comparable to the City or Authority's cost of funds. If approved, this will allow construction to begin by the end of August. Staff recommends that the Housing Authority provide a one-year loan of \$700,000 at three percent annual interest to VNHS, using Vallejo Housing Authority reserve funds. This loan would be repaid in one year with interest through the sale of the affordable units.

In addition, staff recommends that this loan be secured against the VNHS office building at 610 Lemon Street, which has a market value as of June 2, 2007 of \$1.195 million. These loan terms have been reviewed by outside legal counsel. A draft Loan Agreement, also prepared by the Housing Authority's legal counsel, is provided at Attachment "C".

This recommendation was presented to the Housing and Redevelopment Commission at its regular meeting on August 8, 2007. Staff will present a verbal report to the Housing Authority of the Commission's action at the August 14, 2007 Housing Authority meeting.

Vallejo Neighborhood Housing Services, Inc. (VNHS)

Since 1980, Vallejo Neighborhood Housing Services, Inc. (VNHS), a non-profit agency, has been an important partner with the City of Vallejo in providing affordable housing programs and services, including: owner-occupied housing rehabilitation loans, exterior house paint grants, down payment assistance loans and closing cost grants, homebuyer classes, and in-fill construction. For several years, the Vallejo City Council has allocated Federal Community Development Block Grant (CDBG) and HOME Program funds to VNHS for these activities. The Vallejo Redevelopment Agency has also awarded Affordable Housing funds to VNHS.

Project Description

The project, Graham Gardens, is a planned development in an established neighborhood in the northwestern part of Vallejo, on the south corner of Mini Drive and Stanford Drive. This location is on a 1.97 acre parcel that is currently undeveloped, with a private access road. The site has completed the City entitlement process, and recently been subdivided. The project site is bordered by single family homes (east and west), a community park (north), and a small neighborhood shopping center (southwest).

The development will consist of the construction of 22 for-ownership residential units in attached duets that are approximately 1,650 square feet each, with associated site development that will include landscaping.

The project has been put out to bid, and with sufficient funding, construction is ready to begin. The estimated construction period is twelve months. According to VNHS, the project currently has a funding shortfall of approximately \$700,000. In a letter dated July 25, 2007 (refer to Attachment "B"), VNHS has requested \$700,000 from the City or the Housing Authority in the form of a short-term loan. Attached to the July 25 letter was a revised project budget, and an appraisal, both of which are available for review upon request. The appraised value of 300 Mini Drive as of October 23, 2006 is \$1,170,000.

Eleven of the 22 homes would be affordable to low and moderate income families, (at 80 percent or below AMI). Eight of the homes would consist of four bedrooms and 2.5 bathrooms, and would be affordable to very low-income families (at 50 percent or below AMI). All eleven of these homes would remain affordable for 45 years, through the recording of covenants.

Sources and Uses

The total proposed sources and uses for the project are shown below. The primary financing for the project is a construction loan of \$7,265,000 which was approved by Bank of The West in April, 2007.

| <u>Sources</u> | <u>Amount</u> |
|---|--------------------|
| Neighborhood Reinvestment Corporation (NRC) | |
| Capital Building Project Fund | \$368,893 |
| NRC 2006 Development Grant | 110,000 |
| City of Vallejo HOME Funds | 938,464 |
| Vallejo Housing Authority Short Term Loan | 700,000 |
| Community Development Financial Institution (CDFI) | 260,448 |
| Bank of the West | <u>+ 7,265,000</u> |
| TOTAL | \$9,642,805 |
| | |
| <u>Uses</u> | <u>Amount</u> |
| Property Acquisition | \$260,448 |
| Site Development | 1,300,000 |
| Construction Contingency – Site and Building @5% | 291,050 |
| Building Costs | 4,521,000 |
| Architectural/Engineering | 349,429 |
| Plan Check and Soils | 105,667 |
| Assessments | 18,174 |
| Permits and Fees | 351,378 |
| Taxes | 22,877 |
| Legal, Department of Real Estate (DRE), Insurance | 420,439 |
| Title and Recording Fees | 15,000 |
| Bank of the West Loan Fees | 90,812 |
| Extension Fee | 45,406 |
| Appraisal Fee | 7,500 |
| Inspection Cost Review Fees | 7,000 |
| Construction Management Fee | 568,000 |
| Developer's Overhead | 700,000 |
| Contingency Reserve – Soft Costs and Interest Reserve | 211,086 |
| CDFI Interest | 45,625 |
| Construction Loan Interest Reserve | <u>+311,914</u> |
| TOTAL | \$9,642,805 |

Housing Costs

The estimated sales prices for the eleven market-rate homes at Graham Gardens are \$515,000. The eight HOME-restricted very low-income homes will be sold at below the cost

to build the units, at a price of \$436,066, and the three low-income units will be sold for \$495,000.

The total City subsidy per unit is expected to be \$160,070 for the very low-income homes, and \$95,653 for the low-income homes. This subsidy per unit does not include the amount of the proposed short-term Housing Authority loan of \$700,000. As mentioned earlier, the Authority loan would be repaid, with interest, within twelve months, or as soon as the homes are sold.

These subsidy amounts are larger than the City's current average homebuyer assistance loans, of \$75,000, for several reasons. First, the City is ensuring affordability for households earning lower income levels. Second, the homes will provide four bedrooms and 2.5 bathrooms, thereby serving large families. These homes are larger and more costly to build. In addition, the deed restrictions on these units will ensure that they remain affordable for 45 years, to future very low- and low-income families.

In 2007, to qualify as very low-income, the maximum annual income for a household of five persons is currently \$40,700. In order to assist these families with homeownership at Graham Gardens, additional deferred financing will be made available, through such loan sources as State and Federal funds.

Affordable Housing Goals

In 1999, the Redevelopment Agency entered into an Agreement with Legal Services of Northern California regarding the production of affordable housing in Vallejo. The document, known as the Buchongo Settlement Agreement, requires the Agency to produce 425 units of affordable housing within eight years. This may be accomplished through new construction, or the substantial rehabilitation of existing housing. Pursuant to State Redevelopment law, upon completion and occupancy, these units must remain affordable, through deed restrictions, for prescribed periods of time; 45 years for owner-occupied properties, and 55 years for rental units.

Since 1999, the Agency has made significant progress toward its goal of creating 425 affordable units, and has substantially met its obligations under the Buchongo Agreement. However, the Agency must still produce eight more units of two bedrooms or more, affordable to very low-income families. In April 2007, the Agency reached agreement on a two-year extension of time to satisfy the Buchongo requirements, as allowed in the Agreement, or until August 12, 2009.

The completion of Graham Gardens will result in the Agency completing its commitment pursuant to the terms of the Buchongo Agreement. The Agency must assist in the production of eight more very low-income housing units, of two bedrooms or more, by or before the revised Buchongo Agreement deadline of August 12, 2009. If Graham Gardens is not constructed, it may be difficult for the Agency to identify and complete another Buchongo-eligible project by August 2009.

Fiscal Impact

If approved, a twelve-month loan of \$700,000 at three percent annual interest would be provided to VNHS, Inc.. The source of funds would be an allocation of the existing \$1.5 million Housing Project appropriation in the Housing Authority Operating Reserve Fund 122.

RECOMMENDATION

Approve staff's recommendation to loan Housing Authority reserve funds to VNHS, Inc. for the development of the Graham Gardens project.

ALTERNATIVES CONSIDERED

For several years, VNHS has received CDBG and HOME Program funds from the City of Vallejo to provide affordable housing programs and services. If a loan is not provided by the Housing Authority, it is likely that the Graham Gardens project will not go forward. VNHS has a significant investment in the Graham Gardens project to date. The alternative to this loan would be for the Housing Authority to retain the funding in anticipation of investing in a future undetermined housing development.

ENVIRONMENTAL REVIEW

An environmental review is not required for this action. An environmental review of this project was completed in 2004.

PROPOSED ACTION

Adopt the enclosed resolution authorizing the Executive Director to execute a Loan Agreement between the City of Vallejo Housing Authority and Vallejo Neighborhood Housing Services, Inc. for the construction of Graham Gardens, and to take and additional actions, including amendments to the terms of the Agreement, that do not require the expenditure of Housing Authority funds, as may be necessary to carry out the terms of this Agreement.

DOCUMENTS AVAILABLE FOR REVIEW

- | | | |
|----------------|---|--|
| Attachment "A" | - | Resolution |
| Attachment "B" | - | Letter Dated July 25, 2007 from Renee Walton, Executive Director, Vallejo Neighborhood Housing Services, Inc. to Laura J. Simpson, Housing and Community Development Manager, City of Vallejo, (without attachments) |
| Attachment "C" | - | Draft Loan Agreement |

PREPARED BY/CONTACT:

Craig Whittom, Assistant City Manager/Community Development, (707) 648-4579, or cwhittom@ci.vallejo.ca.us

Laura J. Simpson, Housing and Community Development Manager, (707) 648-4393, or LSimpson@ci.vallejo.ca.us

Guy L. Ricca, Senior Community Development Analyst, (707) 648-4395, or gricca@ci.vallejo.ca.us

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ATTACHMENT A

RESOLUTION NO. 07 - N. C.

BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the City of Vallejo as follows:

THAT WHEREAS, the City of Vallejo has previously loaned \$833,123 of its Federal HOME Investment Partnerships Program funds to Vallejo Neighborhood Housing Services, Inc. (VNHS) in its capacity as a Community Housing Development Organization, or "CHDO," for the development of Graham Gardens, a housing for-ownership project consisting of 22 duet homes located at 300 Mini Drive in Vallejo, California.

WHEREAS, eleven of these homes will be affordable according to the HOME Program income guidelines, i. e., sold to households earning at or below 80 percent of the area median income.

WHEREAS, the development of eight of these 22 units will also enable the Redevelopment Agency of the City of Vallejo to satisfy its affordable housing obligations pursuant to the terms of the Buchongo Settlement Agreement.

WHEREAS, since development of the project began, one of the subordinate lenders chose not to go forward with Graham Gardens, which left the project with a funding gap.

WHEREAS, in July 2007, VNHS requested additional subordinate construction funds from the City or the Housing Authority in the amount of \$700,000, for twelve months, at a rate comparable to the City or Authority's cost of funds.

WHEREAS, if approved, this additional financing will allow construction to begin by the end of August.

WHEREAS, staff and VNHS have negotiated the terms of a Loan Agreement for the Graham Gardens project.

NOW THEREFORE BE IT RESOLVED that the City of Vallejo Housing Authority authorizes the Executive Director to execute a Loan Agreement in the amount of \$700,000 from budgeted funds in the Housing Authority Operating Reserve Fund 122 by and between the City of Vallejo Housing Authority and Vallejo Neighborhood Housing Services, Inc. for the Graham Gardens project, as described in the attached staff report dated August 14, 2007, and as shown in the form at Attachment "C" in the August 14, 2007 staff report;

BE IT FURTHER RESOLVED that the Executive Director is hereby authorized to execute any other document or instrument and take any additional actions,

including amendments to the terms of the Agreement, that do not require the expenditure of Housing Authority funds, as may be necessary to carry out the purpose of the Agreement.

ADOPTED by the Housing Authority of the City of Vallejo at a special meeting held on August 14, 2007 with the following vote:



July 25, 2007

Ms. Laura Simpson
Housing Manager
City of Vallejo
200 Georgia Street
Vallejo, CA 94590

Dear Ms. Simpson,

This letter represents a formal request for additional subordinate construction loan funds for the 22 unit project in North Vallejo, known as Graham Gardens.

As we discussed, our construction loan, in the amount of \$7,265,000, was approved on April 4, 2007. Since then, one of the subordinate lenders chose not to go forward with the project and we were left with a gap of approximately \$1,200,000. The project has gone out to bid and while we did come in \$476K below the engineers estimate, there were some additional pre-development costs. Through a value engineering process, we were able to save approximately \$500,000.

We are requesting that the City or the Housing Authority lend VNHS \$700,000 for twelve months, at a rate comparable to your cost of funds. We are very committed to this project and have invested \$1.6M to date. Bank of the West is ready to close the construction loan as soon as we have identified this gap financing. We could begin construction by the end of August if this request is approved by mid-August.

I have attached a Project Budget and a copy of the appraisal. Please let me know if you need additional information. Thank you for your consideration.

Sincerely,

Renee Walton
Executive Director

DRAFT
CONSTRUCTION LOAN AGREEMENT

THIS AGREEMENT is made this _____ day of August, 2007, between VALLEJO NEIGHBORHOOD HOUSING SERVICES, INC., a California non-profit public benefit corporation, hereinafter referred to as "Borrower," and the VALLEJO HOUSING AUTHORITY, hereinafter referred to as " Lender."

WITNESSETH:

WHEREAS, Borrower owns the real property described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property"), upon which Borrower desires to construct a for-sale, single family housing project containing 22 units, which shall include eleven units that shall be sold to low and very low income families (as 0 – 80% of the area median income) at an affordable housing cost, and construct certain other related improvements (the "Housing Project" or "Project"); and

WHEREAS, Borrower has received a loan from the City of Vallejo (the "City") in the amount of Eight Hundred Thirty-Three Thousand One Hundred Twenty-Three Dollars (\$833,123.00) in Federal HOME Investment Partnership Program funds to assist Borrower with the development of the Project (the "City Loan "), and has further received One Hundred Five Thousand Three Hundred Forty One Dollars (\$105,341.00) in Federal HOME Investment Partnership Program grant funds from the City; and

WHEREAS, Borrower has additionally received a commitment for a construction loan in the amount of Seven Million Two Hundred Sixty Five Thousand Dollars (\$7,265,000.00) from Bank of the West (the "Bank of the West Loan"), and additional funding commitments from multiple other sources in a total amount of Seven Hundred Thirty-Nine Three Hundred Forty One Dollars (\$739,341.00); and

WHEREAS, in order to obtain adequate financing to construct the Project, Borrower requires an additional loan of Seven Hundred Thousand Dollars (\$700,000.00), which loan can be repaid out of proceeds from sale of the units included in the Housing Project; and

WHEREAS, Borrower therefore desires to obtain a short term construction loan from Lender in the total amount of Seven Hundred Thousand Dollars (\$700,000.00) to finance the construction of improvements (the "Construction Loan"); and

WHEREAS, the making of the Construction Loan to Borrower will further the mission of the Lender by increasing and enhancing the affordable housing stock within the City of Vallejo;

NOW, THEREFORE, the parties hereby agree as follows:

1. Borrower makes the following representations and guarantees:
 - (a) Borrower has furnished Lender financial statements which are represented and warranted to be true and complete as of their date and which fairly represent the financial condition of Borrower and Lender has relied on said financial statements in agreeing to advance funds hereunder. There has been no significant

DRAFT

change in the financial condition of Borrower from that shown in the said financial statements. Borrower agrees at all times to keep the Lender fully informed of its financial condition, and during construction Borrower shall comply immediately with any outstanding written requests from Lender for copies of current year federal tax returns and, upon Lender's request, Borrower shall provide Lender with a written statement regarding any material changes to Borrower's financial condition or that there has been no material change to Borrower's financial condition.

Failure to comply with this paragraph 1(a) shall be deemed an event of default not requiring any further notice, suspending any further advances to Borrower hereunder.

(b) There are no direct or contingent liabilities involving significant amounts known to Borrower and not disclosed to Lender. There is no litigation or any proceeding by or before any government authority pending against Borrower to its knowledge or threatened against it which, in the opinion of Borrower, will substantially adversely affect its ability to perform its obligations under this Agreement.

(c) Borrower has made no investments in, advancements to, or guarantees of the obligations of any company, individual or other entity not otherwise disclosed.

(d) Borrower is in compliance with all of the terms, covenants and conditions of the Loan Agreement with the City.

(e) Borrower will use all sums borrowed from or disbursed by Lender solely and exclusively for the building and equipping of improvements that are to be constructed on the Property.

2. Lender agrees to lend to Borrower, from time to time as Borrower may require, the sum of Seven Hundred Thousand Dollars (\$700,000.00) (the "Loan Proceeds") to finance the construction of the Housing Project upon the Property. The Loan Proceeds shall be applied in conformance with the Estimated Development Costs attached hereto as Exhibit "B" and incorporated herein by this reference. Lender reserves the right to modify the allocation of the Loan Proceeds, at its sole discretion, during the term of the loan.

3. Prior to the first advancement, the following conditions must be satisfied:

(a) Delivery to Lender of an ALTA Mortgagee's title insurance policy (without revision), issued by a company approved by Lender, showing a valid lien on the Property in Lender's favor is obtainable upon disbursement of the funds, subject to the City Loan, the Bank of the West Loan, and such other exceptions as may be acceptable to Lender. Without limiting the foregoing, said title insurance policy shall be issued with ALTA form endorsement Nos. 100, 6.2, 102.5, and 116, or their equivalents, and any other endorsement attached to Lender's escrow instructions. The location of all existing easements across the Property shall be identified by survey and shall not interfere with the proposed improvements to be placed upon the Property.

(b) Borrower has executed a Promissory Note (the "Note") and a good and sufficient Deed of Trust, Assignment of Rents and Security Agreement (hereinafter referred to as "Deed of Trust") imposing a lien on the Property in Lender's favor, as well as other

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properties owned by Borrower (the "Additional Properties") to adequately secure the Note in the amount of the Construction Loan. The Additional Properties are more particularly described in Exhibit A-1, incorporated herein by reference. This Agreement, the Note and the Deed of Trust are hereinafter referred to as "Loan Instruments".

(c) Evidence satisfactory to Lender that the proposed improvements comply with all applicable zoning ordinances, building and use restrictions and codes and any requirements with respect to licenses, permits, and agreements necessary for the lawful use and operation of the Property.

(d) A firm "Construction Contract" with a contractor approved by Lender, in a form acceptable to Lender, has been filed with Lender, and receipt of a cost breakdown of all project costs approved by Lender.

(e) Plans have been filed with Lender which have been approved by Borrower and Lender, which plans will not be materially changed without Lender's prior written consent.

(f) All requirements of applicable state and federal laws relating to environmental protection and laws related to the operation of the project and lawful occupancy will be complied with fully and evidence of same furnished to Lender.

(g) Two (2) copies of a survey have been furnished to Lender which shall be subject to approval of Lender. The survey shall be a current, certified plat of survey by a licensed surveyor, delineating lot lines, showing all improvements, easements and other physical matters or restrictions reflected in the title policy which affect the title and uses of the Property. The surveyor will certify the legal description as shown in the title policy.

(h) Receipt of evidence of course of construction, fire and extended coverage insurance and such other insurance as Lender may require, in amounts, in form, and placed with companies acceptable to Lender, which policies are to contain a First Loss-Payee Mortgage clause in Lender's favor.

(i) Compliance with all applicable terms and conditions stated in the City Loan Agreement.

In the event of the failure to satisfy all the conditions set forth in this paragraph and to commence construction within thirty (30) days of the date of this Agreement, this Agreement shall be null and void and of no further force and effect, Borrower will pay any sums previously advanced and Lender will be released from any commitment to make said loan.

4. The disbursements which Lender is obligated to make under this Agreement shall be paid without withholding a retainage unless Lender, contractor or Borrower shall elect a retainage. In the event such an election is made in writing to Lender, then disbursements hereunder shall not at any time exceed ninety-five percent (95%) of the aggregate amount then or theretofore due to the contractor or contractors as shown on the latest application for payment of work done and materials furnished by the contractor or contractors to Borrower under the contract between Borrower and its general contractor to the extent that payment has been approved as due and payable to the contractor or contractors under the provisions of the contract. Provided, however, that no advance shall exceed

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a sum which, when subtracted from the remaining balance to be drawn, will reduce the amounts remaining to be withdrawn to an amount which is less than the cost to complete construction. A copy of each application for progress payment shall be signed by the contractor and approved in writing by Borrower prior to the delivery to Lender, and Lender must approve the same as a prerequisite to each draw. Also as a prerequisite to each draw, Lender must receive and approve work progress certifications from the independent third party inspector named by Lender. There shall be no more than one (1) draw each month. Prior to each advance, at option of Lender, there shall be delivered to Lender a continuation of the commitment for title insurance of the title company, which continuation shall (i) certify that the Deeds of Trust, including all advances made pursuant thereto, is a lien on the mortgaged property, subject only to the Deed of Trust securing the City Loan, the Deed of Trust securing the Bank of the West Loan and such other matters approved in writing by Lender, (ii) not disclose any liens, charges or encumbrances of any nature affecting the mortgaged property, other than such as has been approved in writing by Lender, and (iii) certify that the title company has insured all amounts advanced. Draw requests shall be sent to Lender as follows: Housing Authority of the City of Vallejo, Attn: _____, 200 Georgia Street, Vallejo, California 94590, Facsimile: _____, Telephone: _____.

The balance of the loan shall be retained by the Lender and shall be loaned only when Borrower presents to Lender:

- (a) Evidence satisfactory to Lender that Borrower has accepted the work as complete.
- (b) Evidence satisfactory to Lender of a contemporaneous or prior payment by Borrower to the contractor for the amounts so retained.
- (c) Evidence satisfactory to Lender that the period for filing workmen's and materialmen's liens has expired or that complete release of liens has been obtained by the contractor in accordance with the articles and conditions of the contract.
- (d) Evidence of completion of construction of the improvements with construction to be average or above average quality materials and workmanship in accordance with plans and specifications to be approved by Lender and Borrower and acceptance of the building and related improvements by Lender and Borrower.
- (e) Receipt of a Certificate of Occupancy, Building Permit and other evidence acceptable to Lender, from official sources, that the construction and its intended use are in compliance with all applicable building, zoning and other requirements of public authorities.
- (f) Receipt of evidence of full payment for personal property in which Lender has a security interest.
- (g) Receipt of a certification by a registered architect or engineer at completion of improvements that, based upon his personal inspections at adequate intervals (not less frequently than monthly) during construction, all work has been completed in good workmanlike manner and in accordance with the plans and specifications accepted by Lender without variations other than those first accepted by Lender in an identified writing or writings, and in accordance with applicable governmental requirements.

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Other advances may be made by Lender from time to time for the purpose of paying real estate taxes, insurance premiums, architect's fees, building permits, loan fees, legal fees and other expenses incurred in regard to the construction of the improvements hereinabove mentioned.

Lender shall be under no obligation to make any advance hereunder, if, at the time of the request for such advance, Borrower or the contractor or any of them is in default of any one of their obligations under the various agreements pertaining to the City Loan for construction hereunder.

5. Prior to the execution and delivery of this Agreement, Borrower shall execute and deliver to Lender the Note in the principal sum of Seven Hundred Thousand Dollars (\$700,000.00) plus interest on the balance thereof remaining from time to time unpaid from date until paid at the rates set forth in the Note. Principal and interest is payable as set forth in the Note.

As security for said Note, Borrower shall execute and deliver the Deed of Trust which shall secure the indebtedness and which shall constitute liens upon the real estate and improvements mentioned therein.

6. Anything herein or in the Note, Deed of Trust and other Loan Instruments to the contrary notwithstanding, the loan hereunder shall become immediately due and payable at the option of Lender upon the occurrence of any one or more of the following events:

(a) In the event that any lien is filed against the Property and/or improvements with respect to labor and/or materials furnished, or if Lender or its agent receives a stop notice pursuant to state law from any person or entity performing labor or furnishing materials for the construction of the improvements on the Property, and such lien or stop notice is not corrected (including but not limited to the posting of a bond in such amount as Lender shall reasonably require up to one and one half (150%) of the amount of such claim) within thirty (30) days after written notice to Borrower; or

(b) In the event that Borrower fails to comply with each and every term and condition of this Agreement and every other agreement relating to the loan made hereunder in the construction to be effected and Borrower fails to comply or cure such default after thirty (30) days written notice to Borrower; or

(c) In the event Borrower fails to comply with each and every term and condition of the City Loan Agreement, and Borrower fails to comply or cure such default after thirty (30) days written notice to Borrower; or

(d) In the event that Borrower is adjudicated bankrupt; offers to creditors terms of composition; or in the event a receiver is appointed to take care of its affairs; or

(e) If at any time title to the Property is not satisfactory to Lender by reason of any lien, encumbrance or defect (even though the same may have existed at the time of any prior advance), except those matters affecting title which have at any time been consented to in writing by Lender and such lien, encumbrance or other defect be not corrected (including but not limited to the posting of a bond in such amount as Lender shall reasonably require up to one and one half (150%) of the amount of such claim) within thirty (30) days after notice to Borrower or if the title company shall fail or refuse to insure any advance to be secured by

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the Deed of Trust on the Property as a valid lien on the mortgaged property subject to those matters affecting title which have at any time been consented to in writing by Lender; or

(f) If, prior to completion of construction, Borrower assigns this Agreement or any advance to be made hereunder or any interest in either, or if the Property or any part thereof be conveyed, assigned, mortgaged, pledged or encumbered in any way without the prior consent of Lender; or

(g) If Borrower does not erect on the Property and equip the Project in accordance with the plans and specifications and all laws, rules, regulations and requirements now existing or hereafter enacted, adopted or promulgated of all governmental authorities having jurisdiction of the Property, or if Borrower fails to file with the appropriate departments of any governmental authority having jurisdiction of the Property amended or supplemental plans and specifications if required by law, or if Borrower fails to furnish to Lender written certificates issued by such departments approving the plans or specifications; or

(h) If Borrower fails to comply with any requirement of any governmental authority having jurisdiction of the Property within fifteen (15) days after notice in writing of such requirement shall have been given to Borrower; or

(i) If for any cause whatsoever the construction of the improvement(s) is at any time, in the judgment of Lender, not carried on with reasonable dispatch after notice to Borrower (subject, however, to strikes, lockouts, inability to obtain labor or materials, or any cause beyond the control of Borrower), or if the Project in the judgment of the Lender has not been substantially completed in accordance with the plans and specifications on or before _____.

7. Borrower agrees to cause the erection of the improvements to be constructed in accordance with plans and specifications approved by Lender with only such changes as are approved in writing by Lender (provided however, Lender's consent is not required for any single change order less than \$25,000.00, so long as such change orders do not exceed \$100,000.00 in the aggregate) and to cause the construction to be completed and the premises improvements for occupancy on or before _____. In the event the funds on hand are found to be insufficient, in the opinion of Lender, to erect the improvements and complete the same in accordance with the plans and specifications and all applicable laws and ordinances, and/or to pay all interest which Lender believes will become due and owing prior to full repayment of the Promissory Note, Borrower shall, and hereby agrees to, deposit such additional funds with Lender as may be necessary to complete the improvements according to such plans and specifications and/or cover such interest as applicable. Any deposits shall be disbursed prior to disbursement of any further loan proceeds or Agency grant proceeds under this Agreement. Failure to deposit said additional funds shall be a default hereunder. Borrower shall not be entitled to interest on funds deposited with Lender under this paragraph, and Lender may commingle such funds with its own funds.

8. Borrower agrees that so long as there is an indebtedness outstanding hereunder it will, before the same become delinquent, pay all taxes and assessments levied or assessed on the Property, and will pay any and all other sums which become due and which may become or is a charge against said premises superior to the lien of the Deeds of Trust to be given in accordance with this Agreement. Borrower further agrees to keep the improvements on the real estate both during construction and thereafter unceasingly insured against loss or damage by fire or other causes and

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carry such other insurance in manner and form and in a company or companies approved by Lender, to pay all premiums thereon when due, and to deposit with Lender all such insurance policies made payable in case of loss to Lender, in form satisfactory to Lender. The insurance policies will contain full replacement cost endorsement with waiver of depreciation rider attached and a provision that said policies cannot be amended, modified or cancelled without thirty (30) days' prior written notice to Lender.

9. In the event of default in any one of Borrower's obligations under the various agreements pertaining to the loan for construction hereunder, Lender shall have the right to take over and complete the work of construction, and, for that purpose, to make disbursements from the undisbursed loan funds. Any contracts entered into or indebtedness incurred on the exercise of such right may be in the name of Borrower, and Lender is hereby irrevocably appointed attorney-in-fact (the appointment being coupled with an interest) to enter into the contract, incur such obligations, enforce contracts or agreements theretofore made by or on behalf of Borrower, and to do any and all things necessary or proper to complete the work of construction, including the signing of Borrower's name to such contracts and documents as may be deemed necessary by counsel for Lender. In no event shall Lender be required to use its own funds to complete the improvements if undisbursed loan funds are insufficient, but Lender may, at its option, advance such funds. Any funds so advanced shall be payable to Lender by Borrower on demand, together with interest at the Note rate until paid and shall be secured by the Deed of Trust.

10. Borrower will not assign this Agreement or the monies due hereunder or convey, assign, mortgage, pledge or encumber any part of the Property, except as otherwise provided in this Agreement, without the prior consent of Lender; but in such event Lender may, at the option of Lender, continue to make loan advances on this Agreement to Borrower or to those who succeed to the interest or interests of Borrower in the Property, and all sums so advanced by Lender shall be deemed advances under and not to be a modification of this Agreement and shall be evidenced and secured by the Note, Deed of Trust and other Loan Instruments.

11. Lender may assign this Agreement, the Note, Deed of Trust and other Loan Instruments to any other person, firm, or corporation. Any such assignment by Lender shall be deemed to have been made in pursuance of this Agreement and not to be a modification hereof, and the advances made by any such assignee hereunder shall be evidenced and secured by the Note and Deed of Trust.

12. Borrower agrees that the other Loan Instruments shall be made subject to all the conditions, stipulations, agreements and covenants contained in this Agreement and to the same extent and effect as if fully set forth in and made a part of this Agreement and this Agreement shall be made subject to all conditions, stipulations, agreements and covenants contained in the other Loan Instruments and the City Loan Agreement to the extent and effect as if fully set forth herein and made a part hereof.

14. All notices, approvals, waivers, consents, demands, requests, and declarations given or required to be given by either party or to the other party shall be in writing. All notices, approvals, waivers, consents, demands, requests and declarations by Lender to Borrower shall be deemed to have been properly given if sent by U.S. certified mail, postage prepaid, addressed to Borrower at _____, Vallejo, California 9__, or to such other address as Borrower may from time to time designate by written notice to Lender given as herein required. All notices, approvals, waivers, consents, demands or requests, and declarations by the Borrower to Lender shall

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be deemed to have been properly given if sent by U.S. certified mail, postage prepaid, addressed to Housing Authority of the City of Vallejo, 200 Georgia Street, Vallejo, California 94590, Attn: _____, or to such other address as Lender may from time to time designate by written notice to Borrower given as herein required. Notices, approvals, waivers, consents, demands, requests and declarations given in the manner aforesaid shall be deemed sufficiently served or given for all purposes under this Agreement at the time such notice, approval, waiver, consent, demand or request, or declaration shall be delivered by personal service or mailed through any post office or branch post office regularly maintained by the United States Postal Service by registered or certified mail postage prepaid, return receipt requested, addressed to the appropriate address set forth above.

15. Lender may at any time and from time to time waive any one or more of the conditions contained in this Agreement, but any such waiver shall be deemed to be made in pursuance of this Agreement and not in modification thereof, and any such waiver in any instance or under any particular circumstances shall not be construed a waiver of such condition in any other instance or any other circumstances.

16. Borrower shall pay all fees and charges incurred in the procuring and making of the loan, including without limitation, Lender's fees and expenses relating to the examination of title to the Property, title insurance premiums, surveys, mortgage recording, documentary, transfer and tangible or other similar taxes, revenue stamps and architects' and engineers' services, and inspection fees.

17. Borrower agrees that all materials delivered upon the Property for the purpose of being incorporated in the Project being constructed shall be considered annexed to the buildings included in the Project and shall become a part thereof, and shall be subject, as against Borrower and all parties acting or claiming under it, to the rights of Agency under this Agreement and under the Deed of Trust.

18. Lender shall have the privilege of inspecting the construction from time to time at its discretion and Borrower agrees to provide proper facilities for making inspections of the construction by such inspector or inspectors as may be appointed by Lender.

19. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Construction Loan Agreement is made and entered into for the sole protection and benefit of Lender and Borrower and their successors and assigns. No trust fund is created by this Agreement and no other persons or entities will have any right of action under this Agreement or any right to the loan funds.

21. All parties hereto agree and understand that in no event and under no circumstances shall the relationship between Lender and any other parties hereto be deemed a joint venture or partnership. All parties hereto covenant and agree that in no event and under no circumstances shall Lender be required to do any act or not do any act which would result in Lender being held to be responsible for the payment of any state or federal employee withholding tax. Borrower covenants and agrees to remain current at all times in the payment of any state or federal employee withholding tax.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their behalf.

BORROWER:

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VALLEJO NEIGHBORHOOD HOUSING SERVICES
a California non-profit public benefit corporation

By _____

Its _____

LENDER:

HOUSING AUTHORITY OF THE CITY
OF VALLEJO

By _____

Its _____

**DRAFT
EXHIBIT "A"**

Description of the Property

[to be inserted]

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EXHIBIT "A-1"**

Description of the Additional Properties

[to be inserted]

EXHIBIT "B"

Estimated Development Costs

[to be inserted]

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EXHIBIT "C"

FORM OF PROMISSORY NOTE

Principal Sum:
\$700,000.00

_____, 2007
Vallejo, California

For value received, VALLEJO NEIGHBORHOOD HOUSING SERVICES, INC., a California non-profit public benefit corporation, (the "**Maker**"), promises to pay the HOUSING AUTHORITY OF THE CITY OF VALLEJO, (the "**Holder**"), the initial principal sum of Seven Hundred Thousand Dollars (\$700,000.00) (the "**Loan**"), with a term of twelve (12) months and bearing simple interest at the rate of three percent (3%) per annum.

1. This promissory note (the "**Note**") evidences the obligation of Maker to Holder for repayment of funds pursuant to that certain Construction Loan Agreement between Maker and Holder of even date herewith (the "**Loan Agreement**"). The terms and covenants of the Loan Agreement are incorporated in this Note by reference. Maker shall use the Construction Loan proceeds to pay only costs incurred for the construction of the Project (as defined in the Loan Agreement) and approved by Holder. All capitalized terms not defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

2. Payment of this Note is secured by a Deed of Trust, Assignment of Rents, Security Agreement, and Fixture Filing (the "**Deed of Trust**") from Maker to Holder, which Deed of Trust has been recorded against the Property and the Additional Properties. The Loan Agreement, the Deed of Trust, and this Note shall constitute the "**Loan Documents**."

3. Unless sooner due or paid as provided herein, the principal amount of the Loan and all interest accrued hereunder shall be due and payable in full twelve months after the date of this Note (the "**Maturity Date**").

4. Payment shall be made in lawful money of the United States to Holder at 200 Georgia Street, Vallejo, California 94590. The place of payment may be changed from time to time as the Holder may from time to time designate in writing.

5. Maker hereby covenants and agrees that it shall maintain, or cause to be maintained, the Property in a manner consistent with the provisions set forth therefor in the Vallejo Municipal Code, and shall keep the entire Site reasonably free from any accumulation of debris or waste materials prior to and after construction.

If, at any time, Maker fails to maintain the Property, and has either failed to commence to cure such condition, or to prosecute diligently to completion the condition or the condition is not corrected after expiration of 30 days from the date of written notice from Holder to Maker, Holder may perform the necessary corrective maintenance, and Maker shall pay such costs as are reasonably incurred for such maintenance. The Holder shall have the right to place a lien on the property should Maker not reimburse Holder for such costs within 60 days following Holder's written demand to Maker for reimbursement of such costs. Maker, on behalf of itself, its heirs, successors, and assigns, hereby grants to Holder and its officers, employees, and agents, an

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irrevocable license to enter upon the Site to perform such maintenance during normal business hours after receipt of written notice from Holder as hereinabove described and Maker's failure to cure or remedy such failure within 30 days of such notice. Any such entry shall be made only after reasonable notice to Maker, and Holder shall indemnify and hold Maker harmless from any claims or liabilities pertaining to any such entry by Holder.

Failure by Maker to maintain the Property in the condition provided in this Section 5 shall constitute a default under this Note and the related Deed of Trust.

6. The occurrence of any of the following shall constitute an event of default under this Note: (i) Maker fails to pay any amount due hereunder within fifteen days of its due date; (ii) Any other default by Maker under this Note, or any default by Maker under the Deed of Trust or the Loan Agreement after the expiration of applicable notice and cure periods, including default under the transfer and assignment restrictions; (iii) Any default by Maker under any other loan document affecting the Project or Property after the expiration of applicable notice cure periods provided; (iv) The refinance of any senior loan without Holder's prior written consent; (v) Maker becomes insolvent or the filing or initiation of bankruptcy or insolvency proceedings by or against Maker, whether voluntary or involuntary that is not dismissed within 30 days of initiation, or if Maker makes a general assignment for the benefit of creditors or states its inability to pay its debts as they mature; or (v) Maker dissolves or liquidates.

Upon the occurrence of any event of default, or at any time thereafter, at the option of the Holder hereof and without notice, the entire unpaid principal and interest owing on this Note shall become immediately due and payable. However, this option may be exercised at any time following any such event, and the acceptance of one or more installments thereafter shall not constitute a waiver of Holder's option. Holder's failure to exercise such option shall not constitute a waiver of such option with respect to any subsequent event. Holder's failure in the exercise of any other right or remedy hereunder or under any agreement which secures the indebtedness or is related thereto shall not affect any right or remedy and no single or partial exercise of any such right or remedy shall preclude any further exercise thereof. Holder agrees that in the event any such default is cured by a general partner or limited partner of Maker within the times set forth herein, it shall accept such cure as a cure of the default under this Note.

7. At all times when Maker is in default hereunder by reason of Maker's failure to pay principal due under this Note or any amounts due under any Loan Documents securing this Note, the interest rate on the sums as to which Maker is in default (including principal, if Holder has elected to declare it immediately due and payable), shall be the lower of the highest rate then allowed by law or two percent (2%) over the prime interest rate announced by Wells Fargo Bank, N.A., as of the date of the default.

8. Maker and any endorsers hereof and all others who may become liable for all or any part of this obligation, severally waive presentment for payment, demand and protest, and notice of protest, and of dishonor and nonpayment of this Note, and expressly consent to any extension of the time of payment hereof or of any installment hereof, to the release of any party liable for this obligation, and any such extension or release may be made without notice to any of said parties and without in any way affecting or discharging this liability.

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9. Maker agrees to pay immediately upon demand all costs and expenses of Holder including without limitation reasonable attorneys' fees: (i) if after default this Note is placed in the hands of an attorney or attorneys for collection; (ii) if after a default hereunder or under the Deed of Trust, the Loan Agreement or under any loan document referred to in this Note Holder finds it necessary or desirable to secure the services or advice of one or more attorneys with regard to collection of this Note against Maker, any guarantor or any other party liable therefor or to the protection of its rights under this Note, the Deed of Trust, the Loan Agreement or other loan document; or (iii) if Holder seeks to have the Project or the Property abandoned by or reclaimed from any estate in bankruptcy, or attempts to have any stay or injunction prohibiting the enforcement or collection of the Note or prohibiting the enforcement of the Deed of Trust, the Loan Agreement or any other agreement evidencing or securing this Note lifted by any bankruptcy or other court.

10. If Holder shall be made a party to or shall reasonably intervene in any action or proceeding, whether in court or before any governmental agency, affecting the Property or the title thereto or the interest of the Holder under the Deed of Trust, including, without limitation, any form of condemnation or eminent domain proceeding, Holder shall be reimbursed by Maker immediately upon demand for all costs, charges, and attorneys' fees incurred by Holder in any such case, and the same shall be secured by the Deed of Trust as a further charge and lien upon the Property.

11. Any notices provided for in this Note shall be given by mailing such notice by certified mail, return receipt requested at the address stated in this Note or at such address as either party may designate by written notice.

12. This Note shall be binding upon Maker, its successors, and assigns.

13. This Note shall be construed in accordance with and be governed by the laws of the State of California.

14. If any provision of this Note shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

15. This Note is a nonrecourse obligation of Maker. Neither Maker nor any of its general and limited partners shall have any personal liability for repayment of the Loan, and the Holder must resort only to the Housing Project or Property, or both, for repayment should the Maker fail to repay the sums evidenced hereby.

Regardless of the limitation of liability above, Maker and its partners will be fully liable for the following:

A. Failure to pay taxes, assessments, and any other charges that could result in liens against the Property or any portion of the Property or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents, provided however, that if Maker is contesting these taxes, assessments or other charges, any delay in the payment of such items shall not be a default hereunder;

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B. Failure to pay and discharge any material liens or other liens against any portion of the Property or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents;

C. Fraud or intentional misrepresentation with respect to any representation, warranties, or certifications made in the Loan Documents, or otherwise made by Maker in connection with the loan evidenced by this Note;

D. Retention by Maker of any rental income or other income arising with respect to any portion of the Property or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents subsequent to the date of any notice of default from Holder to Maker, or which, under the terms of the Loan Documents, should otherwise have been paid to Holder;

E. Retention by Maker of any insurance proceeds, condemnation awards, or other similar funds or payments attributable to the Property or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents that, by its terms, should have been paid to Holder or used in a manner contrary to the use made by Maker;

F. Waste of the Property, or any failure to maintain, repair, or restore any portion of the Property or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents in accordance with the terms;

Nothing in this section will affect or limit the rights of Holder to enforce any of Holder's rights or remedies with respect to any portion of the Property described in the Deed of Trust or any other collateral pledged, encumbered, or otherwise covered by the Loan Documents.

[SIGNATURE PAGE FOLLOWS]

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IN WITNESS WHEREOF, Maker has executed this Note as of the date first written above.

MAKER:

VALLEJO NEIGHBORHOOD HOUSING SERVICES,
INC., a California non-profit public benefit corporation

By: _____

Its: _____

EXHIBIT D

FORM OF DEED OF TRUST

RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:

Housing Authority of the City of Vallejo
Attn: Guy L. Ricca
200 Georgia Street
Vallejo, CA 94590
Attention: Guy L. Ricca

Space above for Recorder's Use

This Document Serves as a Fixture Filing Under Section 9-502 of the California Uniform Commercial Code.

CONSTRUCTION DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FIXTURE FILING

The parties to this Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, made as of _____, 2007, by and between Vallejo Neighborhood Housing Services ("Trustor"), whose address is _____, Vallejo, CA 94590, as trustor, _____ Title Company, a _____ ("Trustee"), whose address is _____, as trustee, and the Housing Authority of the City of Vallejo ("Beneficiary"), whose address is 200 Georgia Street, Vallejo, CA 94590, as beneficiary and secured party.

1. Grant in Trust and Secured Obligations.

1.1 Grant in Trust. For the purpose of securing payment and performance of the Secured Obligations defined and described in Section 1.2, Trustor hereby irrevocably and unconditionally grants, conveys, transfers and assigns to Trustee, in trust for the benefit of Beneficiary, with power of sale and right of entry and possession, all estate, right, title and interest which Trustor now has or may later acquire in and to the following property (all or any part of such property, or any interest in all or any part of it, as the context may require, the "Property"):

(a) The real property located in the County of Solano, State of California, as described in Exhibit A, together with all existing and future easements and rights affording access to it (the "Land"); together with

(b) All buildings, structures and improvements now located or later to be constructed on the Land (the "Improvements"); together with

(c) All existing and future appurtenances, privileges, easements, franchises and tenements of the Land, including as-extracted collateral which may be in, under or produced from any part of the Land, including minerals, oil, gas, other hydrocarbons and associated substances, sulphur, nitrogen, carbon dioxide, helium and other commercially valuable substances and all products processed or obtained therefrom and the proceeds thereof, all development rights and credits, air rights, water, water rights (whether riparian, appropriative or otherwise, and whether or not appurtenant) and water stock, and any land lying in the streets, roads or avenues, open or proposed, in front of or adjoining the Land and Improvements; together with

(d) All existing and future leases, subleases, subtenancies, licenses, occupancy agreements and concessions ("leases") relating to the use and enjoyment of all or any part of the Land and Improvements, and any and all guaranties, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing) and other agreements relating to or made in connection with any of such leases including letters of intent to enter into a lease; together with

(e) All real property and improvements on it, and all appurtenances and other property and interests of any kind or character, whether described in Exhibit A or not, which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements; together with

(f) All goods, materials, supplies, chattels, furniture, fixtures, equipment and machinery now or later to be attached to placed in or on, or used in connection with the use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including all pumping plants, engines, pipes, ditches and flumes, and also all gas, electric, cooking, heating, cooling, air conditioning, lighting, refrigeration and plumbing fixtures and equipment, including any and all software embedded therein, all of which shall be considered to the fullest extent of the law to be real property for purposes of this Deed of Trust; together with

(g) All building materials, equipment, work in process or other personal property of any kind, including any and all software embedded therein, whether stored on the Land or elsewhere, which have been or later will be acquired for the purpose of being delivered to, incorporated into or installed in or about the Land or Improvements; together with

(h) All of Trustor's interest in and to any and all deposit accounts into which Loan funds may be deposited, the Loan funds, whether disbursed or not; together with

(i) All general intangibles, payment intangibles, rights to the payment of money, accounts, deposit accounts, accounts receivable, reserves, deferred payments, refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including all earnest money sales deposits) or deposited by Trustor with third parties (including all utility deposits), all existing and future construction contracts, architect contracts, engineering contracts and related agreements ("construction documents"), but Beneficiary assumes no obligation under any construction document, development and use rights, governmental permits, approvals and licenses, applications, architectural and engineering plans, specifications and drawings, as-built drawings, chattel paper (whether tangible or electronic), instruments, documents, promissory notes, drafts and

letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), which arise from or relate to construction on the Land or to any business now or later to be conducted on it, or to the Land and Improvements generally; together with

(j) All general intangibles, accounts, deposit accounts and proceeds, including all claims thereto and demands therefor (whether cash or non-cash and including payment intangibles), of or arising from the voluntary or involuntary conversion of any of the Land, Improvements or the other property described above into cash or liquidated claims, including all proceeds of any insurance policies, present and future, payable because of loss sustained to all or part of any Property, whether or not such insurance policies are required by Beneficiary, and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to the Land, Improvements or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud or concealment of a material fact; together with

(k) All books and records pertaining to any and all of the property described above, including computer-readable memory and any computer hardware or software necessary to access and process such memory ("Books and Records"); together with

(l) All letter-of-credit rights (whether or not the letter of credit is evidenced by a writing) that Trustor may now have or hereafter acquire relating to the properties, rights, titles and interests referred to in this Section 1.1; together with

(m) All commercial tort claims that Trustor may now have or hereafter acquire relating to the properties, rights, titles and interests referred to in this Section 1.1; together with

(n) All proceeds and products of, additions and accretions to, substitutions and replacements for, and changes in any of the property described above, together with all supporting obligations ancillary thereto or arising in any way in connection therewith.

Capitalized terms used above and elsewhere in this Deed of Trust without definition have the meanings given them in the Loan Agreement referred to in Section 1.2(a) below.

1.2 Secured Obligations.

(a) Trustor makes the grant, conveyance, transfer and assignment set forth in Section 1.1 and grants the security interest set forth in Article 3 for the purpose of securing the following obligations (the "Secured Obligations") in any order of priority that Beneficiary may choose:

(i) Payment of all obligations at any time owing under a promissory note (the "Note") dated of even date herewith payable by Vallejo Neighborhood Housing Services, a California non-profit public benefit corporation ("Borrower"), as maker, in the stated principal amount of Seven Hundred Thousand and No/100 Dollars (\$700,000.00) to the order of Beneficiary; and

(ii) Payment and performance of all obligations of Trustor under this Deed of Trust; and

(iii) Payment and performance of all obligations of Borrower under the Construction Loan Agreement (the "Loan Agreement") dated of even date herewith relating to the loan evidenced by the Note, by and between Borrower, as borrower, and Beneficiary, as lender; and

(iv) Payment and performance of all future advances and other obligations that Trustor or any successor in ownership of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when a writing evidences the parties' agreement that the advance or obligation be secured by this Deed of Trust; and

(v) Except as specified in Section 1.2(b) below, payment and performance of any obligations of Trustor or Borrower under any Loan Documents which are executed by Trustor or Borrower; and

(vi) Payment and performance of all modifications, amendments, extensions and renewals, however evidenced, of any of the Secured Obligations.

(b) All persons who may have or acquire an interest in all or any part of the Property will be considered to have notice of, and will be bound by, the terms of the Secured Obligations and each other agreement or instrument made or entered into in connection with each of the Secured Obligations.

2. Assignment of Rents.

2.1 Assignment. Trustor hereby irrevocably, absolutely, presently and unconditionally assigns to Beneficiary all rents, royalties, issues, profits, revenue, income and proceeds of the Property, whether now due, past due or to become due, including all prepaid rents and security deposits (some or all collectively, as the context may require, "Rents"). This is an absolute assignment, not an assignment for security only.

2.2 Grant of License. Beneficiary hereby confers upon Trustor a license ("License") to collect and retain the Rents as they become due and payable, so long as no Event of Default, as defined in Section 6.2, shall exist and be continuing. If an Event of Default has occurred and is continuing, Beneficiary shall have the right, which it may choose to exercise in its sole discretion, to terminate this License without notice to or demand upon Trustor, and without regard to the adequacy of Beneficiary's security under this Deed of Trust.

2.3 Collection and Application of Rents. Subject to the License granted to Trustor under Section 2.2, Beneficiary has the right, power and authority to collect any and all Rents. Trustor hereby appoints Beneficiary its attorney-in-fact to perform any and all of the following acts, if and at the times when Beneficiary in its sole discretion may so choose:

- (a) Demand, receive and enforce payment of any and all Rents; or
- (b) Give receipts, releases and satisfactions for any and all Rents; or

(c) Sue either in the name of Trustor or in the name of Beneficiary for any and all Rents.

Beneficiary's right to the Rents does not depend on whether or not Beneficiary takes possession of the Property as permitted under Section 6.3(c). In Beneficiary's sole discretion, Beneficiary may choose to collect Rents either with or without taking possession of the Property. Beneficiary shall apply all Rents collected by it in the manner provided under Section 6.6. If an Event of Default occurs while Beneficiary is in possession of all or part of the Property and is collecting and applying Rents as permitted under this Deed of Trust, Beneficiary, Trustee and any receiver shall nevertheless be entitled to exercise and invoke every right and remedy afforded any of them under this Deed of Trust and at law or in equity, including the right to exercise the power of sale granted under Section 1.1 and Section 6.3(g).

2.4 Beneficiary Not Responsible. Under no circumstances shall Beneficiary have any duty to produce Rents from the Property. Regardless of whether or not Beneficiary, in person or by agent, takes actual possession of the Land and Improvements, Beneficiary is not and shall not be deemed to be:

- (a) A "mortgagee in possession" for any purpose; or
- (b) Responsible for performing any of the obligations of the lessor under any lease or performing any obligation under any construction document; or
- (c) Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair or control of the Property; or
- (d) Liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

2.5 Leasing. Trustor shall not accept any deposit or prepayment of Rents for any rental period exceeding one (1) month without Beneficiary's prior written consent. Trustor shall not lease or enter into an agreement to lease the Property or any part of it except with Beneficiary's prior written consent, which consent may be conditioned on, among other things, the execution, delivery and recordation of a subordination, non-disturbance and attornment agreement, or, at Beneficiary's option, the execution and delivery of a non-disturbance and attornment agreement, in form and substance acceptable to Beneficiary.

3. Grant of Security Interest.

3.1 Security Agreement. The parties intend for this Deed of Trust to create a lien on the Property, and an absolute assignment of the Rents, all in favor of Beneficiary. The parties acknowledge that some of the Property and some or all of the Rents may be determined under applicable law to be personal property or fixtures. To the extent that any Property or Rents may be or be determined to be personal property or fixtures, Trustor as debtor hereby grants Beneficiary as secured party a security interest in all such Property and Rents, to secure payment

and performance of the Secured Obligations. This Deed of Trust constitutes a security agreement under the California Uniform Commercial Code, covering all such Property and Rents.

3.2 Authorization to File Financing Statements; Power of Attorney. Trustor hereby authorizes Beneficiary at any time and from time to time to file any initial financing statements, amendments thereto and continuation statements as authorized by applicable law, required by Beneficiary to establish or maintain the validity, perfection and priority of the security interest granted in this Deed of Trust. For purposes of such filings, Trustor agrees to furnish any information requested by Beneficiary promptly upon request by Beneficiary. Trustor also ratifies its authorization for Beneficiary to have filed any like initial financing statements, amendments thereto or continuation statements if filed prior to the date of this Deed of Trust. Trustor hereby irrevocably constitutes and appoints Beneficiary and any officer or agent of Beneficiary, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Trustor or in Trustor's own name to execute in Trustor's name any such documents and to otherwise carry out the purposes of this Section 3.2, to the extent that Trustor's authorization above is not sufficient. To the extent permitted by law, Trustor hereby ratifies all acts said attorneys-in-fact have lawfully done in the past or shall lawfully do or cause to be done in the future by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable. As provided in Section 5.10, Trustor shall pay all fees and costs that Beneficiary may incur in filing such documents in public offices and in obtaining such record searches as Beneficiary may require. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall never be construed as in any way derogating from or impairing this Deed of Trust or the rights or obligations of the parties hereunder.

4. Financing Statement and Fixture Filing.

This Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records of each county where any part of the Property is situated. This Deed of Trust shall also be effective as a financing statement covering as-extracted collateral (including oil and gas), accounts and general intangibles under the California Uniform Commercial Code, as in effect from time to time, that will be financed at the wellhead or minehead of the wells or mines located on the Property. This Deed of Trust shall also be effective as a financing statement covering any other Property and may be filed in any appropriate filing or recording office. A carbon, photographic or other reproduction of this Deed of Trust or of any financing statement relating to this Deed of Trust shall be sufficient as a financing statement for any of the purposes referred to in this Article 4.

5. Rights and Duties of the Parties.

5.1 Representations and Warranties. Trustor represents and warrants that, except as previously disclosed to Beneficiary in a writing making reference to this Section 5.1:

(a) Trustor lawfully possesses and holds fee simple title to all of the Land and Improvements, unless Trustor's present interest in the Land is described in Exhibit A as a leasehold

interest, in which case Trustor lawfully possesses and holds a leasehold interest in the Land as stated in Exhibit A;

(b) Trustor has or will have good title to all Property other than the Land and Improvements;

(c) Trustor has the full and unlimited power, right and authority to encumber the Property and assign the Rents;

(d) This Deed of Trust creates a first and prior lien on the Property;

(e) The Property includes all property and rights which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and Improvements; and

(f) Trustor owns any Property which is personal property free and clear of any security agreements, reservations of title or conditional sales contracts, and there is no financing statement affecting such personal property on file in any public office.

5.2 Taxes and Assessments. Trustor shall pay prior to delinquency all taxes, levies, charges and assessments, including assessments on appurtenant water stock, imposed by any public or quasi-public authority or utility company which are (or if not paid, may become) a lien on all or part of the Property or any interest in it, or which may cause any decrease in the value of the Property or any part of it. If any such taxes, levies, charges or assessments become delinquent, Beneficiary may require Trustor to present evidence that they have been paid in full, on ten (10) days' written notice by Beneficiary to Trustor.

5.3 Performance of Secured Obligations. Trustor shall promptly pay and perform each Secured Obligation in accordance with its terms.

5.4 Liens, Charges and Encumbrances. Trustor shall immediately discharge any lien on the Property which Beneficiary has not consented to in writing. Trustor shall pay when due each obligation secured by or reducible to a lien, charge or encumbrance which now does or later may encumber or appear to encumber all or part of the Property or any interest in it, whether the lien, charge or encumbrance is or would be senior or subordinate to this Deed of Trust.

5.5 Damages and Insurance and Condemnation Proceeds.

(a) Trustor hereby absolutely and irrevocably assigns to Beneficiary, and authorizes the payor to pay to Beneficiary, the following claims, causes of action, awards, payments and rights to payment:

(i) All awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation or taking for public or private use which affects all or part of the Property or any interest in it; and

(ii) All other awards, claims and causes of action, arising out of any warranty affecting all or any part of the Property, or for damage or injury to or decrease in value of all or part of the Property or any interest in it; and

(iii) All proceeds of any insurance policies payable because of loss sustained to all or part of the Property, whether or not such insurance policies are required by Beneficiary; and

(iv) All interest which may accrue on any of the foregoing.

(b) Trustor shall immediately notify Beneficiary in writing if:

(i) Any damage occurs or any injury or loss is sustained in the amount of Twenty-Five Thousand and no/100 Dollars (\$25,000.00) or more to all or part of the Property, or any action or proceeding relating to any such damage, injury or loss is commenced; or

(ii) Any offer is made, or any action or proceeding is commenced, which relates to any actual or proposed condemnation or taking of all or part of the Property.

(c) If Beneficiary chooses to do so, Beneficiary may in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury or loss to all or part of the Property, and Beneficiary may make any compromise or settlement of the action or proceeding. Beneficiary, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Property, and may join Trustor in adjusting any loss covered by insurance.

(d) All proceeds of these assigned claims, other property and rights which Trustor may receive or be entitled to shall be paid to Beneficiary. In each instance, Beneficiary shall apply such proceeds first toward reimbursement of all of Beneficiary's costs and expenses of recovering the proceeds, including attorneys' fees. If, in any instance, each and all of the following conditions are satisfied in Beneficiary's reasonable judgment, Beneficiary shall permit Trustor to use the balance of such proceeds ("Net Claims Proceeds") to pay costs of repairing or reconstructing the Property in the manner described below:

(i) The plans and specifications, cost breakdown, construction contract, construction schedule, contractor and payment and performance bond for the work of repair or reconstruction must all be acceptable to Beneficiary.

(ii) Beneficiary must receive evidence satisfactory to it that after repair or reconstruction, the Property would be at least as valuable as it was immediately before the damage or condemnation occurred.

(iii) The Net Claims Proceeds must be sufficient in Beneficiary's determination to pay for the total cost of repair or reconstruction, including all associated development costs and interest and other sums projected to be payable on the Secured Obligations until the repair or reconstruction is complete; or Trustor must provide its own funds in an amount

equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Trustor and found acceptable by Beneficiary, of the total cost of repair or reconstruction.

(iv) Beneficiary must receive evidence satisfactory to it that all leases which Beneficiary may find acceptable will continue after the repair or reconstruction is complete.

(v) No Event of Default shall have occurred and be continuing.

If Beneficiary finds that such conditions have been met, Beneficiary shall hold the Net Claims Proceeds and any funds which Trustor is required to provide in a non-interest-bearing account and shall disburse them to Trustor to pay costs of repair or reconstruction upon presentation of evidence reasonably satisfactory to Beneficiary that repair or reconstruction has been completed satisfactorily and lien-free. However, if Beneficiary finds that one or more of such conditions have not been satisfied, Beneficiary may apply the Net Claims Proceeds to pay or prepay some or all of the Secured Obligations in such order and proportions as Beneficiary in its sole discretion may choose.

(e) Trustor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under California Code of Civil Procedure Section 1265.225(a), which provides for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

5.6 Maintenance and Preservation of Property.

(a) Trustor shall insure the Property as required by Beneficiary from time to time and keep the Property in good condition and repair.

(b) Trustor shall not remove or demolish the Property or any part of it, or alter, restore or add to the Property, or initiate or allow any change in any zoning or other land use classification which affects the Property or any part of it, except with Beneficiary's express prior written consent in each instance.

(c) If all or part of the Property becomes damaged or destroyed, Trustor shall promptly and completely repair and/or restore the Property in a good and workmanlike manner in accordance with sound building practices, regardless of whether or not Beneficiary agrees to disburse insurance proceeds or other sums to pay costs of the work of repair or reconstruction under Section 5.5.

(d) Trustor shall not commit or allow any act upon or use of the Property which would violate: (i) any applicable law or order of any governmental authority, whether now existing or later to be enacted and whether foreseen or unforeseen; or (ii) any public or private covenant, condition, restriction or equitable servitude affecting the Property. Trustor shall not bring or keep any article on the Property or cause or allow any condition to exist on it, if that could invalidate or would be prohibited by any insurance coverage required by Beneficiary to be maintained by Trustor on the Property or any part of it.

(e) Trustor shall not commit or allow waste of the Property.

(f) Trustor shall perform all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value.

5.7 Trustee's Acceptance of Trust. Trustee accepts this trust when this Deed of Trust is recorded.

5.8 Releases, Extensions, Modifications and Additional Security. From time to time, Beneficiary may perform any of the following acts without incurring any liability or giving notice to any person: (a) release any person liable for payment of any Secured Obligation; (b) extend the time for payment, or otherwise alter the terms of payment, of any Secured Obligation; (c) accept additional real or personal property of any kind as security for any Secured Obligation, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security; or (d) alter, substitute or release any property securing the Secured Obligations.

5.9 Reconveyance. When all of the Secured Obligations have been paid in full, Beneficiary shall request Trustee in writing to reconvey the Property, and shall surrender this Deed of Trust and all notes and instruments evidencing the Secured Obligations to Trustee. When Trustee receives Beneficiary's written request for reconveyance and all fees and other sums owing to Trustee by Trustor under Section 5.10, Trustee shall reconvey the Property, or so much of it as is then held under this Deed of Trust, without warranty to the person or persons legally entitled to it. Such person or persons shall pay any costs of recordation. In the reconveyance, the grantee may be described as "the person or persons legally entitled thereto," and the recitals of any matters or facts shall be conclusive proof of their truthfulness. Neither Beneficiary nor Trustee shall have any duty to determine the rights of persons claiming to be rightful grantees of any reconveyance.

5.10 Compensation, Exculpation, Indemnification.

(a) Trustor agrees to pay fees in the maximum amounts legally permitted, or reasonable fees as may be charged by Beneficiary and Trustee when the law provides no maximum limit, for any services that Beneficiary or Trustee may render in connection with this Deed of Trust, including Beneficiary's providing a statement of the Secured Obligations or Trustee's rendering of services in connection with a reconveyance. Trustor shall also pay or reimburse all of Beneficiary's and Trustee's costs and expenses which may be incurred in rendering any such services. Trustor further agrees to pay or reimburse Beneficiary for all costs, expenses and other advances which may be incurred or made by Beneficiary or Trustee in any efforts to enforce any terms of this Deed of Trust, including any rights or remedies afforded to Beneficiary or Trustee or both of them under Section 6.3, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Deed of Trust, including attorneys' fees and other legal costs, costs of any Foreclosure Sale (as defined in Section 6.3(h)) and any cost of evidence of title. If Beneficiary chooses to dispose of Property through more than one Foreclosure Sale, Trustor shall pay all costs, expenses or other advances that may be incurred or made by Trustee or Beneficiary in each of such Foreclosure Sales.

(b) Beneficiary shall not be directly or indirectly liable to Trustor or any other person as a consequence of any of the following:

(i) Beneficiary's exercise of or failure to exercise any rights, remedies or powers granted to Beneficiary in this Deed of Trust;

(ii) Beneficiary's failure or refusal to perform or discharge any obligation or liability of Trustor under any agreement related to the Property or under this Deed of Trust including, without limitation, any construction documents; or

(iii) Any loss sustained by Trustor or any third party resulting from Beneficiary's failure to lease the Property, or from any other act or omission of Beneficiary in managing the Property, after an Event of Default, unless the loss is caused by the willful misconduct and bad faith of Beneficiary.

Trustor hereby expressly waives and releases all liability of the types described above, and agrees that no such liability shall be asserted against or imposed upon Beneficiary.

(c) Trustor agrees to indemnify Trustee and Beneficiary against and hold them harmless from all losses, damages, liabilities, claims, causes of action, judgments, court costs, attorneys' fees and other legal expenses, cost of evidence of title, cost of evidence of value, and other costs and expenses which either may suffer or incur:

(i) In performing any act required or permitted by this Deed of Trust or any of the other Loan Documents or by law; or

(ii) Because of any failure of Trustor to perform any of Trustor's obligations.

This agreement by Trustor to indemnify Trustee and Beneficiary shall survive the release and cancellation of any or all of the Secured Obligations and the full or partial release and/or reconveyance of this Deed of Trust.

(d) Trustor shall pay all obligations to pay money arising under this Section 5.10 immediately upon demand by Trustee or Beneficiary. While the Loan remains outstanding, each such obligation shall be added to, and considered to be part of, the principal of the Note, and shall bear interest from the date the obligation arises at the "Note Rate" as defined in the Note.

5.11 Defense and Notice of Claims and Actions. At Trustor's sole expense, Trustor shall protect, preserve and defend the Property and title to and right of possession of the Property, and the security of this Deed of Trust and the rights and powers of Beneficiary and Trustee created under it, against all adverse claims. Trustor shall give Beneficiary and Trustee prompt notice in writing if any claim is asserted which does or could affect any of such matters, or if any action or proceeding is commenced which alleges or relates to any such claim.

5.12 Substitution of Trustee. From time to time, Beneficiary may substitute a successor to any Trustee named in or acting under this Deed of Trust in any manner now or later to be provided at law, or by a written instrument executed and acknowledged by Beneficiary and recorded in the office(s) of the recorder(s) of the county or counties where the Land and

Improvements are situated. Any such instrument shall be conclusive proof of the proper substitution of the successor Trustee, who shall automatically upon recordation of the instrument succeed to all estate, title, rights, powers and duties of the predecessor Trustee, without conveyance from it.

5.13 Subrogation. Beneficiary shall be subrogated to the liens of all encumbrances, whether released of record or not, which are discharged in whole or in part by Beneficiary in accordance with this Deed of Trust or with the proceeds of any loan secured by this Deed of Trust.

5.14 Site Visits, Observation and Testing. Beneficiary and its agents and representatives shall have the right at any reasonable time to enter and visit the Property for the purpose of performing appraisals. In addition, the Indemnified Parties (as defined in the Indemnity Agreement) and their agents and representatives shall have the right at any reasonable time to enter and visit the Property for the purposes of observing the Property, taking and removing soil or groundwater samples, and conducting tests on any part of the Property. The Indemnified Parties have no duty, however, to visit or observe the Property or to conduct tests, and no site visit, observation or testing by any Indemnified Party shall impose any liability on any Indemnified Party. In no event shall any site visit, observation or testing by any Indemnified Party be a representation that Hazardous Substances are or are not present in, on or under the Property, or that there has been or shall be compliance with any law, regulation or ordinance pertaining to Hazardous Substances or any other applicable governmental law. Neither Trustor nor any other party is entitled to rely on any site visit, observation or testing by any Indemnified Party. The Indemnified Parties owe no duty of care to protect Trustor or any other party against, or to inform Trustor or any other party of, any Hazardous Substances or any other adverse condition affecting the Property. The Indemnified Parties may in their discretion disclose to Trustor or any other party any report or findings made as a result of, or in connection with, any site visit, observation or testing by the Indemnified Parties. Trustor understands and agrees that the Indemnified Parties make no representation or warranty to Trustor or any other party regarding the truth, accuracy or completeness of any such report or findings that may be disclosed. Trustor also understands that, depending on the results of any site visit, observation or testing by any Indemnified Party which are disclosed to Trustor, Trustor may have a legal obligation to notify one or more environmental agencies of the results and that such reporting requirements are site-specific and are to be evaluated by Trustor without advice or assistance from the Indemnified Parties. Any Indemnified Party shall give Trustor reasonable notice before entering the Property. Such Indemnified Party shall make reasonable efforts to avoid interfering with Trustor's use of the Property in exercising any rights provided in this Section.

5.15 Letter-of-Credit Rights. If at any time Trustor is or becomes a beneficiary under a letter of credit (whether or not the letter of credit is evidenced by a writing) relating to the properties, rights, titles and interests referred to in Section 1.1 of this Deed of Trust now or hereafter issued in favor of Trustor, Trustor shall promptly notify Beneficiary thereof and, at the request and option of Beneficiary, shall either (a) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to Beneficiary of the proceeds of any drawings under the letter of credit, or (b) arrange for Beneficiary to become the transferee beneficiary of the letter

of credit, with Beneficiary agreeing, in each case, that the proceeds of any drawing under the letter of credit will be applied as provided in Section 6.6 of this Deed of Trust.

5.16 Status of Trustor. If Trustor is a corporation, partnership, limited liability company or other legal entity, Trustor is and will continue to be (a) duly organized, validly existing and in good standing under the laws of its state of organization, (b) authorized to do business and in good standing in each state in which the Property is located, and (c) possessed of all requisite power and authority to carry on its business and to own and operate the Property. Trustor's exact legal name is correctly set forth on the signature page of this Deed of Trust. If Trustor is not an individual, Trustor is an organization of the following type: limited liability company. If Trustor is a registered entity or an unregistered entity (including a general partnership), Trustor is incorporated in or organized under the laws of the State of California. Trustor will not cause or permit any change to be made to its name or identity (including its trade name or names) or to its corporate, partnership or other organizational structure unless Trustor shall have notified Beneficiary in writing of such change at least 30 days prior to the effective date of such change, and shall have first taken all action required by Beneficiary for the purpose of further perfecting or protecting the lien and security interest of Beneficiary in the Property. In addition, Trustor shall not change its corporate, partnership or other organizational structure without first obtaining the prior written consent of Beneficiary. Trustor's principal place of business and chief executive office, and the place where Trustor keeps its books and records, including recorded data of any kind or nature, regardless of the medium of recording, including software, writings, plans, specifications and schematics concerning the Property, has been for the preceding four months (or, if less, the entire period of the existence of Trustor) and will continue to be the address of Trustor for notices set forth at the end of this Deed of Trust (unless Trustor notifies Beneficiary of any change in writing at least thirty (30) days prior to the date of such change). If Trustor is an individual, Trustor's principal residence has been for the preceding four months and will continue to be the address of Trustor for notices set forth at the end of this Deed of Trust (unless Trustor notifies Beneficiary of any change in writing at least thirty (30) days prior to the date of such change). Trustor's organizational identification number, if any, assigned by the state of incorporation or organization is correctly set forth on the first page of this Deed of Trust. Trustor shall promptly notify Beneficiary of any change in its organizational identification number. If Trustor does not now have an organizational identification number and later obtains one, Trustor shall promptly notify Beneficiary of such organizational identification number.

6. Accelerating Transfers, Default and Remedies.

6.1 Accelerating Transfers.

(a) "Accelerating Transfer" means any sale, contract to sell, conveyance, encumbrance, lease not expressly permitted under the Loan Documents, or other transfer of all or any material part of the Property or any interest in it, whether voluntary, involuntary, by operation of law or otherwise. If Trustor is a corporation, "Accelerating Transfer" also means any transfer or transfers of shares possessing, in the aggregate, more than fifty percent (50%) of the voting power. If Trustor is a partnership, "Accelerating Transfer" also means withdrawal or removal of any general partner, dissolution of the partnership under applicable law, or any transfer or transfers of, in the aggregate, more than fifty percent (50%) of the partnership interests. If Trustor is a limited liability company,

"Accelerating Transfer" also means withdrawal or removal of any managing member, termination of the limited liability company or any transfer or transfers of, in the aggregate, more than fifty percent (50%) of the voting power or, in the aggregate, more than fifty percent (50%) of the ownership interests in Trustor.

(b) Trustor acknowledges that Beneficiary is making one or more advances under the Loan in reliance on the expertise, skill and experience of Trustor; thus, the Secured Obligations include material elements similar in nature to a personal service contract. In consideration of Beneficiary's reliance, Trustor agrees that Trustor shall not make any Accelerating Transfer, unless the transfer is preceded by Beneficiary's express written consent to the particular transaction and transferee. Beneficiary may withhold such consent in its sole discretion. If any Accelerating Transfer occurs, Beneficiary in its sole discretion may declare all of the Secured Obligations to be immediately due and payable, and Beneficiary and Trustee may invoke any rights and remedies provided by Section 6.3 of this Deed of Trust. Trustor acknowledges the materiality of the provisions of this Section 6.1 as a covenant of Trustor, given individual weight and consideration by Beneficiary in entering into the Secured Obligations, and that any Accelerating Transfer in violation of the prohibited transfer provisions herein set forth shall result in a material impairment of Beneficiary's interest in the Property and be deemed a breach of the foregoing covenant.

6.2 Events of Default. Trustor will be in default under this Deed of Trust upon the occurrence of any one or more of the following events (some or all collectively, "Events of Default"; any one singly, an "Event of Default"):

(a) Trustor fails to perform any obligation to pay money which arises under this Deed of Trust (excluding payment obligations that arise under the other Loan Documents) and does not cure that failure within fifteen (15) days after written notice from Beneficiary or Trustee; or

(b) Trustor fails to perform any obligation arising under this Deed of Trust other than one to pay money, and does not cure that failure either within thirty (30) days ("Initial Cure Period") after written notice from Beneficiary or Trustee, or within ninety (90) days after such written notice, so long as Trustor begins within the Initial Cure Period and diligently continues to cure the failure, and Beneficiary, exercising reasonable judgment, determines that the cure cannot reasonably be completed at or before expiration of the Initial Cure Period; or

(c) A default or Event of Default occurs under any of the Loan Documents or the Secured Obligations.

6.3 Remedies. At any time after an Event of Default, Beneficiary and Trustee shall be entitled to invoke any and all of the rights and remedies described below. All of such rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies.

(a) Acceleration. Beneficiary may declare any or all of the Secured Obligations to be due and payable immediately.

(b) Receiver. Beneficiary may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property.

(c) Entry. Beneficiary, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and may also do any and all other things in connection with those actions that Beneficiary may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: taking and possessing all of Trustor's or the then owner's Books and Records; entering into, enforcing, modifying, or canceling leases on such terms and conditions as Beneficiary may consider proper; obtaining and evicting tenants; fixing or modifying Rents; collecting and receiving any payment of money owing to Trustor; completing any unfinished construction; and/or contracting for and making repairs and alterations. If Beneficiary so requests, Trustor shall assemble all of the Property that has been removed from the Land and make all of it available to Beneficiary at the site of the Land. Trustor hereby irrevocably constitutes and appoints Beneficiary as Trustor's attorney-in-fact to perform such acts and execute such documents as Beneficiary in its sole discretion may consider to be appropriate in connection with taking these measures, including endorsement of Trustor's name on any instruments. Regardless of any provision of this Deed of Trust or any other Loan Document, Beneficiary shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Trustor to Beneficiary, unless Beneficiary has given express written notice of Beneficiary's election of that remedy in accordance with the California Uniform Commercial Code, as it may be in effect from time to time.

(d) Cure; Protection of Security. Either Beneficiary or Trustee may cure any breach or default of Trustor, and if it chooses to do so in connection with any such cure, Beneficiary or Trustee may also enter the Property and/or do any and all other things which it may in its sole discretion consider necessary and appropriate to protect the security of this Deed of Trust. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Beneficiary or Trustee under, this Deed of Trust; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Beneficiary's or Trustee's sole judgment is or may be senior in priority to this Deed of Trust, such judgment of Beneficiary or Trustee to be conclusive as among the parties to this Deed of Trust; obtaining insurance and/or paying any premiums or charges for insurance required by Beneficiary to be carried by Trustor; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Beneficiary or Trustee. Beneficiary and Trustee may take any of the actions permitted under this Section 6.3(d) either with or without giving notice to any person.

(e) Uniform Commercial Code Remedies. Beneficiary may exercise any or all of the remedies granted to a secured party under the California Uniform Commercial Code, as in effect from time to time, or under the Uniform Commercial Code in force from time to time in any other state to the extent the same is applicable law.

(f) Judicial Action. Beneficiary may bring an action in any court of competent jurisdiction to foreclose this instrument or to obtain specific enforcement of any of the covenants or agreements of this Deed of Trust.

(g) Power of Sale. Under the power of sale hereby granted, Beneficiary shall have the discretionary right to cause some or all of the Property, including any Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

(i) Sales of Personal Property.

(A) For purposes of this power of sale, Beneficiary may elect to treat as personal property any Property which is intangible or which can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Beneficiary may dispose of any personal property separately from the sale of real property, in any manner permitted by Division 9 of the California Uniform Commercial Code, as in effect from time to time, including any public or private sale, or in any manner permitted by any other applicable state or federal law or regulation, and Beneficiary's compliance therewith will not be deemed to affect adversely the commercial reasonableness of any sale of personal property collateral. Beneficiary may sell any personal property collateral without giving any warranties, and may specifically disclaim all disposition warranties, including, without limitation, warranties relating to title, possession, quiet enjoyment and the like, and all warranties of quality, merchantability and fitness for a specific purpose, and this procedure will not be deemed to affect adversely the commercial reasonableness of any sale of such collateral. Trustor acknowledges that a private sale of collateral may result in fewer proceeds than a public sale. Trustor acknowledges that the personal property collateral may be sold at a loss to Trustor and that in such event, Beneficiary shall have no liability or responsibility to Trustor for such loss. Proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation for purposes of Section 2924c of the California Civil Code.

(B) In connection with any sale or other disposition of such Property, Trustor agrees that the following procedures constitute a commercially reasonable sale: Beneficiary shall mail written notice of the sale to Trustor not later than forty-five (45) days prior to such sale. Once per week during the four weeks immediately preceding such sale, Beneficiary will publish notice of the sale in a local daily newspaper of general circulation. Upon receipt of any written request, Beneficiary will make the Property available to any bona fide prospective purchaser for inspection during reasonable business hours. Notwithstanding the foregoing, Beneficiary shall be under no obligation to consummate a sale if, in its judgment, none of the offers received by it equals the fair value of the Property offered for sale. The foregoing procedures do not constitute the only procedures that may be commercially reasonable. If Beneficiary fails to comply with this clause (B) in any respect, its liability for such failure shall be the liability, if any, imposed on it as a matter of law under the California Uniform Commercial Code, as in effect from time to time or under the Uniform Commercial Code in force from time to time in any other state to the extent the same is applicable law.

(ii) Trustee's Sales of Real Property or Mixed Collateral.

(A) Beneficiary may choose to dispose of some or all of the Property which consists solely of real property in any manner then permitted by applicable law. In its discretion, Beneficiary may also or alternatively choose to dispose of some or all of the Property, in any combination consisting of both real and personal property, together in one sale to be held in accordance with the law and procedures applicable to real property, as permitted by Division 9 of the California Uniform Commercial Code, as in effect from time to time. Trustor agrees that such a sale of personal property together with real property constitutes a commercially reasonable sale of the personal property. For purposes of this power of sale, either a sale of real property alone, or a sale of both real and personal property together in accordance with Division 9 of the California Uniform Commercial Code, will sometimes be referred to as a "Trustee's Sale."

(B) Before any Trustee's Sale, Beneficiary or Trustee shall give such notice of default and election to sell as may then be required by law. When all time periods then legally mandated have expired, and after such notice of sale as may then be legally required has been given, Trustee shall sell the property being sold at a public auction to be held at the time and place specified in the notice of sale. Neither Trustee nor Beneficiary shall have any obligation to make demand on Trustor before any Trustee's Sale. From time to time in accordance with then applicable law, Trustee may, and in any event at Beneficiary's request shall, postpone any Trustee's Sale by public announcement at the time and place noticed for that sale.

(C) At any Trustee's Sale, Trustee shall sell to the highest bidder at public auction for cash in lawful money of the United States. Trustee shall execute and deliver to the purchaser(s) a deed or deeds conveying the property being sold without any covenant or warranty whatsoever, express or implied. The recitals in any such deed of any matters or facts, including any facts bearing upon the regularity or validity of any Trustee's Sale, shall be conclusive proof of their truthfulness. Any such deed shall be conclusive against all persons as to the facts recited in it.

(h) Single or Multiple Foreclosure Sales. If the Property consists of more than one lot, parcel or item of property, Beneficiary may:

(i) Designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition; and

(i) Elect to dispose of the lots, parcels and/or items through a single consolidated sale or disposition to be held or made under the power of sale granted in Section 6.3(g), or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Beneficiary may deem to be in its best interests (any such sale or disposition, a "Foreclosure Sale"; any two or more, "Foreclosure Sales").

If Beneficiary chooses to have more than one Foreclosure Sale, Beneficiary at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day, or

on such different days and at such different times and in such order as Beneficiary may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the lien of this Deed of Trust on any part of the Property which has not been sold, until all of the Secured Obligations have been paid and performed in full.

6.4 Credit Bids. At any Foreclosure Sale, any person, including Trustor, Trustee or Beneficiary, may bid for and acquire the Property or any part of it to the extent permitted by then applicable law. Instead of paying cash for such property, Beneficiary may settle for the purchase price by crediting the sales price of the property against the following obligations:

(a) First, the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to pay or reimburse Beneficiary or Trustee under Section 5.10; and

(b) Second, all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose.

6.5 Application of Foreclosure Sale Proceeds. Beneficiary and Trustee shall apply the proceeds of any Foreclosure Sale in the following manner:

(a) First, to pay the portion of the Secured Obligations attributable to the expenses of sale, costs of any action and any other sums for which Trustor is obligated to reimburse Beneficiary or Trustee under Section 5.10;

(b) Second, to pay the portion of the Secured Obligations attributable to any sums expended or advanced by Beneficiary or Trustee under the terms of this Deed of Trust which then remain unpaid;

(c) Third, to pay all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose; and

(d) Fourth, to remit the remainder, if any, to the person or persons entitled to it.

6.6 Application of Rents and Other Sums. Beneficiary shall apply any and all Rents collected by it, and any and all sums other than proceeds of a Foreclosure Sale which Beneficiary may receive or collect under Section 6.3, in the following manner:

(a) First, to pay the portion of the Secured Obligations attributable to the costs and expenses of operation and collection that may be incurred by Trustee, Beneficiary or any receiver;

(b) Second, to pay all other Secured Obligations in any order and proportions as Beneficiary in its sole discretion may choose; and

(c) Third, to remit the remainder, if any, to the person or persons entitled to it.

Beneficiary shall have no liability for any funds which it does not actually receive.

7. Miscellaneous Provisions.

7.1 Additional Provisions. The Loan Documents fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Deed of Trust. The Loan Documents also grant further rights to Beneficiary and certain of them contain further agreements and affirmative and negative covenants by Trustor which apply to this Deed of Trust and to the Property.

7.2 No Waiver or Cure.

(a) Each waiver by Beneficiary or Trustee must be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by Beneficiary or Trustee to take action on account of any default of Trustor. Consent by Beneficiary or Trustee to any act or omission by Trustor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Beneficiary's or Trustee's consent to be obtained in any future or other instance.

(b) If any of the events described below occurs, that event alone shall not: cure or waive any breach, Event of Default or notice of default under this Deed of Trust or invalidate any act performed pursuant to any such default or notice; or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and all other defaults under the Loan Documents have been cured); or impair the security of this Deed of Trust; or prejudice Beneficiary, Trustee or any receiver in the exercise of any right or remedy afforded any of them under this Deed of Trust; or be construed as an affirmation by Beneficiary of any tenancy, lease or option, or a subordination of the lien of this Deed of Trust.

(i) Beneficiary, its agent or a receiver takes possession of all or any part of the Property in the manner provided in Section 6.3(c).

(ii) Beneficiary collects and applies Rents as permitted under Sections 2.3 and 6.6, either with or without taking possession of all or any part of the Property.

(iii) Beneficiary receives and applies to any Secured Obligation any proceeds of any Property, including any proceeds of insurance policies, condemnation awards, or other claims, property or rights assigned to Beneficiary under Section 5.5.

(iv) Beneficiary makes a site visit, observes the Property and/or conducts tests as permitted under Section 5.14.

(v) Beneficiary receives any sums under this Deed of Trust or any proceeds of any collateral held for any of the Secured Obligations, and applies them to one or more Secured Obligations.

(vi) Beneficiary, Trustee or any receiver invokes any right or remedy provided under this Deed of Trust.

7.3 Powers of Beneficiary and Trustee.

(a) Trustee shall have no obligation to perform any act which it is empowered to perform under this Deed of Trust unless it is requested to do so in writing and is reasonably indemnified against loss, cost, liability and expense.

(b) If either Beneficiary or Trustee performs any act which it is empowered or authorized to perform under this Deed of Trust, including any act permitted by Section 5.8 or Section 6.3(d), that act alone shall not release or change the personal liability of any person for the payment and performance of the Secured Obligations then outstanding, or the lien of this Deed of Trust on all or the remainder of the Property for full payment and performance of all outstanding Secured Obligations. The liability of the original Trustor shall not be released or changed if Beneficiary grants any successor in interest to Trustor any extension of time for payment, or modification of the terms of payment, of any Secured Obligation. Beneficiary shall not be required to comply with any demand by the original Trustor that Beneficiary refuse to grant such an extension or modification to, or commence proceedings against, any such successor in interest.

(c) Beneficiary may take any of the actions permitted under Sections 6.3(b) and/or 6.3(c) regardless of the adequacy of the security for the Secured Obligations, or whether any or all of the Secured Obligations have been declared to be immediately due and payable, or whether notice of default and election to sell has been given under this Deed of Trust.

(d) From time to time, Beneficiary or Trustee may apply to any court of competent jurisdiction for aid and direction in executing the trust and enforcing the rights and remedies created under this Deed of Trust. Beneficiary or Trustee may from time to time obtain orders or decrees directing, confirming or approving acts in executing this trust and enforcing such rights and remedies.

7.4 Merger. No merger shall occur as a result of Beneficiary's acquiring any other estate in or any other lien on the Property unless Beneficiary consents to a merger in writing.

7.5 Joint and Several Liability. If Trustor consists of more than one person, each shall be jointly and severally liable for the faithful performance of all of Trustor's obligations under this Deed of Trust.

7.6 Applicable Law. Except as otherwise provided herein, this Deed of Trust shall be governed by California law (without regard to any conflict of law principles) and applicable United States federal law, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of California are governed by the laws of such other jurisdiction.

7.7 Successors in Interest. The terms, covenants and conditions of this Deed of Trust shall be binding upon and inure to the benefit of the heirs, successors and assigns of the parties. However, this Section 7.7 does not waive the provisions of Section 6.1.

7.8 Interpretation.

(a) Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Deed of Trust are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to."

(b) The word "obligations" is used in its broadest and most comprehensive sense, and includes all primary, secondary, direct, indirect, fixed and contingent obligations. It further includes all principal, interest, prepayment fees, late charges, loan fees and any other fees and charges accruing or assessed at any time, as well as all obligations to perform acts or satisfy conditions.

(c) No listing of specific instances, items or matters in any way limits the scope or generality of any language of this Deed of Trust. The Exhibits to this Deed of Trust are hereby incorporated in this Deed of Trust.

(d) No course of prior dealing, usage of trade, parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof.

(e) Any term used or defined in the California Uniform Commercial Code, as in effect from time to time, and not defined in this Deed of Trust has the meaning given to that term in the California Uniform Commercial Code, as in effect from time to time, when used in this Deed of Trust. However, if a term is defined in Division 9 of the California Uniform Commercial Code differently than in another Division of the California Uniform Commercial Code, the term has the meaning specified in Division 9.

7.9 In-House Counsel Fees. Whenever Trustor is obligated to pay or reimburse Beneficiary or Trustee for any attorneys' fees, those fees shall include the market value of services of in-house counsel.

7.10 Waiver of Marshalling. Trustor waives all rights, legal and equitable, it may now or hereafter have to require marshalling of assets or to require upon foreclosure sales of assets in a particular order, including any rights provided by California Civil Code Sections 2899 and 3433, as such Sections may be amended from time to time. Each successor and assign of Trustor, including any holder of a lien subordinate to this Deed of Trust, by acceptance of its interest or lien agrees that it shall be bound by the above waiver, as if it had given the waiver itself.

7.11 Severability. If any provision of this Deed of Trust should be held unenforceable or void, that provision shall be deemed severable from the remaining provisions and shall in no way affect the validity of this Deed of Trust, except that if such provision relates to the payment of any monetary sum, then Beneficiary may, at its option, declare all Secured Obligations immediately due and payable.

7.12 Notices. Trustor hereby requests that a copy of notice of default and notice of sale be mailed to it at the address set forth below. That address is also the mailing address of Trustor as debtor under the California Uniform Commercial Code. Beneficiary's address given below is the address for Beneficiary as secured party under the California Uniform Commercial Code.

7.13 Certain Legal Proceedings. Should Beneficiary or Trustee, or both, become parties to any action to enjoin foreclosure, or other legal proceedings instituted by Trustor, or by any third party, or should Trustor institute or be subject to any bankruptcy, reorganization, receivership or other proceeding in relation to creditors, then all attorneys' fees and costs incurred by Beneficiary or Trustee, or both, in any of those proceedings, shall be secured by this Deed of Trust and shall be paid by Trustor upon demand, and if not paid, shall be recovered from the Property.

8. Non-Borrower Trustor Provisions.

8.1 Definitions. As used in this Section 8, "Third Party Secured Obligation" means any secured obligation that is required to be performed by any person or entity other than Trustor.

8.2 Rights of Beneficiary. Trustor authorizes Beneficiary to perform any or all of the following acts at any time in its sole discretion, all without notice to Trustor and without affecting Beneficiary's rights or Trustor's obligations under this Deed of Trust:

(a) Beneficiary may alter any terms of the Third Party Secured Obligation or any part of it, including renewing, compromising, modifying, extending or accelerating, or otherwise changing the time for payment of, or increasing or decreasing the rate of interest on, the Third Party Secured Obligation or any part of it.

(b) Beneficiary may take and hold security for the Third Party Secured Obligation, accept additional or substituted security for that obligation, and subordinate, exchange, enforce, waive, release, reconvey, compromise, fail to perfect and sell or otherwise dispose of any such security.

(c) Beneficiary may direct the order and manner of any sale of all or any part of any security now or later to be held for the Third Party Secured Obligation, and Beneficiary may also bid at any such sale and may apply all or any part of the Third Party Secured Obligation against the amount so bid.

(d) Beneficiary may apply any payments or recoveries from Borrower, Trustor or any other source, and any proceeds of any security, to the Third Party Secured Obligation in such manner, order and priority as Beneficiary may elect, whether that obligation is secured by this Deed of Trust or not at the time of the application.

(e) Beneficiary may substitute, add or release any one or more borrowers, guarantors or endorsers.

(f) In addition to the Third Party Secured Obligation, Beneficiary may extend other credit to Borrower, and may take and hold security for the credit so extended, whether or not

such security is also security for the Third Party Secured Obligation, all without affecting Beneficiary's rights or Trustor's liability under this Deed of Trust.

8.3 Deed of Trust to be Absolute. Trustor expressly agrees that until the Third Party Secured Obligation is paid and performed in full, and each and every term, covenant and condition of this Deed of Trust is fully performed, Trustor shall not be released by or because of:

(a) Any act or event which might otherwise discharge, reduce, limit or modify Trustor's obligations under this Deed of Trust;

(b) Any waiver, extension, modification, forbearance, delay or other act or omission of Beneficiary, or its failure to proceed promptly or otherwise against Borrower, Trustor or any security;

(c) Any action, omission or circumstance which might increase the likelihood that Trustor may be called upon to perform under this Deed of Trust or which might affect the rights or remedies of Trustor against Borrower; or

(d) Borrower becoming insolvent or subject to any bankruptcy or other voluntary or involuntary proceeding, in or out of court, for the adjustment of debtor-creditor relationships ("Insolvency Proceeding") and as a result thereof some or all of the Third Party Secured Obligation being terminated, rejected, discharged, modified or abrogated.

Trustor hereby acknowledges that absent this Section 8.3, Trustor might have a defense to the enforcement of this Deed of Trust as a result of one or more of the foregoing acts, omissions, agreements, waivers or matters. Trustor hereby expressly waives and surrenders any defense to any liability under this Deed of Trust based upon any of such acts, omissions, agreements, waivers or matters. It is the express intent of Trustor that Trustor's obligations under this Deed of Trust are and shall be absolute, unconditional and irrevocable.

8.4 Waivers. Trustor waives:

(a) All statutes of limitations as a defense to any action or proceeding brought against Trustor by Beneficiary, to the fullest extent permitted by law;

(b) Any right it may have to require Beneficiary to proceed against Borrower or any other party, proceed against or exhaust any security held from Borrower or any other party, or pursue any other remedy in Beneficiary's power to pursue;

(c) To the extent permitted by applicable law, the benefit of all laws now existing or which may hereafter be enacted providing for any appraisal, valuation, stay, extension, redemption or moratorium;

(d) All rights of marshaling in the event of foreclosure;

(e) Any defense based on any claim that Trustor's obligations exceed or are more burdensome than those of Borrower;

(f) Any defense based on: (i) any legal disability of Borrower, (ii) any release, discharge, modification, impairment or limitation of the liability of Borrower to Beneficiary from any cause, whether consented to by Beneficiary or arising by operation of law or from any Insolvency Proceeding and (iii) any rejection, disallowance or disaffirmance of the Third Party Secured Obligation, or any part of it, or any security held for it, in any such Insolvency Proceeding;

(g) Any defense based on any action taken or omitted by Beneficiary in any Insolvency Proceeding involving Borrower, including, without limitation, filing, defending, settling or obtaining a judgment or order on any proof of claim or any adversary proceeding, making any election to have Beneficiary's claim allowed as being secured, partially secured or unsecured, including any election under 11 U.S.C. Section 1111(b), seeking relief from the automatic stay or adequate protection, including submitting an appraisal of any security, voting to reject or accept or failing to vote on any reorganization plan, making any extension of credit by Beneficiary to Borrower in any Insolvency Proceeding, and the taking and holding by Beneficiary of any security for any such extension of credit, whether or not such security is also security for the Third Party Secured Obligation;

(h) All presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, notices of acceptance of this Deed of Trust and of the existence, creation, or incurring of new or additional indebtedness, and demands and notices of every kind; and

(i) Any defense based on or arising out of any defense that Borrower may have to the payment or performance of the Third Party Secured Obligation or any part of it.

8.5 Waivers of Subrogation and Other Rights and Defenses.

(a) The obligations of Trustor hereunder are independent of the obligations of Borrower, and a separate action or actions may be brought against Trustor whether or not action or suit is brought against Borrower or Borrower is joined in any such action or actions. At the option of Beneficiary, Trustor may be joined in any action or proceeding commenced by Beneficiary against Borrower in connection with or based on the Third Party Secured Obligation or any security for such obligation, and recovery may be had against Trustor in such action or proceeding without any requirement that Beneficiary first assert, prosecute or exhaust any remedy or claim against Borrower.

(b) Upon a default by Borrower, Beneficiary in its sole discretion, without prior notice to or consent of Trustor, may elect to: (i) foreclose either judicially or nonjudicially against any real or personal property security that Beneficiary may hold for the Third Party Secured Obligation other than the Property hereby encumbered, (ii) accept a transfer of any such security in lieu of foreclosure, (iii) compromise or adjust the Third Party Secured Obligation or any part of it or make any other accommodation with Borrower or Trustor, or (iv) exercise any other remedy against Borrower or any security other than the Property hereby encumbered. With respect to security other than the Property hereby encumbered, no such action by Beneficiary shall release or limit the liability of Trustor, who shall remain liable under this Deed of Trust after the action, even if the effect of the action is to deprive Trustor of any subrogation rights, rights of indemnity, rights of contribution, or other rights to collect reimbursement from Borrower for any recovery by Beneficiary against Trustor,

whether contractual or arising by operation of law or otherwise. After any foreclosure or deed in lieu of foreclosure of any real or personal property pledged to secure the Third Party Secured Obligation, Trustor shall under no circumstances be deemed to have any right, title, interest or claim in or to such property, whether it is held by Beneficiary or any third party.

(c) Regardless of whether Beneficiary may have recovered against Trustor, Trustor hereby waives: (i) all rights of subrogation, all rights of indemnity, and any other rights to collect reimbursement or contribution from Borrower or any other party for any recovery by Beneficiary against Trustor, whether contractual or arising by operation of law (including the United States Bankruptcy Code or any successor or similar statute) or otherwise (collectively, "Reimbursement Rights"); (ii) all rights to enforce any remedy that Beneficiary may have against Borrower; and (iii) all rights to participate in any security now or later to be held by Beneficiary for the Third Party Secured Obligation. To the extent Trustor's waiver of Reimbursement Rights is found by a court of competent jurisdiction to be void or voidable for any reason, any Reimbursement Rights Trustor may have against Borrower or any collateral or security shall be junior and subordinate to any rights Beneficiary may have against Borrower and to all right, title and interest Beneficiary may have in any such collateral or security. If any amount should be paid to Trustor on account of any Reimbursement Rights at any time when the Third Party Secured Obligation has not been paid in full, such amount shall be held in trust for Beneficiary and shall immediately be paid over to Beneficiary to be credited and applied against the Third Party Secured Obligation, whether matured or unmatured, in accordance with the terms of the Loan Documents. The covenants and waivers of Trustor set forth in this Section 8.05(c) shall be effective until the Third Party Secured Obligation has been paid and performed in full and are made solely for the benefit of Beneficiary.

(d) Trustor waives any rights and defenses described in Section 2856(a) of the California Civil Code that are or may become available to Trustor, including, without limitation, any rights and defenses by reason of Sections 2787 to 2855, inclusive, of the California Civil Code.

(e) Trustor waives all rights and defenses that Trustor may have because the Third Party Secured Obligation may be secured by real property other than the Property hereby encumbered. This means, among other things:

(i) Beneficiary may collect from Trustor (including enforcing this Deed of Trust against Trustor) without first foreclosing on any real or personal property collateral pledged by Borrower;

(ii) If Beneficiary forecloses on any real property collateral pledged by Borrower:

(A) The amount of the Third Party Secured Obligation may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price.

(B) Beneficiary may collect from Trustor (including enforcing this Deed of Trust against Trustor) even if Beneficiary, by foreclosing on the real property collateral pledged by Borrower, has destroyed any right Trustor may have to collect

from Borrower.

This Section 8.5(e) is an unconditional and irrevocable waiver of any rights and defenses Trustor may have because the Third Party Secured Obligation may be secured by real property other than the Property hereby encumbered. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure.

(f) Without limiting the generality of the foregoing Section 8.5(e), Trustor understands and acknowledges that if Beneficiary forecloses judicially or nonjudicially against any real property securing the Third Party Secured Obligation other than the Property hereby encumbered, that foreclosure could impair or destroy any ability that Trustor may have to seek reimbursement, contribution or indemnification from Borrower or others based on any Reimbursement Right Trustor may have for any recovery by Beneficiary under this Deed of Trust. Trustor further understands and acknowledges that in the absence of this Section 8.5, such potential impairment or destruction of Trustor's rights, if any, may entitle Trustor to assert a defense to this Deed of Trust based on Section 580d of the California Code of Civil Procedure as interpreted in *Union Bank v. Gradsky*, 265 Cal.App.2d 40 (1968). By executing this Deed of Trust, Trustor freely, irrevocably and unconditionally: (i) waives and relinquishes that defense and agrees that Trustor will be fully liable under this Deed of Trust even though Beneficiary may foreclose judicially or nonjudicially against any real property security for the Third Party Secured Obligation other than the Property; (ii) agrees that Trustor will not assert that defense in any action or proceeding which Beneficiary may commence to enforce this Deed of Trust; (iii) acknowledges and agrees that the rights and defenses waived by Trustor under this Deed of Trust include any right or defense that Trustor may have or be entitled to assert based upon or arising out of any one or more of Sections 580a, 580b, 580d or 726 of the California Code of Civil Procedure or Section 2848 of the California Civil Code; and (iv) acknowledges and agrees that Beneficiary is relying on this waiver in extending credit to Borrower in the form of the Third Party Secured Obligation, and that this waiver is a material part of the consideration which Beneficiary is receiving for extending such credit to Borrower.

(g) Trustor waives any right or defense it may have at law or equity, including California Code of Civil Procedure Section 580a, to a fair market value hearing or action to determine a deficiency judgment after a foreclosure of any property other than the Property hereby encumbered.

(h) No provision or waiver in this Deed of Trust shall be construed as limiting the generality of any other provision or waiver contained in this Deed of Trust.

8.6 Revival and Reinstatement. If Beneficiary is required to pay, return or restore to Borrower or any other person any amounts previously paid on the Third Party Secured Obligation because of any Insolvency Proceeding of Borrower, any stop notice or any other reason, the obligations of Trustor shall be reinstated and revived and the rights of Beneficiary shall continue with regard to such amounts, all as though they had never been paid, and this Deed of Trust shall continue to be effective or be reinstated, as the case may be.

8.7 Information Regarding Borrower. Trustor represents that: (a) Beneficiary has made no representation to Trustor as to the creditworthiness of Borrower, and (b) no oral promises, assurances, representations or warranties have been made by or on behalf of Beneficiary to induce Trustor to execute and deliver this Deed of Trust. Trustor has received and approved copies of all other requested Loan Documents. Before signing this Deed of Trust, Trustor investigated the financial condition and business operations of Borrower and such other matters as Trustor deemed appropriate to assure itself of Borrower's ability to discharge its obligations in connection with the Third Party Secured Obligation. Trustor assumes full responsibility for that due diligence and for keeping informed of all matters which may affect Borrower's ability to pay and perform its obligations to Beneficiary. Beneficiary has no duty to disclose to Trustor any information which Beneficiary may have or receive about Borrower's financial condition or business operations or any other circumstances bearing on Borrower's ability to perform.

8.8 Counsel; Integration; Miscellaneous. Trustor acknowledges that Trustor has had adequate opportunity to carefully read this Deed of Trust and to consult with an attorney of Trustor's choice prior to signing it. No consent, approval or authorization of or notice to any person or entity is required in connection with Trustor's execution of and obligations under this Deed of Trust, and Trustor acknowledges its execution and delivery of this Deed of Trust is made voluntarily without any duress or undue influence of any kind. No course of prior dealing, usage of trade, parol or extrinsic evidence of any nature shall be used to supplement, modify or vary any of the terms hereof. This Deed of Trust is intended by the parties to be a fully integrated and final expression of their agreement. This Deed of Trust and the other Loan Documents incorporate all negotiations of the parties and constitute the parties' entire agreement. Trustor acknowledges that is relying on no written or oral agreement, representation, warranty or understanding of any kind made by Beneficiary or any employee, attorney or agent of Beneficiary, except for the agreements of Beneficiary set forth herein and in the Loan Documents.

Trustor:

Address for Notices to Trustor:

Vallejo Neighborhood Housing Services,
a California non-profit public benefit corporation

Vallejo, CA _____

By: _____

Name: _____

Title: _____

Address for Notices to Beneficiary:

Housing Authority of the City of Vallejo
Attn: Guy L. Ricca
200 Georgia Street
Vallejo, CA 94590

EXHIBIT A to DEED OF TRUST

DESCRIPTION OF PROPERTY

[to be inserted]

HOUSING AUTHORITY

ADMINISTRATIVE ITEM B

PLEASE REFER TO

CITY COUNCIL

ADMINISTRATIVE ITEM A

**VALLEJO CITY COUNCIL
SPECIAL MEETING - STUDY SESSION
MINUTES
JUNE 5, 2007**

1. CALL TO ORDER

A special meeting of the Vallejo City Council was held on the above date in the Council Chambers of the Vallejo City Hall. The meeting was called to order at 4:00 p.m. by Mayor Anthony J. Intintoli, Jr. All Councilmembers were present.

A. STUDY SESSION ON FISCAL YEAR 2007-2008 BUDGET
Discussion of Fire and Transportation budgets.

City Manager Joseph Tanner reported that staff has been negotiating with the International Association of Firefighters Local 1186. A letter was sent to the IAFF Board of Directors placing another offer on the table in which the City would agree to rescind the layoff notices for 15 firefighters, and re-issue those if necessary, effective September 1, 2007 rather than July 1, 2007. And, in exchange the City would have minimum staffing from 28 to 24 positions for that 60-day period. This would not mean 24 minimum positions hence forth, but simply for that 60-day period or for the time they were in binding arbitration. Mr. Tanner stated he was informed just prior to the meeting tonight that, unfortunately, IAFF Local 1186 rejected that proposal.

He introduced Robert Stout, Finance Director and Susan Mayer, Assistant Finance Director, to review the budget.

Finance Director Robert Stout provided an overview of the budget. He said the total budget proposed one month ago was \$256.6 million, of which the General Fund was \$85.8 million; Enterprise Funds of \$63.8 million; Community Development of \$41.4 million; Public Works of \$12.3 million and other programs of \$53 million, which were debt service and capital. Regarding the General Fund of \$85 million, he presented a slide that salaries and benefits were almost 80 percent of the General Fund and doing budget cuts that exceed \$10 million was almost impossible without reducing salary and benefits. He also presented a slide that summarizes the \$10.9 million of reductions requested since December and this slide indicated that the budget reductions were allocated in departments in approximately the ratio those departments represent of the total of the General Fund budget.

Mr. Stout said staff looked at the General Fund balance projections for 2007, 2008 and carry over to 2009, and this year the City was reducing down half of the fund balance it began with. They started with \$7.8 million and will end with \$3.9 million. The budget presented is a balanced budget in which revenues equal expenditures. For FY 2009, initial projections show that the budget will be \$1 million out of balance.

The Transportation Fund was originally presented at \$29.6 million and an entirely new budget would be presented tonight. In order to balance the budget there will be increases in ferry fares, reductions in service, sharp reductions in local bus service and capital issues. He noted that the city cannot continue to subsidize the transportation fund.

Mr. Stout addressed the IAFF concerns raised in a newspaper article in the Times Herald on June 2 in which newspaper staff questioned whether the City had manufactured the deficit. He felt the City had been in crisis mode for almost a decade, and the City Manager directed a new approach to find the level of services the City could fund on a continuing basis with the revenues it has and this was what they believe has been done.

Mr. Stout presented 7 points; 1) whether there was really \$15 million available to alleviate the problem; 2) why not use the \$4 million in the projected general fund reserves; 3) unrestricted reserves could wipe out deficits; 4); 5) FY 06 \$1.7 million transfer to risk management; 6) "untold millions" FY 06 "transfers to transportation "property assets; and 7) do the reserves double industry standards of reserves.

Mr. Stout said regarding whether there was really \$15 million available to alleviate the problem, he believes what was being used was the disclosed audited financial statements for June 30, 2006. He stressed that it is important to understand that this information is already 10 months old and staff is projecting forward another year. Since that time, public safety raises were 5.76 percent in this fiscal year and next year staff was projecting they will be approximately 9 percent. There has been the market slowdown which has affected the City in permit fees and most likely will affect assessed value and property tax receipts going forward. Marine World's revenues were down by over \$1 million projected and more importantly, they have decided to exercise their option to purchase which means FY 2008/09 will be down in excess of \$1 million because the City will lose the revenue sharing.

The fleet fund of \$2.1 million is a vehicle by which the City is able to charge the depreciation cost of vehicles back to the operating funds. To smooth out those costs and when a vehicle needs replacement, the cash is in the fleet fund to do the replacement. This fund is now almost \$2 million short. Last budget, staff took out \$2 million from the general fund to balance the budget, so that \$2 million in the fleet fund was not even general fund money. As a policy issue, staff recommends not doing this.

As of June 30, 2006 there is about \$5 million in the risk management fund. There is also another \$4.1 million that the fund has loaned to other funds. Almost \$1.5 million was loaned to the transportation fund to offset its deficit due to reimbursement delays. The fund has \$10.1 million of liabilities and operates much as an insurance company does and recognizes all costs of a workers' compensation claim or liability claim when that claim is valid. All of this money is committed to those liabilities, and staff recommends not taking that money out.

The Redevelopment Agency capital projects fund is the operating fund for the Redevelopment Agency and is where tax increment comes in. This money by law can only be spent on capital projects, administrative costs and debt service. Transportation, Hiddenbrooke and bridge construction were capital development fee-related, as paid by developers to mitigate transportation, development and bridge construction.

To use the \$4 million in General Fund reserve, staff believes this is the absolute minimum. This year it is a little less than 5 percent of expenditures and this should be maintained for the kinds of things that can always happen. Also, it was not enough to cover the almost \$10.9 million in reductions this year.

Mr. Stout stated that he was not sure what the newspaper intended concerning "unrestricted reserves could wipe out deficits" but it is not legal to take money out of water or transportation funds for general fund purposes. Unreserved and undesignated funds but are in a fund for a specific purpose; the gas tax fund can only be used for monies received from state grants. Mare Island Leasing can only be used for that purpose. Hiddenbrooke Community Services can only be used in Hiddenbrooke.

Mr. Stout said the City has over 150 funds and these are created to segregate the monies that can only be used for specific purposes. Out of all those, only general fund money can be used for everything.

Regarding the statement "FY 06 transfers to transportation", the city transferred almost \$2.6 million in FY 06 to the transportation fund to be used to maintain services provided for ferries, taxi's and bus services and most of the write off was prior period money which was loaned and written off. It is important to note that the City Manager has directed the City not to subsidize any of the enterprise funds this year.

Mr. Stout said in early spring of 2006, Council approved a transfer of \$1.7 million to the risk management fund, which had been in a deficit situation and which brought it up. The deficit will; however, be entirely eliminated the end of the fiscal year which will result in pricing only the current cost of the workers' compensation and liability cases and thereby reducing it 2 percent. This helped enormously in the 1 percent increase in CalPERS pension requirement the state required the City to pay.

Staff will have a report sometime in late July for the millions of dollars in property assets. The first question is whether the City can or should sell the property. He felt it would take a very long time, many of the large parcels will be tied up in court cases, and he felt it was something not present to resolve the crisis. Also, even if the City could get monies from one-time sales of assets, his recommendation would be that it not be used to fund on-going costs but to fund one-time costs, such as reducing retiree medical benefits or some other deferred road maintenance or capital projects.

Regarding reserves being double the industry standard, Mr. Stout felt that the only industry standard he was aware of was the GFOA and two years ago it had adopted a minimum reserve standard, he was on the board at that time and voted for it, and at a minimum, no less than 5-15 percent of operating revenues or 1-2 months of general fund operating expenditures should be the minimum reserve in the general fund. He said the City's policy was 15 percent and two months of regular expenditures amounts to about 17 percent, so the City's policy was not conservative. In June 2006, reserves were about 10 percent, staff is projecting this year it will be approximately 4.6 percent, June of 2008; 4.5 percent; June of 2009 at 3.4 percent. Staff does not believe its reserves are double the industry standard.

Fire Budget:

Fire Chief Donald Parker presented a PowerPoint presentation of the Fire Department budget, discussed salaries and benefits, supplies and services of each division; Fire Department staffing (which included deleted and reduced positions since 2003 for each division, demotions, transfers, scheduled lay-offs), revenues, miscellaneous reimbursements, fire prevention revenue, shift assignments, services provided in 2006 and total calls, and consequences relating to budget cuts.

Councilmember Davis said he raised some questions with the City Manager, 1) Why the layoffs were happening now because we have the possibility that an arbitrator may rule against the City and all experienced paramedics are lost by laying them off on July 1, do not expect the arbitrator's decision before July 1st; 2) The union contract requires us to keep current staffing. If 13-15 people are laid off, there is minimum staffing of 28 per shift which requires excessive overtime and he felt this was a dangerous situation; 3) Our contract obligations with the County and Medic Ambulance—because we have paramedics, the requirements for ambulance service is less than a city that does not have paramedics; and 4) He hoped for continuing discussions with the firefighter's union up to the time we go into arbitration in the hopes to settle it. He asked the firefighter's union to reconsider the proposal. He wanted to try to reach a settlement short of layoffs.

Councilmember Sunga said 8,400 of 11,000 calls were medically related and he questioned why the paramedic program was being cut, and questioned if there were any other cuts that could be made instead. City Manager Tanner said he has looked at all departments and programs, significantly cut administrative staff, and people were retiring, as well.

Councilmember Bartee said he shared similar concerns of other Councilmembers and questioned when those proposed suggested changes were made in the administration group. Chief Parker said it was approximately two months ago. Councilmember Bartee felt there was an opportunity to save money today without impacts from the arbitration and confirmed that the dollars to make the cuts in terms of annual savings was close to \$1 million for the 4 people.

Councilmember Bartee and Chief Parker discussed possible options for accomplishing the work of the four people and dedicating the \$1 million to keeping approximately 6 firefighter/paramedic positions and keeping the paramedic program, which he felt was a better solution. Councilmember Bartee said he did not want citizens in fear of losing the fire and police department as an element of leverage in an arbitration situation, said he holds the City and unions responsible to arrive at a decision and a compromise, and threatening the paramedic program and layoffs was not right.

Councilmember Bartee stated that the administration option versus the paramedic option was logical and he did not understand why the city was not moving forward with that option. He questioned what the dollar figure was to pay off leave balances for those retiring. Councilmember Bartee noted there was a short supply of qualified paramedics in the Bay Area and it cost in the range of \$150,000 to \$200,000 for training these individuals. Chief Parker noted there was a list of displaced firefighters and he has already been contacted by Fire Chiefs in many areas. He noted the City of Oakland would hire all of the Vallejo paramedics and these people will be gone for good. Councilmember Bartee felt the projected layoffs did not make sense financially or from a public safety standpoint. He said he wanted to see some concession, even on a temporary basis, for both sides to come forward, discuss the situation and make some compromises.

Vice Mayor Cloutier said the first concern is with citizens and our employees, confirmed with Chief Parker that the paramedic program was established in 2000, that prior to that time, medical emergencies were handled by ambulance company paramedics, and Chief Parker noted EMT's would typically stabilize individuals prior to the ambulance arriving. Vice Mayor Cloutier confirmed that every city in Solano County had paramedic program. He confirmed the City would still have about 11 trained paramedics, but the department cannot work the 11 individuals all the time and get them to locations quick enough. Chief Parker said he would prefer that when someone promotes to engineer, to have them remain as a paramedic, but they were proposing to lose their paramedic coordinator position and would not have a viable program if they had 2-3 paramedics on duty, plus manage vacations, sick leave, training time, etc. Vice Mayor Cloutier suggested getting creative and using what paramedics the City has in emergency situations. He said the issue of most concern is the comment and allegation that people will die if the City implements the cuts. He asked if there was any statistical evidence that compared from 2000-2007, there were fewer heart attacks in the City than there were before when ambulance companies responded. Chief Parker said they did not have any firm evidence, and Vice Mayor Cloutier felt people should be careful about making those statements because the City's main concern was the safety of its citizens and if there was no hard evidence, it was unfair to make that allegation.

Councilmember Gomes said she agrees with Vice Mayor Cloutier and she felt Chief Parker's statements in the newspaper have been ill-advised and the Chief should be supporting the City and not scaring the citizens. She said the Council cares about all employees and the future of the City. She said Councilmember Bartee's suggestions would be to cut two Assistant Deputy Chiefs and the Administrative Analyst. She said one of the people has been sued by the fire union chief

and the other is very supportive of moving the City forward in a way the unions do not control the City anymore. She thinks we should be very careful in identifying people whose jobs might be cut. She said since 1.5 years ago, this oppressive, all consuming issue and battle with the fire union has been the main thing the City has dealt with month after month, and nothing can be done until this issue is dealt with. She confirmed every month \$317,000 would be lost until there is a conclusion and the City has tried to work out a solution that did not bankrupt the City into the future. She will not leave the Council or future Councils with the burden that the City has been left with from previous Councils.

Councilmember Gomes said she wants to talk about good planning, waterfront development, and improving the quality of life in Vallejo and instead, it has been a constant battle. She felt the City could work together and she urged the people of the City and asked citizens to understand the Council has the best interests of the city at heart. She also believes citizens need to be informed, identify there are special interests, she felt there has been an open checkbook for a long time, but now that checkbook was closed.

Councilmember Sunga said he was uncomfortable in voting for cuts and budget reductions. He noted that impact statements are usually included, but the fire cuts did not have one. He asked if the change was implemented, would it lower the City's ISO insurance rating. Councilmember Sunga questioned the following: if the emergency services program grant would need to be refunded; what were the added costs associated with the layoffs; what would happen if the City lost an engine company and multi-story buildings were no longer served; what is the future ability to maintain debt, future revenue streams and expenses, and dormant assets; what would be affected by the cuts, how existing trained and certified fire employees could work as paramedics, the and the future of the program. He requested seeing a vacancy list for each department in the City, and requested an impact statement on all cuts proposed. He stated he felt the way the City strategized the layoff process was not proper.

Councilmember Pearsall said he has been referred to as a traitor because he did not support raises for any unions and he was told he did not remember where he comes from. He said he came from Vallejo, is still here, and he does not decide one department will be the basis on his decision and he will not have the City go bankrupt. He believes deficit spending must be stopped, some money cannot be used for salaries and benefits, no one wants to see layoffs, cut backs or see the city plummet into fiscal ruin. If we lost the paramedic program, it has only been in effect for 7 years. Prior to that the service was handled by ambulance companies and he felt Medic Ambulance could be the first responders with good response times. He felt if we must do this, it is an option and it would provide good response time, one of the simplest solutions was not to provide raises, some have already given up their raises, was anti-bankrupt for the City of Vallejo, and he asked the parties to make a choice—to save the paramedic program for at least until September 1st, not layoff any firefighter/paramedics, and figure out how to reduce manning from 28 to 24 and be able to function. He felt we have a choice; the City needs to look at compromising and work everything out to come up with a solution.

Transportation Budget:

Public Works Director Gary Leach introduced Crystal Odom-Ford, Transportation Superintendent, Edwin Gatto, Transportation Accountant, and Terry Booth, Marketing and Customer Service Representative.

Crystal Odom-Ford, Transportation Superintendent, gave an overview of the Division, the organizational chart, public transit services such as local and regional bus routes, ferry service, para transit, and taxi scrip half fare service. She described the local bus service statistics of riders, intercity bus service statistics, ferry service statistics, ridership trends which is moving downward

due to fare increases, intercity bus services, ferry service ridership increases and the proposed rate increase on July 1, 2007.

Regarding the Transportation Fund History, she stated the fund has been steadily losing money, costs have been increasing at a greater rate than revenues, and they have been operating with negative working capital and unless changes are made, this will continue. Last year's rate increases and the general fund paid off transportation's cumulative deficit. They received a one-time grant, bringing the budget to a deficit of \$500,000 June 30, 2007.

For FY 2007-08, they are projecting a balanced budget if Council adopts the deficit elimination plan which decreases the operational budget by \$2.3 million and would be presented at the regular Council meeting at 7:00 p.m. She presented information about costs per passenger, revenue, and fare revenue received per passenger. She said they only recover about 30% of their fare price, they also assume bus operations cannot operate without discretionary funding and subsidies. Ferry operations show non-discretionary monies help offset costs per passenger, so they do not have to use discretionary funds to balance the ferry budget. However, ferry fares still do not pay for the cost of the ticket. She presented the para transit program, fares per passenger and discretionary funds are needed to help bridge the gap between fare revenue and the costs to provide service. She presented the Taxi Scrip Program and said staff was proposing the rate per booklet from \$5 to \$6, as revenues did not equate to the cost of the ticket.

For FY 2007-08, total revenues are projected to be \$29.5 million and projected expenditures total \$31.8 million, so there will be a \$2.3 million deficit if service changes or revenue enhancements are not in place. The deficit equates to 10% of transportation services, or a reduction of 117,000 trips per year. There will be jobs and maintenance impacts as a result of this. She discussed revenue is received from TDA discretionary funds, federal and state grants, miscellaneous revenue and fares. She presented expenditures which would include items of maintenance, driver wages, fuel, administration and others. She discussed budget assumptions; adoption of the Deficit Elimination Plan, 12% drop in local bus service and service cuts/route eliminations, 2% growth in ferry service ridership and 9% fare increase, fuel cost increases, and grant revenues.

Ms. Odom-Ford noted the City has hired Nelson Nygaard to assist with the deficit elimination and long term planning, said the deficit elimination plan saves the City \$2.3 million and brings the fund within budget. She displayed the proposed capital budget for a total of \$5.9 million and noted future steps to move transportation forward: begin a system-wide analysis, prepare for federal procurement review, identify local match funds for capital projects, prepare an RFP for contracting service, prepare short range transit plan, procure buses, consider transit consolidation with the City of Benicia, continue to monitor expenditures and revenue, continue to assess grant and financial planning options, and continue to identify new revenue sources.

City Manager Tanner announced the Solano Transportation Authority was in the midst of programming funding for 2007/08. He noted that Mayor Intintoli served as Chair of the STA and over \$800,000 was available for programming of new funds for transit capital and operations. The Board will be deciding on initial programming of funds later this month. One million has been reserved for transit capital and how it will be allocated in the county was yet to be determined. The decision is pending the resolution of Proposition 1B transit capital funding which should be clarified later this summer. A meeting with STA was already planned to discuss funding later this week and they are in the midst of a transit consolidation study which may result in further funding opportunities, Vallejo has already met with Benicia and he also met with Fairfield to discuss possible consolidations. He said the Governor's May revision includes a modest increase in funding for Vallejo just under \$100,000 and the budget proposals include a significant increase of funding as high as \$1.37 million to reduce the cuts just proposed. Unfortunately, the City will not

know until later in the summer, so he would suggest making the cuts and then reconstitute those programs when we know funding is available.

Mayor Intintoli added that they have been trying to operate a full-service bus system without a dedicated local source of funding and this was why it was so important for the sales tax measure to pass. The measure would have provided also for the roads, which were in bad condition. So, he was hoping that if this comes through, it would permit cuts and reductions, but until we were no longer dependent on the state, this uncertainty would continue year to year.

The following speakers spoke in opposition to reducing minimum staffing in the Fire Department: Dyhanne Strohmeyer, Vallejo Fire Department, Jodie Haayer, Jodi Maspaitella, John Dollar.

The following people spoke in favor of the City's proposed budget: Allen Wildermuth, VCAT, Paul Norberg.

The Study Session was adjourned at 6:08 p.m. to Closed Session concerning Conference with Real Property Negotiator: Joseph M. Tanner, City Manager, and Craig Whittom Assistant City manager/Community Development, concerning real property located at 330 Virginia Street, Vallejo, California (Empress Theatre) regarding the negotiation of price and terms of payment for purchase with Empress Theatre Associates pursuant to Government Code Section 54956.9. No action was taken on this matter.

**VALLEJO CITY COUNCIL
MINUTES
JUNE 5, 2007**

1. CALL TO ORDER

A regular meeting of the Vallejo City Council was held on the above date in the Council Chambers of the Vallejo City Hall. The meeting was called to order at 7:02 p.m. by Mayor Anthony J. Intintoli, Jr.

2. PLEDGE OF ALLEGIANCE – was led by Mayor Intintoli.

3. ROLL CALL

Present: Mayor Intintoli, Vice Mayor Pearsall, Councilmembers Cloutier, Bartee, Davis, Sunga, Gomes

Absent: None

Staff: City Manager Joseph Tanner
City Attorney Fred Soley
Acting City Clerk Mary Ellsworth

4. PRESENTATIONS AND COMMENDATIONS

- A. Presentation of Proclamation Declaring June 4-10, 2007, as Air Force Week in Vallejo – Presented to Colonel James Baron, Operations Group Commander to Travis Air Force Base

Mayor Intintoli read and presented the Proclamation declaring June 4-10, 2007 as Air Force Week in Vallejo to Colonel James Baron, Operations Group Commander to Travis Air Force Base.

- B. Presentation on Tobacco Prevention by Youth Group of Solano County Health and Social Services

Daniella Cook, student at Jesse Bessel High School, representing the Youth Tobacco Prevention Group, discussed their education program on the negative effects tobacco advertising has on youth and asked audience members to distribute their brochures to young people.

5. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS - None
6. CONSENT CALENDAR AND APPROVAL OF AGENDA

Mayor Intintoli reported that there is a request to remove Item 6H, A resolution authorizing the City Manager to submit an allocation request and a draft initial project report to the Metropolitan Transportation Commission for Regional Measure 2 funds in the amount of \$2,783,900 for the Vallejo Station Intermodal Facility, which will be heard as 6.1.

Councilmember Davis recused himself from participating on City Council Item 6B and Redevelopment Agency 4B, An Ordinance containing a description of the Vallejo Redevelopment Agency's program to acquire real property by eminent domain in the merged Downtown/Waterfront Redevelopment projects, and Redevelopment Agency Item 4B due to real property interests.

Councilmembers Bartee and Gomes recused themselves from participating on City Council Item 6B and 6G due to real property interests.

Hearing no further additions, corrections or deletions, the agenda was approved as amended and the following resolutions were offered by Vice Mayor Cloutier:

- A. APPROVAL OF MINUTES FOR THE MEETING OF MAY 1, 2007 AND MAY 8, 2007
- B. ORDINANCE NO. 1590 N.C. CONTAINING A DESCRIPTION OF THE VALLEJO REDEVELOPMENT AGENCY'S PROGRAM TO ACQUIRE REAL PROPERTY BY EMINENT DOMAIN IN THE MERGED DOWNTOWN/WATERFRONT REDEVELOPMENT PROJECTS.
- C. RESOLUTION NO. 07-123 N.C. AWARDING A CONTRACT TO WEIR FLOWAY, INC., OF FRESNO, CALIFORNIA TO FURNISH ONE 60-HORSEPOWER VERTICAL TURBINE PUMP AND MOTOR FOR THE TRAVIS-BECK AVENUE PUMP STATION
- D. RESOLUTION NO. 07-124 N.C. APPROVING THE PLANS AND SPECIFICATIONS AND AWARDING THE JAMESON CANYON PIPELINE RELOCATION PROJECT AT HIGHWAY 12 TO MOUNTAIN CACADE, INC. OF LIVERMORE, CALIFORNIA.
- E. RESOLUTION NO. 07-125 N.C. ACCEPTING RESIGNATION FROM JIM STEWART, CODE ENFORCEMENT APPEALS BOARD

- F. RESOLUTION NO. 07-126 N.C. APPROVING CONTRACT CHANGE ORDER NO. 3 WITH ARGONAUT CONSTRUCTORS FOR ADDITIONAL CONSTRUCTION IMPROVEMENTS AND FINAL ACCEPTANCE OF CONTRACT COMPLETION FOR THE PAVEMENT OVERLAY FISCAL YEAR 2005-2006 ADMIRAL CALLAGHAN LANE AND HUMBOLDT STREET PAVEMENT OVERLAY PROJECT FROM HENRY STREET TO SPRINGS ROAD
- G. RESOLUTION NO. 07-127 N.C. APPROVING CONTRACT CHANGE ORDER NO. 2 WITH CHRISP COMPANY FOR ADDITIONAL REMOVAL OF TRAFFIC STRIPING AND TRAFFIC CONTROL FOR THE DOWNTOWN VALLEJO INTERIM STRIPING PROJECT AND FINAL ACCEPTANCE OF CONTRACT COMPLETION
- I. RESOLUTION NO. 07-129 N.C. AUTHORIZING THE TRANSPORTATION SUPERINTENDENT TO FILE AND EXECUTE AN APPLICATION FOR FTA SECTION 5311 FUNDS (49 U.S.C. SECTION 5311) TO PROVIDE ADDITIONAL INFORMATION AS NEEDED, AND TO SUBMIT AND APPROVE REQUESTS FOR REIMBURSEMENTS
- J. RESOLUTION NO. 07-130 N.C. AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL FIRE) TO SECURE A GRANT FOR \$500,000.00 UNDER THE CALIFORNIA CLEAN WATER, CLEAN AIR, SAFE NEIGHBORHOOD PARKS AND COASTAL PROTECTION ACT OF 2002
- K. RESOLUTION NO. 07-131 N.C. RESOLUTION OF INTENTION TO AMEND FISCAL YEAR 2006-2007 ONE-YEAR CAPITAL IMPROVEMENT PROGRAM BUDGET

The above ordinance, resolutions and minutes were approved by the following vote:

AYES: Mayor Intintoli, Vice Mayor Cloutier, Councilmembers Davis, Pearsall, Sunga
NOES: None
ABSENT: None
ABSTAINING: Councilmember Davis and Gomes (on Item 6B) Barte (on Items 6B and 6G)

- H. (6.1) CONSIDERATION OF A RESOLUTION AUTHORIZING THE CITY MANAGER TO SUBMIT AN ALLOCATION REQUEST AND A DRAFT INITIAL PROJECT REPORT TO THE METROPOLITAN TRANSPORTATION COMMISSION (MTC) FOR REGIONAL MEASURE 2 FUNDS IN THE AMOUNT OF \$2,783,900, FOR THE VALLEJO STATION INTERMODAL FACILITY

Councilmember Gomes questioned if the Council was approving design in the request, and Public Works Director Gary Leach said this was to receive monies to begin the design of the project and the Design Review Board would review the project. Councilmember Gomes noted it is felt to be more cost effective to phase the garage into two smaller garages and she confirmed this would be considered per the RFQ, as well as looking to identify an appropriate location for the downtown and for charging for ferry parking.

Vice Mayor Cloutier said he recalled having the discussion about whether the scope of the project should be reduced, leave the post office where it is due to costs, and felt it would be worthwhile to solicit a letter from Mr. Thompson seeking his reasoning on why he concluded it was more cost effective to reduce the size of the project and leave the post office where it is. Mr. Tanner said he

was in agreement regarding this issue, but he felt that they would not be successful in moving the post office, and this will be further reviewed during the design phase.

Councilmember Bartee agreed with Vice Mayor Cloutier, but said Mr. Thompson suggested that movement of the post office should not be part of the Phase I implementation of the parking structure, that this consideration should be at the second phase. He also remembered Mr. Thompson not wanting to completely ignore this concept; however, he was not supporting it one way or the other. He agreed the cost associated with it would make it extremely difficult. He agreed with comments regarding the bus transfer station and said there has been community input on how the current station is utilized and how it negatively has impacted development in the downtown. They spoke about centralized transfers as opposed to nodal transfers and he requested seeing some constructive research be done to evaluate impacts to go to modal transfers. He said both locations were also next to the highest calls for service locations in the city.

Councilmember Sunga said there were property owners who felt the City was shifting the problem to one area of the downtown to the other and did not feel the central station was such a good location. He questioned whether staff has been in contact with them. Mr. Leach said staff has been aware of property owner issues, said the new station would hopefully have amenities and better security, and the consultant would evaluate the operation effect of not having that transfer station.

RESOLUTION NO. 07-128 N.C. offered by Mayor Intintoli authorizing the City Manager to submit an allocation request and a draft initial project report to the Metropolitan Transportation Commission (MTC) for Regional Measure 2 Funds in the amount of \$2,783,900 for the Vallejo Station Intermodal Facility.

The above resolution was approved by the following vote:

| | |
|---------|--|
| AYES: | Mayor Intintoli, Vice Mayor Cloutier, Councilmembers, Bartee, Davis, Gomes, Pearsall and Sunga |
| NOES: | None |
| ABSENT: | None |

7. PUBLIC HEARINGS

A. **CONSIDERATION OF CONFIRMATION OF FINAL CITY CLERK'S ASSESSMENT & CITATION LIST SUBMITTED BY THE WEED ABATEMENT SECTION OF THE FIRE DEPARTMENT FOR WORK PERFORMED IN CLEARING VACANT LOTS AND PARCELS OF LAND DURING 2007 BY THE CITY'S PRIVATE CONTRACTOR AND AUTHORIZATION TO COLLECT ALL UNPAID, CONFIRMED CHARGES AND ASSESSMENTS ON THE SOLANO COUNTY TAX ROLL**

Fire Chief Donald Parker introduced Leina Morris, Senior Code Enforcement Officer. Ms. Morris said she was available for questions regarding unpaid assessments.

The Mayor opened the public hearing.

Speaker: Joanne Schivley said 1,500-3,000 letters are sent to property owners, inspections are required and she felt this was a significant cost to the City. The only time the City receives funds back are from fines or liens and she encouraged the Council to amend the ordinance to recover some of those costs.

The Mayor closed the public hearing.

Councilmember Bartee echoed support and comments made by Ms. Schivley and he recommended the City Manager look into the matter.

RESOLUTION NO. 07-132 N.C. offered by Mayor Intintoli, confirming the final City Clerk's Assessment & Citation List submitted by the Weed Abatement section of the Fire Department for work performed in clearing vacant lots and parcels of land during 2007 by the City's private contractor and authorization to collect all unpaid, confirmed charges and assessments on the Solano County tax roll.

The above resolution was approved by the following vote:

AYES: Mayor Intintoli, Vice Mayor Cloutier, Councilmembers,
Bartee, Davis, Gomes, Pearsall and Sunga
NOES: None
ABSENT: None

B. CONSIDERATION OF A RESOLUTION MAKING A FINDING OF FISCAL EMERGENCY, APPROVING SERVICE REDUCTIONS FOR VALLEJO TRANSIT, BAYLINK FERRY, TAXI SCRIP PROGRAM, AND INCREASING THE BAYLINK FERRY FARES EFFECTIVE JULY 1, 2007 TO BRING THE TRANSPORTATION FUND INTO BALANCE IN FY 2007-08

The City of Vallejo provides a variety of public transit options that run seven days a week. Those services include fixed route bus service, para transit service for Americans with Disabilities Act (ADA) service eligible riders, Vallejo Baylink Ferry, and a Taxi Scrip program for eligible elderly and disabled residents.

These programs are budgeted in the Transportation Fund, an Enterprise Fund that is set up to operate exclusively with transit revenues, mostly grants and fare revenue, and without General Fund support. However, for the past several years, the Transportation Fund has been operating at a loss. The revenues have failed to keep up with the increased operating costs, resulting in a rapidly growing cumulative operating deficit that totaled an estimated \$2.4M at the end of FY 2006. Projections for the current fiscal year show an additional \$400K in deficit as a result of a one time non-discretionary grant for \$1.4M that was originally programmed for the purchase of badly needed replacement buses. Left unchecked, it is estimated that the transportation fund would incur an additional \$2.3M deficit in FY 2007/08.

City Manager Tanner said the City staff learned this morning there is over \$800,000 for programming of new funds, the Solano Transportation Authority Board will be deciding on initial programming of funds later this month. One million has been reserved for FY 2006-07 for transit capital and how this will be allocated has yet to be determined. He said the resolution of Proposition 1B for transit capital should be clarified later this summer. A meeting with the Authority was scheduled this Wednesday, a transit consolidation study may result in further funding opportunities for transit operators and these were due to the Board in early July.

The City has been in discussions with Benicia and Fairfield regarding consolidation, the Governor's May revision includes a modest increase for Vallejo and the State Senate and Assembly budget proposals include a significant increase in Vallejo State Transit Assistance Funds, potentially as high as \$1.377 million for FY 2007-08. The impact on Vallejo is not known

until the State budget is approved. He said Vallejo's revenue base would be \$666,850 and population base would be \$708,090 for a total of \$1,374,940. Unfortunately, the City will not know if it will come to Vallejo or not until after the Council is forced to cut its transportation budget due to the Charter provision. However, after this information is identified, it would not prohibit the Council from revisiting the cuts and reinstating services.

Public Works Director Gary Leach presented the transportation deficit elimination plan, introduced Crystal Odom-Ford, Transportation Superintendent, Terry Booth, Marketing and Customer Service Representative, and Paul Jule, Nelson Nygaard Consultants.

Paul Jewel, Chief Operating Officer and Lead Transit Planner, Nelson Nygaard Consultants, said he was also the Project Manager and the Lead Bus Planner for the City. He introduced Phil Maguire with Maguire Management Consultancy who is handling administrative review and helping with bus operations, and Charlie Walter, who is representing issues on the ferry operations. Not present tonight is Marty Robbins, head of the contracted ferry oversight for the City.

Mr. Leach noted actions taken last year included: September 2006: ferry increase and bus fare increases; October 2006: transferred Routes 90 and 91 to Fairfield and Vacaville; December 2006: reduced headways for bus routes 6, 8, and 85, eliminated the 6 to 85 ferry trip to San Francisco and instituted a winter schedule for ferries.

Mr. Leach said they still projected a deficit of \$2.9 million of which \$1.4 million of one-time money was used to eliminate the deficit. The \$1.4 million was badly needed to purchase new buses, which was not done and used for operating. Given the status of the general fund, they cannot end another year in a deficit and will recommend reductions.

Crystal Odom-Ford said the goal was to balance the transportation division's budget which meant eliminating \$2.3 million in deficit. The plan presented tonight does this. She said funding projections used are conservative, realistic and attainable. She presented a PowerPoint presentation on service reductions and revenue enhancements.

Ms. Odom-Ford discussed the variety of public transit services which include bus, ferry service, para transit and taxi scrip half fare service, transit is funded using state and federal grants and the program was not designed to receive contributions from the City's general fund to operate the system. Over the last few years, revenue has been less than expenditures, thereby requiring \$2.3 million from the general fund to pay off its cumulative deficit. She discussed the City's critical financial challenges, said the proposed changes must be adopted as soon as possible, all city departments must identify cuts for implementation by July 1, 2007, and the Transportation Division must reduce operations by 10%, which represents significant service reductions.

Ms. Odom-Ford presented the action plan, FY 2007/08 deficit elimination guidelines, data sources, input gathered from various agencies such as MV Transportation, Blue and Gold Fleet, Vallejo Baylink Advisory Committee, Citizens Transportation Advisory Committee and Vallejo Transportation Advisory Committee, and the initial 2007 Deficit Elimination Plan summary which was submitted for public input. She discussed public outreach efforts, public feedback received, and noted modifications were made of the original proposal based on public feedback, such as added back part of the Taxi Scrip Program and proposed an increase in the cost per ticket, re-assessed fare increases for the ferry and added back Route 5 Sunday service.

Ms. Odom-Ford further discussed bus service reductions which did not include fare increases, impacts on bus ridership and ferry reductions and proposed fare increases. No program changes were recommended for para transit for FY 07/08; however, modifications in fixed route service

may result in comparable reductions in ADA para transit service. She discussed the Taxi Scrip program reductions, discussed Title VI of the Civil Rights Act of 1964 and said City staff has determined there were no Title VI impacts associated with the proposed changes.

Ms. Odom-Ford said feedback received from the public included why the City was not charging for parking at the ferry terminal and asked that this be implemented by July 1, 2007. She said Nelson Nygaard would be evaluating this further as part of the second phase of their work which included several issues that must be addressed prior for the program starting. Ms. Lodenford then discussed several revenue opportunities which would also be studied.

The final recommendation is to adopt the 2007 deficit elimination plan by reducing the operating budget by \$2.3 million, of which \$1.1 million would be reduced from the buses and \$1.2 million from the ferry.

The Mayor opened the public hearing and requested speakers be limited to 3 minutes.

The following speakers spoke in opposition to the proposed reduction in transportation funding, impacts resulting from loss of employment, increased fares, impacts to the elderly, disabled, students and families reliant on transit, and urged the Council not to make the cuts:

Speakers: Craig Williams, Robert Rowe, Anne Fennessy, Verneal Pressida, Mary Bodden-King, Drusilla Velasquez, Jerry Lee Grey, James Rutherford, Jeffrey Hobbs, Fran Callahan, Yvonne Williams, David Lyons, Robert Scott, Howard Banford, Mora Kelly, Sonya Warner, Patrick Bernardino, Mohsen Sultan, Hunter Blaine, Megan Canalita, Hami Ramani, Elizabeth Williams, Davida Johnson, Amika Hubbard, Lorryne Hightower, James Alexander, Darrell Edwards, Daryn Rogers, Kathy Beistel, Dwayne Johnson, Baran Khan, Spring Porter, and Clara Snelby.

RECESS/RECONVENE

Mayor Intintoli called for a 10-minute recess, and thereafter the City Council reconvened its regular meeting.

Public Works Director Gary Leach introduced Yvonne Wiley, Liaison, Vallejo Bus Service.

Yvonne Wiley, Vallejo Bus Service, said when she first learned of the City's financial situation and challenges and was directed to decrease or eliminate the transit budget, she went to the service operators. She apologized and conveyed to all NV employees of how important the service cuts were and how they would negatively impact citizens, operators and maintenance staff.

She clarified if Route 80 were cut, they would lose funding because the route was currently subsidized, and this would not be cut. She said extensive outreach was done to not only employees but also to the general public, acknowledged transportation was a critical piece to Vallejo, the City staff and Nelson Nygaard agree there is no fat in the transportation system and every cut or modification would hurt and this was the only way to eliminate the deficit. Many suggestions heard were being considered and must be addressed as part of the phase II study, and none could be implemented prior to the deadline of July 1, 2007. She also noted Transportation staff was aware of funding opportunities brought up by the City Manager, but projections made were based on revenue sources that were known, are attainable, and that exist at this time and not proposed or contingent on any other funds coming in.

Mr. Leach said he was out riding routes with his assistant during different times of the day and confirmed there was no fat and any cuts made would be tough. Ms. Wiley also noted that in the

event of an emergency, every transportation professional knows they must respond to emergencies and they accept this.

Councilmember Bartee said he knew this would not be easy, appreciated the transportation group's efforts and work on identifying what has the least impact while achieving the goals, but he felt that implementing cuts and then re-implementing the routes did not make sense to him. He proposed in recognition of the fact that the proposed funding received might not offset everything proposed, that the City hold off on some route reductions until September 1 in order to receive feedback from the other agencies. He confirmed with Mr. Leach that they have a meeting with the Authority tomorrow on the subject and possibly after that meeting, they would have a better idea as to the funding availability's timing.

Councilmember Bartee wanted to keep us from going through this again, but he also wanted to come up with a plan that gives us a transition until more is known about the funding. Without establishing a future date, he suggested holding off cuts until no later than October 1, pending the outcome of the potential funding sources.

Ms. Wiley felt however, that the longer they wait to implement cuts, the deeper they will need to be if funding does not materialize. In addition, if we push back the decision, we will also push back the implementation date, so she felt both should be considered.

Councilmember Bartee recommended delaying the reduction of Sunday service until we know about funding or no later than September 1. Ms. Wiley said if the Council delayed implementation, they would incur a further deficit between July 1 and September 1, and Councilmember Bartee recognized this but said if they had an answer July 2, the cuts would not be implemented. He confirmed he would like to approve the cuts effective September 1 or pending receipt of additional funding, except all Sunday Service and Route 3 as identified on page 19. He said the cost to do this is \$37,000 per month for those two changes, which is less than \$80,000 for the two months. Some suggestions made by the public might offset expense as well as the fact that it will be impacting one-half of 20,000 trips per year.

Paul Jewel confirmed that Councilmember Bartee wanted to hold off on any changes on Sunday Services for Routes 5, 80 and 85, as well as Route 3 for a period of two months. He said the two of those annualized is about \$80,000, with fare revenue of about \$5,000, so it would be approximately \$75,000.

Councilmember Bartee also said the 5:00 a.m. ferry has only about 100 people on it, the bus could get people to San Francisco faster and fuel cost would be saved. Other suggestions included ferry trips to buses and he felt there were also other ways of defraying the \$75,000.

Mr. Jewel said as Marty Robbins and Charlie Walter looked at the ferry operations, switching ferry to bus, the cost savings are not as clear as they might seem because cutting back on ferry service involves different crew requirements. But, with an average of 150-160 passengers per day, this would require two or three buses, so the cost savings may not be as great as they seem by cutting a morning trip on the ferry, but staff could look at this.

Councilmember Bartee questioned the Marine World impact with Route 9, and Ms. Wiley said Route 85 would become a local route, so Marine World would be covered.

Councilmember Bartee made a motion to accept the Emergency Deficit Elimination Plan as recommended, with the exception of Sunday Service and Route 3, which will be delayed, contingent until September 1 or upon the potential funding received.

Councilmember Sunga felt there was a conflict in Councilmember Bartee's motion, and questioned whether the Council could vote on the budget with the change due to the Elimination Plan being part of the entire transportation budget, which was to be approved in June.

Mr. Jewel said the cost of the two month delay is \$80,000. They would show a \$60,000 deficit in the transportation fund, they would increase the general fund to have a transfer of \$60,000 to the Transportation fund when the Council adopts the budget at the end of the month. The definition of a balanced budget is total resources versus total expenditures. So you have resources of \$3.9 million and the Council will not be violating the balanced budget law; not just adopting a budget that revenues equal expenditures.

Councilmember Sunga asked what the logic is behind cutting services versus implementing fare increases, and Mr. Jewel said the fare increase that was done last year on the buses hit ridership hard and when they looked at this, they knew there would still have to be significant service cuts. They therefore made the decision it would be better to go with service cuts and not hit passengers with another fare increase.

Councilmember Gomes asked Councilmember Bartee why he chose to save the Sunday service, as every route eliminated will hurt someone hard, and she questioned why not save Route 8 or 9. Councilmember Bartee wanted to reinstate Route 3 seven days a week and reinstate Sunday Service until more is known about the funding. Route 8 is duplicated by Route 6 so there is some service remaining. Route 9 is being replaced with Route 85 and they are modifying it to more closely match the footprint of Route 9, so service will still be provided at a different level. He felt eliminating Sunday service altogether will leave no transportation for anyone to get around.

Councilmember Gomes said we are deficit spending and confirmed more would be taken from the Reserve that is at 4 percent and should be 15 percent. Mr. Tanner said Wal-Mart closing will cost the City hundreds of thousands of dollars in projected revenues, the salary assumption for public safety was 8.5 percent and now we know it will be 9 percent and cost the City \$250,000. He said they were still evaluating the impact of the Marine World sale.

Councilmember Gomes asked if Marine World was paying for transportation services for their employees and tourists to get there and confirmed with Ms. Wiley they did not. She asked that this be looked at during the sale, but Mr. Tanner said the contract for their option was quite large and has been signed, there is not a re-opener but the City could approach it as a separate issue. Councilmember Gomes suggested this be done. Ms. Wiley said the City is looking at joint partnerships with all agencies we serve including the new Solano College, and Marine World.

Councilmember Gomes referred to the school district, said they balanced their budget, some of it eliminated school bus service and they left the City to provide for it. Ms. Wiley said they will be meeting with the School District's Transportation Superintendent, and are trying to minimize impacts and Route 3 was part of that support.

Councilmember Gomes felt this was an unfortunate historical problem, said the transportation system had borrowed from the general fund and it had appeared there was always enough money historically to pay for it. Now, with the clear and concise look at the budget, the money is not there and she confirmed this was why the eliminations were being proposed. She felt the Council was trying to get the city's books balanced, and it is very difficult. She said the Council has a fiduciary duty to balance the budget every year and this has not been done in the past. She felt it was important to look at some of the reasons the City is in the position it is in, she noting July 1 there are 9 percent pay increases due to police and fire, which was about \$4.2 million, and she felt we were increasing their salaries on the backs of the people of Vallejo. Councilmember

Gomes liked the idea proposed by Councilmember Bartee, but did not like the idea of deficit spending.

Mr. Tanner said when you look at a \$2.3 million cut and the possibility for \$1.4 million possible revenue enhancement, the only part of Councilmember Bartee's motion he did not like was the fact it was deficit spending. But staff was coming back to the Council the latter part of July with hopefully some excess properties and hope they will be able to raise enough money to cover some of the budget issues, and because of this, he could recommend and support Councilmember Bartee's position.

Councilmember Gomes confirmed with Ms. Wiley that routes and usage was looked at, as well as taking ferry rider suggestions into account; that several meetings were held and many people provided input and suggestions. Ms. Wiley said increasing the rate on the daily passes actually came back from the VBAC committee, as well as suggestions from the VCAT Committee.

Councilmember Gomes referred to the Taxi Scrip program and confirmed they were eliminating 25 percent of booklets available and increasing fares by one dollar. She said if money was received from the state, she wanted to make sure the Taxi Scrip program was fully funded.

Vice Mayor Cloutier suggested Councilmember Bartee amend his motion to include the Taxi Scrip Program. Ms. Wiley said if they make any changes to the proposal before the Council, it will affect the July 1 implementation date. NV has a union and requirements that jobs be posted at a certain time. So if we delay implementing anything tonight, it moves the July 1 date to August 1; they are affecting the \$2.3 million projected number.

Vice Mayor Cloutier confirmed he understood the \$2.3 million would increase, but felt comfortable with this and thanked Ms. Wiley for her presentation and information.

Mr. Tanner noted there was a representative from NV in the audience.

Dennis Jackson, Regional Vice President, MV Transit, said they are ready to meet the requirements under their collective bargaining agreement of Amalgamated Transit Union reviewing, making recommendations, posting for the operators to make their selections. What they have done ahead of time is to make those shifts and bids so they are workable type shifts. With the addition of Sunday Service and addition of Route 3 for 7 days a week, it will recreate the shifts so they are workable and then follow the process. They anticipate this to take 2-3 weeks and this is where the August 1 date came from. Ms. Wiley said this would delay the entire implementation plan for one month, or \$250,000.

Mr. Leach said delaying the cuts delays everything because it must go back out to bid. Councilmember Gomes questioned why the plan was brought to the Council if it could make no changes. Ms. Wiley said they were given a directive to make the changes by the City's Finance Director by July 1 and under their public process, they had to post notices and plan for timing.

Mayor Intintoli said, as Chair of the Transportation Authority, the suggestion that we do not care or anyone on the Council does not want to fully serve the citizens is not a fair statement. July 1 is a date because of the budget deadline. They gave direction to staff that they did not want to operate a deficit in the transportation fund this fiscal year and this was the reason all of it has been set in motion, the notices have been given, etc. He felt there was some wishful thinking when it comes to the money that may come from the State. The money from the Transportation Authority is for the entire county and Vallejo may only receive a portion of it. Also, no one knows what the state legislature will do with the present language in bills that may move more money toward Vallejo. He will be pushing for more than Vallejo's share because of the crisis, but there is no guarantee

the City will get it and we need to deal with the budget deficit. Also, it will cost to delay cuts and the cuts to be made a couple of months from now will be worse.

Mayor Intintoli, therefore, offered a substitute resolution to make the cuts as they are and as prepared.

Councilmember Gomes acknowledged staff was doing what they were told. She felt the Council in the future should look at these things with some space in the future so that coming before the Council was not just a matter of a yes or a no. In light of the information that this would cost \$250,000 versus \$60,000, she would agree with the cuts, as the City simply does not have the money.

Mayor Intintoli said if the City receives money from the State or from the transportation authority, he felt we should not limit ourselves to reconsidering routes and service. He felt it was problematic to anticipate funding now. He felt the only way to stop the deficit was to have a dedicated source of funding. The half cent sales tax did not pass which was turned down three times and he asked everyone to re-think this.

Councilmember Davis thanked staff for their excellent presentation and outreach, confirmed there was deferral of \$1.4 million STAF funds were used to pay down an operating deficit rather than pay for the bus replacement systems for 19 buses, which were in disrepair.

Councilmember Pearsall felt the City needs to think about using this money to make these necessary capital improvements because of the need for buses to be able to run, as well as having a small surplus. He also said when the bridge toll increased, they allowed some money for new routes to begin which the City might be discontinuing, and this is an example of not using it for what it was intended to. He felt the Mayor's resolution was distasteful as the entire process, and if we do get the funding, it should be used for funding capital improvements and cover emergencies, as needed.

Councilmember Pearsall said originally he felt deficit spending resulted in overtime and other problems; however, he felt that when Councilmember Bartee discussed the \$60,000 deficit spending he thought it would save a couple of the routes and had a good chance of getting the funding, but it went up to \$250,000, which was a big difference. He said the reason it went up that much was due to rules and regulations of the union and a system that MV Transit had and he questioned how this problem could be mitigated by compromising to save the routes. Ms. Wiley said staff sat down with NV Transit and the unions, and staff will work together with staff to make those cuts until September 1st, and they will work to make certain to implement the remaining part of elimination plan by July 1st, so they are willing to work with us.

Councilmember Bartee accepted an amendment to his motion that a maximum cost be placed on his motion for no more than \$60,000, so if they cannot negotiate with the union and NV, the cuts would be implemented July 1. He also pointed out that they were projecting saving \$1.257 million and when this is divided by 12 to come up with what it would cost to delay the implementation by one month, it is only \$127,000 and not \$250,000. We lose \$184,000 due to lost ridership, so if we continue to have the ridership, one-twelfth would be added back in.

Mayor Intintoli withdrew his substitute resolution.

At the request of Councilmember Gomes Mr. Leach confirmed the actual numbers stating it was his understanding that the \$1.8 million state money is a result of the state changing the formula for distribution of Proposition 42 monies. So, if this formula is changed, it goes toward local roads and the City would lose funds for its local roads as well as money for transit.

Ms. Wiley said if they delay implementing anything one month from July 1-August 1, it costs \$105,000. If the Council moves with Councilmember Bartee's suggestion of holding off on Sunday cuts until September 1, they need \$40,000. If we hold off on Route 3 until September 1, they need \$38,000, for a total of \$78,000 for two months.

Councilmember Bartee confirmed this was the net including the added fare.

Councilmember Bartee asked to change the figure to \$78,000 from \$60,000 and would stand on his original proposal as follows: to approve the proposed Transportation Elimination Plan in total with the exception of the elimination of all Sunday Service, except Route 5, 80 and 85 and also excepting the elimination of Route 3 until September 1 in the event no additional funding is received, and the cost of running those two services would not exceed \$78,000.

City Attorney Fred Solely confirmed the rebid with NV would need to occur and he questioned if there was a guarantee of the other cuts going into effect July 1. Ms. Wiley said staff would work directly with NV and they have their commitment to save the Sunday Service and Route 3. Mr. Solely said he was simply not hearing anything that guarantees that the \$78,000 does not turn into a higher amount, the state money may not be in place, and he felt a commitment to work with a body was not a firm agreement.

Mayor Intintoli offered his original substitute resolution to approve the Emergency Deficit Elimination Plan, as proposed by staff. Councilmember Gomes said she agreed with Mr. Solely and felt everything was too nebulous, felt the cuts needed to happen and supported the Mayor's substitute motion.

RESOLUTION NO. 07-133 N.C. offered by Mayor Intintoli, making a finding of fiscal emergency, approving service reductions for Vallejo Transit, Baylink Ferry, Taxi Scrip Program, and increasing the Baylink Ferry Fare effective July 1, 2007 to bring the Transportation Fund into balance in FY 2007-08.

The above resolution was approved by the following vote:

| | |
|---------|--|
| AYES: | Mayor Intintoli, Vice Mayor Cloutier, Councilmembers, Davis, Gomes, Pearsall and Sunga |
| NOES: | Bartee |
| ABSENT: | None |

8. POLICY ITEMS - NONE

9. ADMINISTRATIVE ITEMS

A. APPROVAL OF RESOLUTION OF INTENTION TO RENEW THE DOWNTOWN VALLEJO MANAGEMENT DISTRICT INCLUDING APPROVAL OF THE MANAGEMENT PLAN AND SETTING THE DATE FOR THE PUBLIC HEARING TO CONSIDER REVIEWING THE DISTRICT

Councilmember Bartee and Gomes recused themselves from participating on the matter due to a conflict of interest.

Annette Taylor gave a brief presentation on the proposal, stating the property owner petition drive has been completed and tonight's proposed action is to declare the intention to renew the Property Based Improvement District (PBID) and to levy assessment pursuant to establishment of the District and also to approve the Downtown Vallejo Management District's plan. She discussed

items and services included in the plan, downtown focused items, and if approved, next steps would be distribution of the public notices and mailing of ballots and on July 24^h, the hearing would be held and the proposed action would be for the Council to adopt the resolution of formation establishing the District. If successful, the Clerk will submit the assessment information to the County Assessor in August.

Councilmember Pearsall supported downtown enhancements, said the area included 154 parcels and 16 blocks and he questioned how private security would operate, and the security company's background in working downtown districts. He said private security in 1997 did not work in the downtown because they did not have police powers. Ms. Taylor said representatives of Central Core Restoration Committee has interviewed the private security company and she knows they were working with 201 Maine Street property owners as well as with staff to further their efforts.

Janet Sylvain, CCRC, noted that the private security services are supposed to be in addition to City police services. They have researched different private security companies and hired Red Phantom Enterprises from Napa who began working for the City yesterday at 10:00 a.m. They are patrolling the downtown district on foot and on bicycle and they have been hired for 80 hours per week. This is being done in response to a meeting held in January at which the perception of safety downtown was discussed at length, by property owners. They also heard from Attorney John Lambath from Downtown Resources, a Sacramento firm specializing in property and business improvement districts. The property owners decided at the property group meeting that the presence of security would discourage loitering and drug dealing; however, with police departments facing huge budget cuts, CCRC made a bold change in March and voted to reallocate their administrative budget and direct it toward private security. With the reduction of the administrative budget, they are able to provide that 80 hours. They have received unprecedented support and confidence in their new direction in securing the downtown and feel they are on the right path. They are working with the police department, are working with problem areas at the Vistas, 201 Maine Street. The Executive Director of that property has been asked to join the board and since, he has improved the management and discussed proposed solutions.

Councilmember Pearsall reiterated his private security concerns and again questioned whether or not it would work.

Councilmember Sunga thanked the downtown property owners for their 68 percent support for private security. He confirmed with Ms. Sylvain that the City's assessment was \$42,526 and in addition to this, the City is also required to provide baseline services in addition to this amount.

Speaker: David Fischer stated that he also had similar concerns about the private security. He met with the company today and was impressed. He believes the reason it did not work several years ago was because the officers were not armed. He prefers to have Vallejo Police Officers do this task, but because of the overtime costs, it is not affordable. Regarding the size of the district, he sat on the budget committee and assessment committee, they recognized this and they created zones. The highest assessed properties were on Georgia Street and as you get further out, the assessments lessen.

Mayor Intintoli said he was not entirely comfortable and questioned the training and supervision. City Manager Tanner said they were working closely with Vallejo Police Department, owners of 201 Main Street and CCRC representatives and ensuring they were closely involved in the scope of services of the group and that they are comfortable with it.

RESOLUTION NO. 07-134 N.C. offered by Mayor Intintoli Resolution of Intention to renew the Downtown Vallejo Management District Including approval of the Management Plan and setting the date for the public hearing to consider reviewing the District.

The above resolution was approved by the following vote:

AYES: Mayor Intintoli, Vice Mayor Cloutier, Councilmembers Davis,
Pearsall and Sunga
NOES: None
ABSENT: None
ABSTAIN: Bartee and Gomes

Mayor Intintoli questioned the 11:00 p.m. rule of the Council conducting business.

B. STUDY SESSION REGARDING FEE STUDY AND PROPOSED UPDATE TO BUILDING AND DEVELOPMENT PROCESSING FEES

Mayor Intintoli asked if there were public comments and noted the issue was important, but suggested it be continued due to the late evening. He suggested that when the items comes back to the Council that the meeting begin at 4:00 p.m. There was no public comment. The Councilmembers agreed to postpone the item.

RECESS TO MEETING OF THE VALLEJO REDEVELOPMENT AGENCY

The City Council convened the Redevelopment Agency at 11:20 p.m. Councilmembers Bartee, Davis and Gomes recused themselves due to real property interests.

11. RECONVENE CITY COUNCIL MEETING

The City Council reconvened its regular meeting at 11:25 p.m.

12. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES - None

13. WRITTEN COMMUNICATIONS

Mayor Intintoli reported a written communication from Janet Sylvain, an e-mail from Mary P. Mullins regarding budget cuts on emergency services, and Melissa Hobbs-Schmidt on a number of funding issues in various departments, an email from Steve McGuinness concerning Sand Hearst Drive and the Bordonni Subdivision which has been referred to staff.

14. CITY MANAGER'S REPORT - None

15. CITY ATTORNEY'S REPORT - None

16. COMMUNITY FORUM

Speakers: Robert Rowe addressed the transportation cuts, and felt the Council would be subject to a recall.

Burky Worel addressed police officer's salaries, provided a breakdown of alarm calls, and the fees associated with the calls.

James Moore commended Councilmember Gomes, Cloutier and Pearsall for the front porch initiative, and addressed Vallejo firefighter's salaries compared to salaries for firefighters across the United States.

Doug Darling, Friends of Lake Chabot, addressed the City being more accountable for development that affects the environment in and around Lake Chabot.

17. REPORT OF THE PRESIDING OFFICER AND MEMBERS OF THE CITY COUNCIL

Councilmember Sunga thanked the public for supporting the Filipino Celebration last Saturday and said it was attended by 20,000 people.

Councilmember Bartee reported on the 4th of July Parade and the Times Herald Drive, stating to date they have received \$24,000. Their target was \$20,000, their fundraising was for a multi-year situation, hoped Councilmembers and staff would support the event.

18. CLOSED SESSION - None

19. ADJOURNMENT

The meeting adjourned at 11:39 p.m.

ANTHONY J. INTINTOLI, JR., MAYOR

Attest: _____
MARY ELLSWORTH, ACTING CITY CLERK

**VALLEJO CITY COUNCIL
VALLEJO REGULAR MEETING
MINUTES
JULY 24, 2007**

1. CALL TO ORDER

A regular meeting of the Vallejo City Council was held on the above date in the Council Chambers of the Vallejo City Hall. The meeting was called to order at 7:11 p.m. by Mayor Anthony J. Intintoli, Jr.

2. PLEDGE OF ALLEGIANCE – was led by Mayor Intintoli.

3. ROLL CALL

Present: Mayor Intintoli, Vice Mayor Cloutier, Councilmembers Davis, Bartee, Sunga, Gomes, Pearsall

Absent: None

Staff: City Manager Joseph Tanner
City Attorney Fred Soley
Acting City Clerk Mary Ellsworth

4. PRESENTATIONS AND COMMENDATIONS

A. PRESENTATION ON VALLEJO CITY UNIFIED SCHOOL DISTRICT UPDATE BY DR. DAMELIO

Dr. Damelio presented information on the Vallejo City Unified School District. He addressed where the District was three years ago; where it is today; what does the future look like and what challenges it would face. These remarks included academic challenges, and systemic challenges. He stated that today the District has very clear goals—academic achievement has improved, and they now have a balanced budget. The goals they focused on are improvement of student achievement; improving the achievement of under performing groups of students, improving student behavior, implementing a fiscal recovery program, and building the capacity of the District to sustain economic uncertainties. In closing, he stressed the importance of maintaining a close working relationship with the City.

Councilmember Gomes questioned cuts to student transportation, the Second Step program, the sale of District property, development of workforce housing to attract and retain teachers and she suggested the City develop an educational agenda and identify how it will work with the District to help to continue the improvement of schools.

Councilmember Pearsall said he remembered when the State take-over occurred, complimented Dr. Damelio and the Board of Trustees for their work and supported a continued inter-agency relationship.

Councilmember Sunga thanked Dr. Damelio and Board of Trustees, felt the largest challenge was retiring the \$60 million debt and confirmed all proceeds go into a special reserve account for the explicit purpose of repaying the loan.

Mayor Intintoli noted the District's upward fiscal and student factors, and confirmed that factors which could interrupt the positive cycle would be deterioration on the use of District materials, training, assessment tools, pacing guides, management, procedures and systems, and discussed teacher compensation comparisons with other Districts and declining student enrollment.

Councilmember Bartee echoed fellow Councilmember's comments and confirmed the issue of the perception of the school district was being addressed through local media efforts, parent and student involvement, continued data sharing, and alternative school programs.

Vice Mayor Cloutier agreed with the need for continued dialogue with the District, for a Council liaison on the Board, discussed with Dr. Damelio the recruitment process for the new Superintendent, confirmed that approximately 94 percent of students were now present everyday in schools, which was a 3-4 percent increase, and was optimistic about the District's future.

Mayor Intintoli asked that Dr. Damelio in the future discuss how schools are financed in the State in terms of how the City and District would develop an educational agenda. He felt there was a systemic problem state-wide in how funds are collected and distributed for education and he personally felt it was fundamentally unfair and unconstitutional and was a disservice to students.

B. PROCLAMATION DECLARING AUGUST 7, 2007 AS JANET CAPELLO DAY

Mayor Intintoli requested adding to the agenda a proclamation declaring August 7, 2007 Janet Capello Day. He stating that Ms. Capello has been a leader in the Sons of Italy organization for many years and was selected to receive the highest award of that organization. He said there was a need to add the item to the agenda due to findings of a need to take immediate action and that the item came to the Council's attention after the posting of the agenda.

The request to add the item proclaiming August 7, 2007 as Janet Capello Day, as offered by Mayor Intintoli, was approved by the following vote of the City Council (7-0):

| | |
|---------|--|
| AYES: | Mayor Intintoli, Vice Mayor Cloutier, Councilmembers Bartee, Davis, Gomes, Pearsall, Sunga |
| NOES: | None |
| ABSENT: | None |

5. PUBLIC COMMENT REGARDING CONSENT CALENDAR ITEMS

Speakers: John Osborne voiced opposition to Consent Calendar Items 6.C, concerning the adoption of the ordinance regarding false Alarms, and 6.L, adoption of an ordinance concerning solid waste. He also noted there was no payment of claims on the agenda.

Burky H. Worel voiced opposition to Consent Calendar Item 6.C., concerning the Alarm Ordinance and the effect the ordinance could have on the elderly.

City Manager Tanner said staff would be agendizing June and July's claims for the first meeting in August and would continue the practice monthly. Police Chief Robert Nichelini will follow-up to address Mr. Osborne's concerns regarding Item 6.C.

6. CONSENT CALENDAR AND APPROVAL OF AGENDA

Councilmember Sunga requested removal and discussion of Item 6J, concerning the authorization to purchase vehicles and equipment. Mayor Intintoli requested that Item 6J become 6.1 and requested that Item 9B, concerning the Water Management Plan, be removed from the Agenda and continued to a meeting in August.

Hearing no further additions, corrections or deletions, the agenda was approved as amended and the following resolutions, ordinances and minutes were offered by Vice Mayor Cloutier:

RESOLUTION NO. 07-189 N.C. APPROVING RESPONSE TO THE 2006-2007 SOLANO COUNTY GRAND JURY REPORT ENTITLED: VALLEJO POLICE DEPARTMENT AND HOLDING FACILITY

RESOLUTION NO. 07-190 N.C. APPROVING RESPONSE TO THE 2006-2007 SOLANO COUNTY GRAND JURY REPORT ENTITLED: PERMISSION TO CARRY A CONCEALED WEAPON

ORDINANCE NO. 1594 M.C. AN ORDINANCE OF THE CITY OF VALLEJO REPEALING CHAPTER 7.80 OF TITLE 7 (AUTOMATIC CALLING AND ALARM DEVICES) OF THE VALLEJO MUNICIPAL CODE, AND ADDING A NEW CHAPTER 7.81 REGULATING SECURITY ALARM SYSTEMS TO TITLE 7 OF THE VALLEJO MUNICIPAL CODE

RESOLUTION NO. 07-191 N.C. AUTHORIZING CONTRACT CHANGE ORDER NO. 3 TO SOARES PIPELINE, INC., OF HAYWARD, CA FOR THE WATERMAINS CAPITAL IMPROVEMENTS PROJECT FY 2006-2007

RESOLUTION NO. 07-192 N.C. 1) AUTHORIZING THE CITY MANAGER TO SUBMIT THE CITY OF VALLEJO'S FY 2007-2008 APPLICATION FOR TRANSPORTATION DEVELOPMENT ACT AND STATE TRANSIT ASSISTANCE FUNDING; AND

RESOLUTION NO. 07-193 N.C. 2) AUTHORIZING THE TRANSPORTATION SUPERINTENDENT TO SUBMIT THE REGIONAL MEASURE 2 APPLICATION FOR FY 2007-2008

RESOLUTION NO. 07-194 N.C. AUTHORIZING AMENDMENT NO. 1 TO THE EXISTING AGREEMENT BETWEEN THE CITY OF VALLEJO AND CAROLLO ENGINEERS, P.C. REGARDING THE JAMESON CANYON PIPELINE RELOCATION PROJECT

RESOLUTION NO. 07-195 N.C. APPROVING THE PLANS AND SPECIFICATIONS, GRANTING JOHNSON MECHANICAL COMPANY, INC. RELIEF FROM ITS BID DUE TO CLERICAL ERROR, AND AWARDING THE TRAVIS-BECK AVENUE PUMP STATION PROJECT TO CLYDE G. STEAGALL, INC. OF LOOMIS, CALIFORNIA

RESOLUTION NO. 07-196 N.C. ACCEPTING THE FY2006-2007 WATER METERS REPLACEMENT PROJECT PERFORMED BY VULCAN CONSTRUCTION AND MAINTENANCE OF FRESNO, CALIFORNIA AS COMPLETE

RESOLUTION NO. 07-197 N.C. AUTHORIZING FUNDS FOR TRAINING SESSION FOR ARCHITECTURAL HERITAGE AND LANDMARKS COMMISSION MEMBERS TO ATTEND A CALIFORNIA PRESERVATION FOUNDATION WORKSHOP AUGUST 2, 2007 AND AUGUST 23, 2007

APPROVAL OF A RESOLUTION AUTHORIZING THE PURCHASE OF FIVE (5) VEHICLES AND PIECES OF EQUIPMENT IN ACCORDANCE WITH THE REQUIREMENTS OF REQUESTS FOR QUOTATION #502-2902-15, 19, 20, 24 AND 25.

ACTION: **REMOVED AND HEARD AS ITEM 6.1**

RESOLUTION NO. 07-199 N.C. ACCEPTING THE RESIGNATION OF PATRICIA BERNARD FROM THE SISTER CITY COMMISSION

ORDINANCE NO. 15995 M.C. ORDINANCE AMENDING CHAPTERS 7.40 THROUGH 7.52 OF THE VALLEJO MUNICIPAL CODE CONCERNING SOLID WASTE SUBMITTED THE CITY TREASURER'S INVESTMENT REPORT FOR THE QUARTER ENDED JUNE 30, 2007

RESOLUTION NO. 07-200 N.C. AUTHORIZING THE CITY MANAGER OR HIS DESIGNEE TO ENTER INTO A FUNDING AGREEMENT WITH THE BAY AREA TOLL AUTHORITY TO PROVIDE ADDITIONAL FUNDING FOR FERRY SERVICE DURING THE 2007 LABOR DAY WEEKEND

RESOLUTION NO. 07-201 N.C. AUTHORIZING THE CITY MANAGER TO ENTER INTO A 2006/2007 AND A 2007/2008 INTERCITY TRANSIT FUNDING AGREEMENT BY AND BETWEEN THE CITY OF VALLEJO AND THE SOLANO TRANSIT AUTHORITY, SOLANO COUNTY AND THE CITIES OF BENICIA, DIXON, FAIRFIELD, RIO VISTA, SUISUN CITY, AND VACAVILLE

The above resolutions, and ordinances were approved by the following vote:

| | |
|---------|--|
| AYES: | Mayor Intintoli, Vice Mayor Cloutier, Councilmembers Bartee, Davis, Gomes, Pearsall, Sunga |
| NOES: | None |
| ABSENT: | None |

Items Removed for Discussion:

- J. (6.1) APPROVAL OF A RESOLUTION AUTHORIZING THE PURCHASE OF FIVE (5) VEHICLES AND PIECES OF EQUIPMENT IN ACCORDANCE WITH THE REQUIREMENTS OF REQUESTS FOR QUOTATION #502-2902-15, 19, 20, 24 AND 25.

Councilmember Sunga questioned the problem of the City not receiving additional bids, questioned utilization of Caltrans, and the writing of RFQ's to obtain lower bids in the future. John Cerini, Maintenance Superintendent said they contacted five different vendors, received one bid on the dump truck. He said due to the City's policy of five percent preferential to local vendors, some vendors do not express interest.

Speakers: Bill Haines voiced concern about proper processing of bids and discussed

RFQ specifications and pricing.

RESOLUTION NO. 07-198 N.C. OFFERED BY COUNCILMEMBER SUNGA, AUTHORIZING THE PURCHASE OF FIVE (5) VEHICLES AND PIECES OF EQUIPMENT IN ACCORDANCE WITH THE REQUIREMENTS OF REQUESTS FOR QUOTATION #502-2902-15,19, 20, 24 AND 25.

The above resolution was approved by the following vote (7-0):

AYES: Mayor Intintoli, Vice Mayor Cloutier,
Councilmembers Bartee, Davis, Gomes, Pearsall,
Sunga
NOES: None
ABSENT: None

7. PUBLIC HEARINGS

A. CONSIDERATION OF APPROVAL OF RESOLUTIONS RENEWING THE DOWNTOWN VALLEJO MANAGEMENT DISTRICT AND RENEWING CITY BASELINE SERVICES FOR THE DISTRICT

On June 5, 2007, the City Council approved the Resolution of Intention to renew the Downtown Vallejo Management District, approved the Management Plan of the District, and set the date for the public hearing to consider renewal of the District for July 24, 2007. On June 6, 2007, ballots were mailed to all property owners within the District to vote on the renewal of the District. This vote is calculated based on the total assessment, not the number of property owners. Following public comment, ballots received by the City Clerk's Office will be tallied and presented to the City Council at tonight's Council meeting. Property owners who comprise a majority of the proposed assessment must approve the renewal of the District in order for the City Council to consider renewal of the District.

Councilmembers Gomes and Bartee recused themselves from participating in the matter due to real property interests.

Project Manager Annette Taylor noted that the resolution for this item had been revised declaring the results of the protest proceedings of the District. Ms. Taylor gave a background on the Downtown Vallejo Management District which expires in December 2007, and stated that the proposed action will approve two resolutions which will renew the District and renewing the City baselines services for the District, she gave a recap of the plan provisions, and said next steps would be to recess the public hearing to count ballots, and if balloting is in the affirmative, City Clerk submits DVMD assessment information to the County Assessor.

Mayor Intintoli opened the public hearing and noted all assessment ballots must be submitted prior to conclusion of the public hearing and only those ballots submitted prior to the conclusion would be included in the tabulation.

Speakers: John Osborne asked that recused Councilmembers remove themselves from the Council Chambers, asked to apply all funds according to the City's mission statement, and felt the item was not properly held because the item involved the

Redevelopment Agency and City Council, and voiced opposition about owners repairing sidewalks.

Mayor Intintoli closed the public hearing and reiterated the ballot procedure and confirmed no further ballots were submitted.

RECESS/RECONVENE

Mayor Intintoli called for a recess to count ballots. After a brief recess, it was determined that the meeting would continue and said the matter would be reopened and acted on at the end of the meeting.

B. CONSIDERATION OF A RESOLUTION APPROVING THE REVISED ENGINEER'S ANNUAL LEVY REPORT AND A RESOLUTION ORDERING THE LEVY AND COLLECTION OF FISCAL YEAR 2007-2008 ASSESSMENTS FOR THE HIDDENBROOKE MAINTENANCE DISTRICT

Conduct a Public Hearing pursuant to the Landscaping and Lighting Act of 1972 (the "Act") and take public comment regarding Fiscal Year 2007/2008 assessments for the Hiddenbrooke Maintenance District. The Act provides for the levy and collection of assessments by the County of Solano for the City of Vallejo to generate sufficient revenue to pay for landscape maintenance services, operation, and improvements in landscape maintenance districts created under the Act.

To more accurately reflect the reserve funds in the District, the final Engineer's Report has been modified since the City Council's preliminary approval of the Engineer's Report on July 10, 2007.

Councilmember Pearsall recused himself from participating in the matter due to real property interests.

Public Works Director Gary Leach introduced Maintenance Superintendent John Cerini, Sam Gonzales, Assistant Maintenance Superintendent, and Bill Moses of MuniFinance, Engineer of Record for the District.

Maintenance Superintendent John Cerini gave the staff report, stating it was the only LMD of the 1972 Act to be brought forward to Council, the District is handled separately in coordinating with the Hiddenbrooke Maintenance District to review the budget and Engineer's Report. The levy increased by 2.3 percent CPI from \$559.16 per equivalent benefit unit (EBU) to \$557.04 per EBU for FY 2007/08.

The City has done the cost allocation study, reviewed all allocations, and the assessment was similar to last year although staff was tracking detailed hours with the intent to evaluate it each year and ensure the costs are properly allocated.

Mayor Intintoli opened the public hearing.

Speakers: John Osborne questioned how a contribution from the general fund to the Hiddenbrooke Welcome Center benefited any citizen within the general limits of the City outside of Hiddenbrooke.

Mayor Intintoli closed the public hearing.

Assistant Maintenance Superintendent Sam Gonzales said in the formation of districts, one of the criteria used is there is a total 100 percent use by the parcel owners within the district. Hiddenbrooke's center and the trail, as well as various general amenities in the area are used by the general public.

RESOLUTION NO. 07-204 N.C. offered by Councilmember Davis, approving the final Engineer's Annual Levy Report.

The above resolution was approved by the following vote (6-0-1):

AYES: Mayor Intintoli, Vice Mayor Cloutier,
Councilmembers Bartee, Davis, Gomes, Sunga
NOES: None
ABSENT: None
ABSTAIN: Pearsall

RESOLUTION NO. 07-205 N.C. offered by Councilmember Sunga, ordering the levy and collection of assessments for the Hiddenbrooke Maintenance District for Fiscal Year 2007/2008.

The above resolution was approved by the following vote (6-0-1):

AYES: Mayor Intintoli, Vice Mayor Cloutier,
Councilmembers Bartee, Davis, Gomes, Sunga
NOES: None
ABSENT: None
ABSTAIN: Pearsall

8. POLICY ITEMS - NONE

9. ADMINISTRATIVE ITEMS

A. CONSIDERATION OF A RESOLUTION OF INTENTION TO AMEND THE FISCAL YEAR (FY) 2007/2008 FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM BUDGET

The 100 Block of Benson Avenue Public Improvement Project in Vallejo Heights requires additional funding in order to begin. The current approved construction budget for Benson Avenue is \$447,500. At a special Community Development Commission (CDC) meeting in June, the Commission voted, 7-0-0, to recommend that (1) available unallocated CDBG funds be allocated to the project, and (2) the scope of work for Benson Avenue be reduced. Staff and several residents of the Vallejo Heights neighborhood concur with the Commission's recommendation.

The total amount of unallocated funds available at this time is \$282,964. If approved by the City Council, the revised budget for the project will be \$730,464. If the City proceeds with Benson Avenue, staff estimates construction will start in the spring of 2008.

Councilmember Pearsall returned to the dais to participate on the matter. Councilmember Bartee recused himself from participation due to real property interests.

Senior Community Development Analyst Guy Ricca gave the staff report and history of the proposal, stating the estimated shortfall was approximately \$600,000 to complete the project. He said in April the Community Development Commission considered whether or not to recommend proceeding with the project or allocate funds toward other activities. After public comment and discussion, the Commission requested staff review the scope of work and determine whether or not some improvements could be eliminated.

Staff concluded that the project scope could be reduced without compromising the project and the revised project would delete certain items; installation of sidewalks, handrails and some retaining walls. Mr. Ricca said residents had also requested Benson Avenue be changed to a one-way street, which was being proposed and included. He noted the City was required by HUD to expend CDBG funds timely and if not met, the City's allocation would be reduced.

A second alternative is to take the funding for Benson Avenue and reallocate it to other CDBG eligible activities; however, Mr. Ricca said staff was not recommending this because it would delay the allocation and spending of funds. Therefore, the Commission recommendation is to allocate all funds to the Benson Avenue project with a reduced scope of work.

The following speakers spoke in support of the Benson Avenue project, including making it a one-way street: Dan Frederick, Bob Weir, Kathleen O'Sullivan, Vice President of the Vallejo Heights Neighborhood Association, Maria Campos, Joanne Schively.

RESOLUTION NO. 07-206 N.C. offered by Councilmember Gomes, Resolution of intention to amend the FY 2007/2008 CDBG Budget, carrying over prior year CDBG funds for the construction of improvements on Benson Avenue, and allocating additional CDBG funds to the Benson Avenue Project.

The above resolution was approved by the following vote (6-0-1):

| | |
|----------|---|
| AYES: | Mayor Intintoli, Vice Mayor Cloutier, Councilmembers Davis, Gomes, Pearsall, Sunga |
| NOES: | None |
| ABSENT: | None |
| ABSTAIN: | Bartee |

B. CONSIDERATION OF A RESOLUTION APPROVING THE CITY OF VALLEJO WATER MANAGEMENT PLAN PREPARED FOR THE UNITED STATES BUREAU OF RECLAMATION

Beginning in early 1999, the City of Vallejo, along with other participating members of the federal Solano Project (Lake Berryessa), has been required to prepare a water management plan every five years meeting the criteria of the U.S. Bureau of Reclamation (USBR). USBR has conditionally accepted the WMP prepared by City of Vallejo staff and Maddaus Water management by letter dated March 29, 2007 and e-mail dated June 20, 2007. Copies of the plan are available in the City Clerk's and Water Administration Offices.

This item was removed from the agenda.

- 10. APPOINTMENTS TO BOARDS, COMMISSIONS, AND COMMITTEES – None
- 11. WRITTEN COMMUNICATIONS - None
- 7. PUBLIC HEARING – (RECONVENE AND CONTINUATION OF ITEM 7A)

A. CONSIDERATION OF APPROVAL OF RESOLUTIONS RENEWING THE DOWNTOWN VALLEJO MANAGEMENT DISTRICT AND RENEWING CITY BASELINE SERVICES FOR THE DISTRICT

Mayor Intintoli reconvened discussion of Item 7A at 9:45 p.m. He reported the Council had previously closed the public hearing and have counted ballots.

Senior Community Development Analyst Annette Taylor reported the value of the ballots cast was \$152,620.39, the percentage was 73.58 percent for a value of \$112,301.41, the percentage of “no” votes was 26.42 percent for a value of \$40,318.98. Therefore, the majority of the protest does not exist. Three ballots were not marked “yes” or “no” which does not affect the outcome.

RESOLUTION NO. 07-202 N.C., offered by Mayor Intintoli as revised, declaring the results of the protest received and renewing the Downtown Vallejo Management District.

The above resolution was approved by the following vote (5-0-2):

AYES: Mayor Intintoli, Vice Mayor Cloutier,
Councilmembers Davis, Pearsall, Sunga
NOES: None
ABSENT: None
ABSTAIN: Gomes and Bartee

RESOLUTION NO. 07-203 N.C., offered by Mayor Intintoli, renewing City Baseline Services for the District pursuant to the Downtown Vallejo Management District.

The above resolution was approved by the following vote (5-0-2):

AYES: Mayor Intintoli, Vice Mayor Cloutier,
Councilmembers Davis, Pearsall, Sunga
NOES: None
ABSENT: None
ABSTAIN: Gomes and Bartee

- 12. CITY MANAGER'S REPORT - None
- 13. CITY ATTORNEY'S REPORT - None
- 14. COMMUNITY FORUM

Speakers: Burky H. Worel confirmed the Downtown Wednesday Nights would not be canceled, requested changing hours on Beat Health from 7:00 a.m. to 5:00 p.m. to 11:00

a.m. to 10:00 p.m. and questioned whether Police overtime was paid for the July 4 events.

Carlos Carlucci and Donnio invited Councilmembers and the public to participate in the annual blessing of their home and a blessing of the City to be held at Marina Park at 6:30 p.m. prior to the August 7 Council meeting.

Edward Schindler, Vallejo Indian Tribal Council, invited everyone to their 12th Annual Event honoring the warrior spirit, to be held Saturday and Sunday.

John Osborne referred to Charter Section 701 and the requirement for a Five-Year Strategic Plan and annual update; questioned why the Marine World JPA meeting had not yet been held; questioned the scheduling of the list of properties/assets of the City/RDA, and requested reducing air conditioning in the Council Chambers to reduce energy costs..

15. REPORT OF THE PRESIDING OFFICER AND MEMBERS OF THE CITY COUNCIL

Councilmember Gomes stated that River Park looks barren without vegetation, questioned the existence of a rehabilitation plan, and requested City Manager Tanner to request and encourage GRVD to review the site and spend development fees to rehabilitate it.

16. CLOSED SESSION - None

17. ADJOURNMENT

The meeting adjourned at 10:00 p.m.

ANTHONY J. INTINTOLI, JR., MAYOR

Attest: _____
MARY ELLSWORTH, ACTING CITY CLERK



CITY COUNCIL COMMUNICATION
REDEVELOPMENT AGENCY BOARD COMMUNICATION
HOUSING AUTHORITY BOARD COMMUNICATION

Date: August 14, 2007

TO: Mayor and Members of the City Council
Chairperson and Members of the Redevelopment Agency
Chairperson and Commissioners of the Housing Authority

FROM: Craig Whittom; Assistant City Manager/Community Development *CW*
Laura J. Simpson, Housing and Community Development Manager
Copy L. Price for Laura J. Simpson

SUBJECT: CONSIDERATION OF (1) A RESOLUTION BY THE VALLEJO HOUSING AUTHORITY AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONSULTANT AGREEMENT WITH EDEN HOUSING, INC. IN AN AMOUNT NOT TO EXCEED \$50,000 TO PERFORM AN ANALYSIS AND SELECTION OF SITES FOR THE ACQUISITION AND REHABILITATION OF AFFORDABLE RENTAL HOUSING, AND APPROVING EDEN HOUSING, INC., AS THE PREFERRED NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING, AND (2) RESOLUTIONS BY THE VALLEJO CITY COUNCIL AND VALLEJO REDEVELOPMENT AGENCY APPROVING EDEN HOUSING, INC. AS THE PREFERRED NON-PROFIT HOUSING DEVELOPER TO ACQUIRE AND REHABILITATE A SITE(S) FOR AFFORDABLE RENTAL HOUSING

BACKGROUND AND DISCUSSION

On May 22, 2007, staff recommended that the City Council, the Housing Authority Board, and the Redevelopment Agency select Eden Housing, Inc. as the preferred developer to proceed with a development proposal for a site at Lemon Street and Curtola Parkway. The recommendation of Eden Housing's proposal was the result of a City solicitation of qualifications and proposals for the new construction or rehabilitation of affordable rental housing that began with a City Council Resolution approved on December 19, 2006, and culminated with a staff recommendation in May, 2007.

At the May 22 City Council meeting, there were a substantial number of comments from the public during the public comment period on the item. Several speakers who were residents of the neighborhood adjacent to the proposed site expressed concern about the density of the proposed development, and the potential for increased crime and traffic in the neighborhood. The City Council did not approve the recommendation to proceed with the proposed new development at that site. No concerns were expressed about Eden Housing's capacity as a developer. In direct response to the City Council and public concerns, staff is not recommending further study of affordable housing development at the proposed site at Lemon Street and Curtola Parkway at this time.

Due to the need for the rehabilitation and preservation of rental housing, staff is recommending that the Housing Authority Board authorize the Executive Director to execute a Consultant Agreement with Eden Housing, Inc. to assess opportunities for the acquisition and rehabilitation of existing deteriorated affordable rental housing in Vallejo. Sites would be evaluated for the feasibility of the acquisition and rehabilitation of affordable multi-family rental housing, and the ability to improve neighborhoods and preserve affordability.

The scope of work would include a deliverable from Eden Housing for a site feasibility report recommending one or more specific sites for rehabilitation for the City, Redevelopment Agency, and Housing Authority's consideration as soon as possible, but not later than December 31, 2007. If a suitable site is found, Eden Housing could prepare a pro forma for the project, and staff could present proposed agreement terms in a report for City Council, Redevelopment Agency, and Housing Authority Board consideration by January 31, 2008.

Staff is recommending the Vallejo Housing Authority award a contract of up to \$50,000 from multi-family housing development funds previously budgeted in Housing Authority Operating Reserve Fund 122 in order for Eden Housing to proceed with the feasibility study.

Staff is also recommending that the City Council, Redevelopment Agency, and Housing Authority approve Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing, pending the findings of the feasibility study.

On July 11, 2007 the Housing and Redevelopment Commission considered these actions, and recommended approval.

Feasibility Study Scope of Work

The scope of work would include an analysis of City data on existing multifamily rental housing, a field analysis of potential sites, community outreach, discussion with appropriate City staff, work with local brokers, and a preliminary analysis of opportunity sites for cost estimates, property values, relocation, and environmental issues. Eden Housing may wish to negotiate an option to purchase a site in order to gain site control. The analysis will result in a report to be submitted to City staff for a review of potential sites, as well as a recommendation of a specific site for acquisition and rehabilitation.

The feasibility study proposal, shown in Attachment D, includes: legal services, relocation or financial consultants, architectural work, environmental surveys,

appraisals, and other professional services. The total cost of the study will not exceed \$50,000.

Developer Qualifications

On December 19, 2006, the City Council approved a resolution authorizing the issuance of a Housing Request for Qualifications and Conceptual Proposals (RFP) to award up to \$5.5 million in funding toward an affordable multi-family rental development. (Approximately \$400,000 in FY 2007/2008 CDBG Program funds was later removed from the total funds available and allocated toward ownership down payment assistance and owner-occupied rehabilitation loan programs).

On April 16, 2007, five nonprofit housing development organizations submitted proposals by the City's deadline. The five responding teams were interviewed and scored by a panel of reviewers on April 26, 2007. The five responding developers were Satellite Housing, BRIDGE Housing, Eden Housing, Mid-Peninsula Housing, and Ecumenical Association for Housing (EAH). Eden Housing scored highest for developer capacity and also scored high for their proposed development.

Eden Housing has 40 years of experience in affordable housing development, ownership, and management. Eden Housing has developed 4,800 residential units in 65 developments, and 45,000 square feet of commercial space in cities throughout Alameda, Contra Costa, Santa Clara, San Mateo, Sonoma, and San Joaquin Counties. Their offices are located in the City of Hayward. Eden Housing has won nearly 40 awards for affordable developments. The cumulative value of Eden Housing's housing portfolio is approximately \$542 million, with another \$141 million in pipeline developments.

Eden Housing has completed four acquisition/rehabilitation projects recently, including: Virginia Lane in Concord, 91 units in two properties on Monument Boulevard; 68 units in Manteca, a property that was a crime spot, which was completely renovated; Harris Court in Hayward, 24 units on a cul-de sac; and Villa Springs, 68 units in Hayward.

Fiscal Impact

The financial impact of approving the proposed Consultant Agreement would be a contract award of up to \$50,000 in predevelopment expenditures for housing development, previously budgeted in Housing Authority Operating Reserve Fund 122. If Eden Housing and the City Council, Redevelopment Agency, and Housing Authority subsequently agree on a proposed development and financing scenario, a total of \$5.1 million has been identified and is available in housing-related accounts in the CDBG,

HOME, Redevelopment Agency Affordable Housing Fund, and Housing Authority Operating Reserve and Housing Development Funds.

RECOMMENDATION

Staff is recommending the Housing Authority authorize the Executive Director to execute a Consultant Agreement with Eden Housing, Inc. to complete a site feasibility study for the acquisition and rehabilitation of affordable rental housing, and that the Housing Authority also approve Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing. Staff is also recommending the City Council and the Redevelopment Agency approve Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

ALTERNATIVES CONSIDERED

Staff previously recommended the approval of an exclusive right to negotiate agreement for the new construction of affordable rental housing, which was not approved by the City Council. Staff is not recommending further analysis of the originally proposed site at Lemon Street and Curtola Parkway.

ENVIRONMENTAL REVIEW

There is no environmental impact associated with this action.

PROPOSED ACTION

Adopt the attached resolutions, (1) authorizing the Executive Director of the Housing Authority to execute a Consultant Agreement with Eden Housing, Inc. in a form acceptable to the Authority Counsel and an in amount not to exceed \$50,000 to perform a site feasibility study to recommend a site or sites for the acquisition and rehabilitation of affordable rental housing, and approving Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing, and (2) providing approval by the City Council and Redevelopment Agency of Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

DOCUMENTS AVAILABLE FOR REVIEW

- Attachment "A" - Housing Authority Resolution
- Attachment "B" - City Council Resolution
- Attachment "C" - Redevelopment Agency Resolution

Attachment "D" - Feasibility Study Proposal from Eden Housing, Inc. for Acquisition and Rehabilitation of Affordable Rental Housing in City of Vallejo

PREPARED BY/CONTACT

Laura J. Simpson, Housing & Community Development Manager, 648-4393, or LSimpson@ci.vallejo.ca.us

Craig Whittom, Assistant City Manager/Community Development, 648-4579, or cwhittom@ci.vallejo.ca.us

ATTACHMENT A

RESOLUTION NO. 07 - N. C.

BE IT RESOLVED by the Board of Commissioners of the Housing Authority of the City of Vallejo as follows:

THAT WHEREAS, Eden Housing, Inc. was ranked the highest of five developers as a result of a Request for Qualifications and Proposals issued by the City of Vallejo in December 2006.

WHEREAS, there is a need for rehabilitation of certain deteriorated multifamily rental housing stock in Vallejo.

WHEREAS, there is a need for affordable housing for very low- and low-income families in Vallejo.

WHEREAS, Eden Housing has proposed a scope of work to perform a site analysis to determine feasibility of sites for acquisition and rehabilitation of rental housing.

WHEREAS, \$50,000 is available in the housing development budget in Housing Authority Operating Reserve Fund 122.

WHEREAS, approximately \$5.1 million has been identified and is available in housing-related accounts in the CDBG, HOME, Redevelopment Agency Affordable Housing Fund, and Housing Authority Operating Reserve and Housing Development Funds, for affordable rental housing development.

WHEREAS, Eden Housing can recommend one or more sites for acquisition/rehabilitation by December 31, 2007, and loan terms can be reviewed by staff and brought back to the Housing Authority for consideration by January 31, 2008.

NOW THEREFORE BE IT RESOLVED that the Housing Authority of the City of Vallejo hereby: 1) authorizes the Executive Director to enter into a Consultant Agreement with Eden Housing, Inc. in a form acceptable to the Authority Counsel and in an amount not to exceed \$50,000 from Housing Authority Fund 122 to perform a site feasibility study and recommend a site or sites for the acquisition and rehabilitation of affordable rental housing, and (2) approves Eden Housing, Inc. as the preferred developer to acquire and rehabilitate a site or sites for affordable rental housing.

ADOPTED by the Housing Authority of the City of Vallejo at a special meeting held on August 14, 2007 with the following vote:

ATTACHMENT B

RESOLUTION NO. 07 - N. C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

THAT WHEREAS, Eden Housing, Inc. was ranked the highest of five developers as a result of a Request for Qualifications and Proposals issued by the City of Vallejo in December 2006.

WHEREAS, there is a need for rehabilitation of certain deteriorated multifamily rental housing stock in Vallejo.

WHEREAS, there is a need for affordable housing for very low- and low-income families in Vallejo.

WHEREAS, approximately \$5.1 million has been identified and is available in housing-related accounts in the CDBG, HOME, Redevelopment Agency Affordable Housing Fund, and Housing Authority Operating Reserve and Housing Development Funds, for affordable rental housing development.

WHEREAS, Eden Housing can recommend one or more sites for acquisition/rehabilitation by December 31, 2007, and loan terms can be reviewed by staff and brought back to the City Council for consideration by January 31, 2008.

NOW THEREFORE BE IT RESOLVED that the Council of the City of Vallejo hereby approves Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

ADOPTED by the Council of the City of Vallejo at a regular meeting held on August 14, 2007 with the following vote:

ATTACHMENT C

RESOLUTION NO. 07 - N. C.

BE IT RESOLVED by the Redevelopment Agency of the City of Vallejo as follows:

THAT WHEREAS, Eden Housing, Inc. was ranked the highest of five developers as a result of a Request for Qualifications and Proposals issued by the City of Vallejo in December 2006.

WHEREAS, there is a need for rehabilitation of certain deteriorated multifamily rental housing stock in Vallejo.

WHEREAS, there is a need for affordable housing for very low- and low-income families in Vallejo.

WHEREAS, approximately \$5.1 million has been identified and is available in housing-related accounts in the CDBG, HOME, Redevelopment Agency Affordable Housing Fund, and Housing Authority Operating Reserve and Housing Development Funds, for affordable rental housing development.

WHEREAS, Eden Housing can recommend one or more sites for acquisition/rehabilitation by December 31, 2007, and loan terms can be reviewed by staff and brought back to the Redevelopment Agency for consideration by January 31, 2008.

NOW THEREFORE BE IT RESOLVED that the Redevelopment Agency of the City of Vallejo hereby approves Eden Housing, Inc. as the preferred non-profit housing developer to acquire and rehabilitate a site or sites for affordable rental housing.

ADOPTED by the Redevelopment Agency of the City of Vallejo at a special meeting held on August 14, 2007 with the following vote:

ATTACHMENT D

Feasibility Study Proposal from Eden Housing, Inc. for Acquisition and Rehabilitation of Affordable Rental Housing in City of Vallejo

1) Scope of Work

- . Meet with City staff in multiple departments to identify neighborhoods where substantial rehabilitation would have the greatest impact.
- . Select a site with existing rental housing in moderate to poor condition and secure site control.
- . Conduct financial feasibility including an examination of how best to leverage City of Vallejo, Vallejo Redevelopment Agency, and Vallejo Housing Authority funds with tax credit equity and other sources.
- . Assess potential costs associated with relocating tenants, permanently or temporarily, as a result of the rehabilitation of units.
- . Conduct physical needs assessment to determine rehabilitation scope of work and work with architect on conceptual sketches.
- . Project management of all consultants including financial, relocation, architect, and broker.

2) Deliverables

- . Site(s) selected and under agreement with approximately 40 or more units to rehabilitate.
- . Preliminary needs assessment of properties completed to be used in development budget in pro forma.
- . Create pro forma for the rehabilitation project, structuring rents at 60 percent (%) of the area median income (AMI) and below, with some rents at very low-income levels (30 to 50% AMI).

3) Time Frame for Deliverables

- . If Eden Housing has found a favorable site, staff will return to the Vallejo City Council/Vallejo Redevelopment Agency/Vallejo Housing Authority before December 31, 2007 with deliverables completed to request approval to enter into a Loan Agreement with Eden Housing, Inc. for funds to complete the substantial rehabilitation of the units.

4) Predevelopment Budget *

Predevelopment Costs

| | |
|---------------------------|----------|
| Architecture | \$6,500 |
| Relocation Consultant | \$6,000 |
| Financial Consultant | \$5,000 |
| Project Management | \$9,000 |
| Deposits for Site Control | \$20,000 |
| Physical Needs Assessment | \$3,500 |

Total **\$50,000**

* Source: Housing Authority Fund 122




ADMIN. B

Agenda Item No.

COUNCIL COMMUNICATION

Date: August 14, 2007

TO: Honorable Mayor and Members of the City Council

FROM: Gary A. Leach, Public Works Director 

SUBJECT: CONSIDERATION OF A RESOLUTION ACCEPTING QUARTERLY RIDGECREST REPORT

BACKGROUND AND DISCUSSION

Pursuant to the settlement agreement in *Ridgecrest Homeowners Association v. City of Vallejo*, it was agreed that the City General Fund would reimburse the LMD program for inspection services provided to non-LMD areas of the City.

Outside inspection services provided by employees of the LMD program are normally associated with new development of neighborhoods that are located within an established LMD. Eventually the neighborhood will fall under the LMD program. However, until the neighborhood is accepted and LMD assessments can be collected, it is appropriate to charge an inspection cost for these "outside" activities and reimburse the LMD program. A developer fee is collected to pay for costs associated with the development prior to final acceptance, which would include costs for LMD inspectors' services. Also, periodically an emergency will require that an LMD inspector fill in temporarily for a non-LMD employee.

When time is spent on non-LMD services, it has been agreed that the appropriate fund will be charged and the LMD program account will be reimbursed. The Public Works Department maintains project based time sheets for all non-management employees including LMD inspectors. On a quarterly basis, non-LMD costs are tabulated and reimbursed using a Public Works/Engineering account which was set up as part of the annual budget process.

Under the settlement agreement, a quarterly report accounting for non-LMD related activity must be prepared and considered as an administrative item, at the Council's next regularly scheduled Council meeting following issuance of the report. Supporting documentation must include a printout of the revenue detail reports and general ledger detail reports for the LMD Administration Fund which documents that the required fund transfers have been made, timesheets for City personnel being paid with LMD funds, and a memorandum describing how those calculations were made.



A copy of this report, and its attachments, has been provided to the plaintiff and plaintiff's counsel.

The following is a list of the positions in the Landscape Maintenance Division and the proportion of their salaries that are paid from LMD funds:

| Position | Percentage of LMD Funding |
|-----------------------------------|---------------------------|
| Public Works Director | 5% |
| Deputy Maintenance Superintendent | 10% |
| Asst. Maint. Superintendent | 50% |
| Landscape Maintenance Manager | 50% |
| Senior Landscape Inspector | 100% |
| Landscape Inspector | 100% |
| Landscape Inspector | 100% |
| Landscape Inspector | 100% |

The reimbursement calculations for landscape inspectors include wages, benefits, vehicle costs and other overhead charges.

The cost as described above for the quarter ending June 30, 2007 is \$22,451.94 which has been transferred from the General Fund and into the Landscape Maintenance Fund.

By approving this report and through the execution of the attached affidavit, the Finance Director has verified that the required fund transfers for the subject quarter have occurred.

Fiscal Impact

The reimbursement to the LMD program for the quarter ending June 30, 2007 is \$22,451.94 and is the cost for inspection services for non-LMD areas. A total of \$22,359.91 will be paid for by Public Works/Maintenance (number 001-2601-431-01-02), a General Fund account, and a total of \$92.03 will be paid for by Economic Development (number 107-2001-463.15-03).

RECOMMENDATION

Adopt a resolution which accepts the report documenting the reimbursement to the Landscape Maintenance District Program for the period of April 1, 2007 through June 30, 2007, for landscape inspection services provided by the LMD program in the amount of \$22,451.94 which has been transferred from the General Fund into the Landscape Maintenance Fund.



ALTERNATIVES CONSIDERED

No alternatives are considered because the City is court-ordered to provide this documentation per the settlement agreement in *Ridgecrest Homeowners Association v. City of Vallejo*.

ENVIRONMENTAL REVIEW

No environmental review is necessary for the Council to take this action.

DOCUMENTS AVAILABLE FOR REVIEW

- a. A resolution which accepts the report documenting the reimbursement to the Landscape Maintenance District Program for the period of April 1, 2007 through June 30, 2007, for landscape inspection services provided by the LMD program in the amount of \$22,451.94 which has been transferred from the General Fund into the Landscape Maintenance Fund.
- b. Memorandum regarding quarterly personnel charges and supporting time sheets.
- c. Printout of the revenue detail reports and general ledger detail reports for the LMD Administration Fund.
- d. Journal entry form – FY 2006/07.
- e. Summary of LMD Staff Time to Non-LMD Projects.
- f. Affidavit of Finance Director.

CONTACT PERSON

Gary A. Leach, Public Works Director
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GARYL@ci.vallejo.ca.us

John Cerini, Maintenance Superintendent
(707) 648-4557
JCerini@ci.vallejo.ca.us

AUGUST 14, 2007
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RESOLUTION NO. 07-_____ N.C.

BE IT RESOLVED by the Council of the City of Vallejo as follows:

WHEREAS, following the settlement in the matter of *Ridgecrest Homeowners Association v. City of Vallejo* it has been agreed that, on a quarterly basis, the City General Fund would reimburse the Landscape Maintenance District program account (LMD account) for inspection services spent on projects outside official landscape maintenance district areas; and

WHEREAS, said reimbursement shall include inspection wages and benefits, overhead, and related expenses; and

WHEREAS; on a quarterly basis, a report must be prepared and presented at a regularly scheduled Council meeting accompanied by documentation confirming the transfer of funds pursuant to the settlement agreement; and

WHEREAS, total reimbursement for the quarter ending June 30, 2007 is \$22,451.94 which has been transferred from the General Fund into the Landscape Maintenance Fund.

NOW, THEREFORE, BE IT RESOLVED that the Quarterly Ridgecrest Report documenting the reimbursement transfers for the fourth quarter of Fiscal Year 2006/07 is hereby accepted by the City Council.

AUGUST 14, 2007

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DEPARTMENT OF PUBLIC WORKS
LANDSCAPE MAINTENANCE DIVISION
CITY OF VALLEJO

August 14, 2007

TO: Robert V. Stout, Finance Director
FROM: Sam Gonzales, AMS/Landscape
SUBJECT: Quarterly Personnel Charges - General Fund

The following personnel charges for the period April 1, 2007 through June 30, 2007 should be transferred from the General Fund (001) to the Landscape Maintenance District Fund as follows:

NORTH ASCOT MEDIANS (001):

| | | |
|----------|----|--------------|
| Hours | 16 | |
| Labor | | 641.12 |
| Overhead | | 330.88 |
| Vehicle | | <u>24.00</u> |
| | | \$ 996.00 |

CURTOLA PARKWAY (001):

| | | |
|----------|----|--------------|
| Hours | 16 | |
| Labor | | \$591.14 |
| Overhead | | 305.09 |
| Vehicle | | <u>24.00</u> |
| | | \$ 920.23 |

THE SUMMIT (001):

| | | |
|----------|---|--------------|
| Hours | 9 | |
| Labor | | \$ 311.22 |
| Overhead | | 160.62 |
| Vehicle | | <u>13.50</u> |
| | | \$485.34 |

THE ORCHARDS (001):

| | | |
|----------|----|--------------|
| Hours | 27 | |
| Labor | | \$ 933.66 |
| Overhead | | 481.86 |
| Vehicle | | <u>40.50</u> |
| | | \$ 1,456.02 |

SOMERSET/COLUMBUS PKWY (001):

| | | |
|----------|----|--------------|
| Hours | 23 | |
| Labor | | \$795.34 |
| Overhead | | 410.47 |
| Vehicle | | <u>34.50</u> |
| | | \$1,240.31 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

HIDDENBROOKE PHASE III – THE GROVE
(001):

| | | |
|----------|---|-------------|
| Hours | 5 | |
| Labor | | \$172.90 |
| Overhead | | 89.23 |
| Vehicle | | <u>7.50</u> |
| | | \$269.63 |

MARE ISLAND – MARKETING CORRIDOR
(001):

| | | |
|----------|---|-------------|
| Hours | 2 | |
| Labor | | \$ 69.16 |
| Overhead | | 35.69 |
| Vehicle | | <u>3.00</u> |
| | | \$107.85 |

MARE ISLAND – FLAGSHIP DR.
(001):

| | | |
|----------|------|--------------|
| Hours | 33.5 | |
| Labor | | \$1,276.47 |
| Overhead | | 658.79 |
| Vehicle | | <u>50.25</u> |
| | | \$1,985.51 |

MARE ISLAND – FARRAGUT VILLAGE
UNIT 4 – 6B (001):

| | | |
|----------|----|--------------|
| Hours | 41 | |
| Labor | | \$1,423.27 |
| Overhead | | 734.55 |
| Vehicle | | <u>61.50</u> |
| | | \$2,219.32 |

MARE ISLAND NEIGHBORHOOD 8D (001):

| | | |
|----------|---|--------------|
| Hours | 7 | |
| Labor | | \$242.06 |
| Overhead | | 124.93 |
| Vehicle | | <u>10.50</u> |
| | | \$377.49 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

MARE ISLAND – FARRAGUT VILLAGE
UNIT 4 – 6A (001):

| | | |
|----------|----|--------------|
| Hours | 29 | |
| Labor | | \$1,063.21 |
| Overhead | | 548.72 |
| Vehicle | | <u>43.50</u> |
| | | \$1,655.43 |

WATERSTONE SUBDIVISION
(001):

| | | |
|----------|---|-------------|
| Hours | 5 | |
| Labor | | \$172.90 |
| Overhead | | 89.23 |
| Vehicle | | <u>7.50</u> |
| | | \$269.63 |

NORTHGATE NEIGHBORHOOD PARK
(001):

| | | |
|----------|---|-------------|
| Hours | 4 | |
| Labor | | \$138.32 |
| Overhead | | 71.39 |
| Vehicle | | <u>6.00</u> |
| | | \$215.71 |

GARTHE RANCH
(001):

| | | |
|----------|----|--------------|
| Hours | 35 | |
| Labor | | \$1,215.79 |
| Overhead | | 627.47 |
| Vehicle | | <u>52.50</u> |
| | | \$1,895.76 |

MARE ISLAND – KANSAS STREET
(001):

| | | |
|----------|---|-------------|
| Hours | 2 | |
| Labor | | \$69.16 |
| Overhead | | 35.69 |
| Vehicle | | <u>3.00</u> |
| | | \$107.85 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

MARE ISLAND FARRAGUT UNIT 4 (6B) (001):

| | | |
|----------|----|--------------|
| Hours | 20 | |
| Labor | | \$697.09 |
| Overhead | | 359.77 |
| Vehicle | | <u>30.00</u> |
| | | \$1,086.86 |

MARE ISLAND NEIGHBORHOOD 6B NORTH (001):

| | | |
|----------|---|--------------|
| Hours | 9 | |
| Labor | | \$311.22 |
| Overhead | | 160.62 |
| Vehicle | | <u>13.50</u> |
| | | \$485.34 |

MARE ISLAND NEIGHBORHOOD 6B SOUTH (001):

| | | |
|----------|---|-------------|
| Hours | 6 | |
| Labor | | \$207.48 |
| Overhead | | 107.08 |
| Vehicle | | <u>9.00</u> |
| | | \$323.56 |

MARE ISLAND - CLUB DRIVE
(001):

| | | |
|----------|----|--------------|
| Hours | 19 | |
| Labor | | \$662.51 |
| Overhead | | 341.92 |
| Vehicle | | <u>28.50</u> |
| | | \$1,032.93 |

COLUMBUS PARKWAY PHASE II (001):

| | | |
|----------|----|--------------|
| Hours | 23 | |
| Labor | | \$905.14 |
| Overhead | | 467.14 |
| Vehicle | | <u>34.50</u> |
| | | \$ 1,406.78 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

WILSON AVENUE (001):

| | | |
|----------|---|--------------|
| Hours | 8 | |
| Labor | | \$276.64 |
| Overhead | | 142.77 |
| Vehicle | | <u>12.00</u> |
| | | \$431.41 |

CURTOLA PARKWAY WIDENING (001):

| | | |
|----------|---|-------------|
| Hours | 5 | |
| Labor | | \$189.37 |
| Overhead | | 97.73 |
| Vehicle | | <u>7.50</u> |
| | | \$ 294.60 |

WLMD (001):

| | | |
|----------|------|--------------|
| Hours | 48.5 | |
| Labor | | \$1597.11 |
| Overhead | | 824.27 |
| Vehicle | | <u>72.75</u> |
| | | \$2494.13 |

CITY HALL PROJECTS (001):

| | | |
|----------|------|--------------|
| Hours | 11.5 | |
| Labor | | \$378.70 |
| Overhead | | 195.45 |
| Vehicle | | <u>17.25</u> |
| | | \$ 591.40 |

MARE ISLAND PROJECT (107):

| | | |
|----------|---|-------------|
| Hours | 2 | |
| Labor | | \$65.86 |
| Overhead | | 33.99 |
| Vehicle | | <u>3.00</u> |
| | | \$ 102.85 |

GRAND TOTAL **\$22,451.94**

DEPARTMENT OF PUBLIC WORKS
LANDSCAPE MAINTENANCE DIVISION
CITY OF VALLEJO

August 14, 2007

TO: Robert V. Stout, Finance Director

FROM: Sam Gonzales, AMS/Landscape

SUBJECT: Quarterly Personnel Charges - General Fund

The following personnel charges for the period April 1, 2007 through June 30, 2007 should be transferred from the General Fund (001) to the Landscape Maintenance District Fund as follows:

NORTH ASCOT MEDIANS (001):

| | | |
|----------|----|--------------|
| Hours | 16 | |
| Labor | | 641.12 |
| Overhead | | 330.88 |
| Vehicle | | <u>24.00</u> |
| | | \$ 996.00 |

CURTOLA PARKWAY (001):

| | | |
|----------|----|--------------|
| Hours | 16 | |
| Labor | | \$591.14 |
| Overhead | | 305.09 |
| Vehicle | | <u>24.00</u> |
| | | \$ 920.23 |

THE SUMMIT (001):

| | | |
|----------|---|--------------|
| Hours | 9 | |
| Labor | | \$ 311.22 |
| Overhead | | 160.62 |
| Vehicle | | <u>13.50</u> |
| | | \$485.34 |

THE ORCHARDS (001):

| | | |
|----------|----|--------------|
| Hours | 27 | |
| Labor | | \$ 933.66 |
| Overhead | | 481.86 |
| Vehicle | | <u>40.50</u> |
| | | \$ 1,456.02 |

SOMERSET/COLUMBUS PKWY (001):

| | | |
|----------|----|--------------|
| Hours | 23 | |
| Labor | | \$795.34 |
| Overhead | | 410.47 |
| Vehicle | | <u>34.50</u> |
| | | \$1,240.31 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

HIDDENBROOKE PHASE III – THE GROVE

(001):

| | | |
|----------|---|-------------|
| Hours | 5 | |
| Labor | | \$172.90 |
| Overhead | | 89.23 |
| Vehicle | | <u>7.50</u> |
| | | \$269.63 |

MARE ISLAND – MARKETING CORRIDOR

(001):

| | | |
|----------|---|-------------|
| Hours | 2 | |
| Labor | | \$ 69.16 |
| Overhead | | 35.69 |
| Vehicle | | <u>3.00</u> |
| | | \$107.85 |

MARE ISLAND – FLAGSHIP DR.

(001):

| | | |
|----------|------|--------------|
| Hours | 33.5 | |
| Labor | | \$1,276.47 |
| Overhead | | 658.79 |
| Vehicle | | <u>50.25</u> |
| | | \$1,985.51 |

MARE ISLAND – FARRAGUT VILLAGE

UNIT 4 – 6B (001):

| | | |
|----------|----|--------------|
| Hours | 41 | |
| Labor | | \$1,423.27 |
| Overhead | | 734.55 |
| Vehicle | | <u>61.50</u> |
| | | \$2,219.32 |

MARE ISLAND NEIGHBORHOOD 8D (001):

| | | |
|----------|---|--------------|
| Hours | 7 | |
| Labor | | \$242.06 |
| Overhead | | 124.93 |
| Vehicle | | <u>10.50</u> |
| | | \$377.49 |

MARE ISLAND – FARRAGUT VILLAGE

UNIT 4 – 6A (001):

| | | |
|----------|----|--------------|
| Hours | 29 | |
| Labor | | \$1,063.21 |
| Overhead | | 548.72 |
| Vehicle | | <u>43.50</u> |
| | | \$1,655.43 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

WATERSTONE SUBDIVISION

(001):

| | | |
|----------|---|-------------|
| Hours | 5 | |
| Labor | | \$172.90 |
| Overhead | | 89.23 |
| Vehicle | | <u>7.50</u> |
| | | \$269.63 |

NORTHGATE NEIGHBORHOOD PARK

(001):

| | | |
|----------|---|-------------|
| Hours | 4 | |
| Labor | | \$138.32 |
| Overhead | | 71.39 |
| Vehicle | | <u>6.00</u> |
| | | \$215.71 |

GARTHE RANCH

(001):

| | | |
|----------|----|--------------|
| Hours | 35 | |
| Labor | | \$1,215.79 |
| Overhead | | 627.47 |
| Vehicle | | <u>52.50</u> |
| | | \$1,895.76 |

MARE ISLAND - KANSAS STREET

(001):

| | | |
|----------|---|-------------|
| Hours | 2 | |
| Labor | | \$69.16 |
| Overhead | | 35.69 |
| Vehicle | | <u>3.00</u> |
| | | \$107.85 |

MARE ISLAND FARRAGUT UNIT 4 (6B) (001):

| | | |
|----------|----|--------------|
| Hours | 20 | |
| Labor | | \$697.09 |
| Overhead | | 359.77 |
| Vehicle | | <u>30.00</u> |
| | | \$1,086.86 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

MARE ISLAND NEIGHBORHOOD 6B NORTH (001):

| | | |
|----------|---|--------------|
| Hours | 9 | |
| Labor | | \$311.22 |
| Overhead | | 160.62 |
| Vehicle | | <u>13.50</u> |
| | | \$485.34 |

MARE ISLAND NEIGHBORHOOD 6B SOUTH (001):

| | | |
|----------|---|-------------|
| Hours | 6 | |
| Labor | | \$207.48 |
| Overhead | | 107.08 |
| Vehicle | | <u>9.00</u> |
| | | \$323.56 |

MARE ISLAND - CLUB DRIVE
(001):

| | | |
|----------|----|--------------|
| Hours | 19 | |
| Labor | | \$662.51 |
| Overhead | | 341.92 |
| Vehicle | | <u>28.50</u> |
| | | \$1,032.93 |

COLUMBUS PARKWAY PHASE II (001):

| | | |
|----------|----|--------------|
| Hours | 23 | |
| Labor | | \$905.14 |
| Overhead | | 467.14 |
| Vehicle | | <u>34.50</u> |
| | | \$ 1,406.78 |

WILSON AVENUE (001):

| | | |
|----------|---|--------------|
| Hours | 8 | |
| Labor | | \$276.64 |
| Overhead | | 142.77 |
| Vehicle | | <u>12.00</u> |
| | | \$431.41 |

CURTOLA PARKWAY WIDENING (001):

| | | |
|----------|---|-------------|
| Hours | 5 | |
| Labor | | \$189.37 |
| Overhead | | 97.73 |
| Vehicle | | <u>7.50</u> |
| | | \$ 294.60 |

TO: Robert V. Stout, Finance Director
SUBJECT: Personnel Charges - General Fund
August 14, 2007

WLMD (001):

| | | |
|----------|------|--------------|
| Hours | 48.5 | |
| Labor | | \$1597.11 |
| Overhead | | 824.27 |
| Vehicle | | <u>72.75</u> |
| | | \$2494.13 |

CITY HALL PROJECTS (001):

| | | |
|----------|------|--------------|
| Hours | 11.5 | |
| Labor | | \$378.70 |
| Overhead | | 195.45 |
| Vehicle | | <u>17.25</u> |
| | | \$ 591.40 |

MARE ISLAND PROJECT (107):

| | | |
|----------|---|-------------|
| Hours | 2 | |
| Labor | | \$65.86 |
| Overhead | | 33.99 |
| Vehicle | | <u>3.00</u> |
| | | \$ 102.85 |

GRAND TOTAL **\$22,451.94**

PREPARED 07/23/2007, 9:13:46

ACCOUNT ACTIVITY LISTING

PROGRAM GM360L

FISCAL YEAR: 2007

ACCOUNT NUMBER SELECTION

FROM: 161-0000-000.00-00 TO: 161-9999-999.99-99

TYPE: R (O-ONLY, R-RANGE, S-SELECTIVE)

TRANSACTION SELECTION

TYPES... AJ X CR X BA X TF X EN AP X

DATE RANGE...FROM: 0/00/0000 TO: 99/99/9999

PERIOD...FROM: 10 TO: 12

POSTING DATE RANGE...FROM: 0/00/0000 TO: 99/99/9999

SUPPRESS PRINTING OF ACCOUNTS WITHOUT TRANSACTIONS (N/Y): Y

PRINT DEBIT/CREDIT COLUMNS, SUPPRESS BUDGET . . . (N/Y): Y

PRINT ENCUMBRANCE (N/Y): N

PAGE BREAK BY FUND: N

PAGE BREAK BY ACCOUNT: N

PAGE BREAK BY DPT/DIV: N

USE CURRENT BUDGET FOR ESTIM/APPROP TOTAL: Y

ACCOUNT ACTIVITY LISTING

| GROUP NBR | PO NBR | ACCTG PER. | CD | DATE | TRANSACTION NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|------------------------------------|--------|------------|----|-------|--------------------|---|-----------|-----------|-----------------|
| FUND 161 LANDSCAPE MAINT. DIST-ADM | | | | | | | | | |
| 161-0000 | 101.01 | 00 | | | | CASH HELD BY CITY / CASH ACCOUNTS | | | |
| 5710 | | | | 12/07 | AJ 06/30/07 | JEL133CV/BD 4th qtr ending 6/30/07 for Ridgcrest | 22,349.09 | | |
| 5710 | | | | 12/07 | AJ 06/30/07 | JEL133CV/BD 4th qtr ending 6/30/07 for Ridgcrest | 102.85 | | |
| 5369 | | | | 12/07 | AJ 06/29/07 | PRO629 PAYROLL SUMMARY | | 29,106.89 | |
| 5382 | | | | 12/07 | AJ 06/28/07 | **OFFSET** JOURNAL SUMMARY | | 126.68 | |
| 5462 | | | | 12/07 | AJ 06/28/07 | PI AP DISBURSEMENT 05382 | | 9.21 | |
| 5397 | | | | 12/07 | AJ 06/27/07 | PI FUND BAL | | 19.04 | |
| 5317 | | | | 12/07 | AJ 06/25/07 | PI FUND BAL | | 13.96 | |
| 5255 | | | | 12/07 | AJ 06/20/07 | **OFFSET** JOURNAL SUMMARY | | 4,862.97 | |
| 5178 | | | | 12/07 | AJ 06/18/07 | 6 WD Reimbursement of General fund for LMD vehicle | | 15,533.00 | |
| 5060 | | | | 12/07 | AJ 06/15/07 | PRO615 PAYROLL SUMMARY | | 29,310.83 | |
| 5144 | | | | 12/07 | AJ 06/15/07 | JE4-RF Reverse 05/06 JE#357 | 354.08 | | |
| 5058 | | | | 12/07 | AJ 06/11/07 | PI Negative cash entry | | 2.33 | |
| 4956 | | | | 12/07 | AJ 06/06/07 | **OFFSET** JOURNAL SUMMARY | | 381.58 | |
| 4921 | | | | 12/07 | AJ 06/05/07 | JESCV-YS JUNE MONTHLY ALLOCATION | 64,245.00 | | |
| 4921 | | | | 12/07 | AJ 06/05/07 | JESCV-YS JUNE MONTHLY ALLOCATION | | 1,900.00 | |
| 4921 | | | | 12/07 | AJ 06/05/07 | JESCC-YS JUNE MONTHLY ALLOCATION | | 1,195.00 | |
| 4921 | | | | 12/07 | AJ 06/05/07 | JESCC-YS JUNE MONTHLY ALLOCATION | | 1,007.00 | |
| 5000 | | | | 12/07 | AJ 06/05/07 | PI FUND BAL | | 6,417.00 | |
| 4847 | | | | 12/07 | AJ 06/01/07 | PRO601 PAYROLL SUMMARY | | 28,744.77 | |
| 5027 | | | | 11/07 | AJ 05/31/07 | 32 -CCV ADJUST RE RIDGCREST 3RD QUARTER REPORT | | 33.29 | |
| 4769 | | | | 11/07 | AJ 05/23/07 | **OFFSET** JOURNAL SUMMARY | | 3,313.49 | |
| 4802 | | | | 11/07 | AJ 05/22/07 | PI FUND BAL | | .50 | |
| 4722 | | | | 11/07 | AJ 05/21/07 | JESCV-YS MAY 2007 MONTHLY ALLOCATN | 64,245.00 | | |
| 4722 | | | | 11/07 | AJ 05/21/07 | JESCV-YS MAY 2007 MONTHLY ALLOCATN | | 1,900.00 | |
| 4722 | | | | 11/07 | AJ 05/21/07 | JESCC-YS MAY 2007 MONTHLY ALLOCATN | | 1,195.00 | |
| 4722 | | | | 11/07 | AJ 05/21/07 | JESCC-YS MAY 2007 MONTHLY ALLOCATN | | 1,007.00 | |
| 4653 | | | | 11/07 | AJ 05/18/07 | PRO518 PAYROLL SUMMARY | | 6,417.00 | |
| 4506 | | | | 11/07 | AJ 05/09/07 | **OFFSET** JOURNAL SUMMARY | | 28,787.49 | |
| 4393 | | | | 11/07 | AJ 05/04/07 | PRO504 AP DISBURSEMENT 04506 | | 28,682.31 | |
| 4406 | | | | 10/07 | AJ 04/30/07 | JESCV-YS PAYROLL SUMMARY | 64,245.00 | | |
| 4406 | | | | 10/07 | AJ 04/30/07 | JESCV-YS MONTHLY ALLOCATION-APR 07 | | 1,900.00 | |

GROUP PO ACCTG CD DATE NUMBER DESCRIPTION DEBITS CREDITS CURRENT BALANCE
 NBR NBR PER. PER. DATE NUMBER DESCRIPTION DEBITS CREDITS BALANCE

FUND 161 LANDSCAPE MAINT DIST-ADM

161-0000-101.01-00 CASH HELD BY CITY / CASH ACCOUNTS continued

4406 10/07 AJ 04/30/07 JESCC-YS MONTHLY ALLOCATION-APR 07 1,195.00
 4406 10/07 AJ 04/30/07 JESCC-YS MONTHLY ALLOCATION-APR 07 1,007.00
 4406 10/07 AJ 04/30/07 JESCC-YS MONTHLY ALLOCATION-APR 07 6,417.00
 4655 10/07 AJ 04/30/07 77 YS/WD PW charges 3rd quarter ending 3/31/07 8,188.23

4656 10/07 AJ 04/30/07 78 CV/WD Jan - Apr postage used by departments 105.51
 4348 10/07 AJ 04/26/07 PI FUND BALS 33.92
 042607 - 042707
 4324 10/07 AJ 04/25/07 **OFFSET** JOURNAL SUMMARY 2,373.09
 AP DISBURSEMENT 04324

4408 10/07 AJ 04/25/07 JESCV-YS MONTHLY ALLOCATION-MAR 07 64,245.00
 4408 10/07 AJ 04/25/07 JESCV-YS MONTHLY ALLOCATION-MAR 07 1,900.00
 4408 10/07 AJ 04/25/07 JESCC-YS MONTHLY ALLOCATION-MAR 07 1,195.00
 4408 10/07 AJ 04/25/07 JESCC-YS MONTHLY ALLOCATION-MAR 07 1,007.00
 4216 10/07 AJ 04/20/07 PR0420 PAYROLL SUMMARY 6,417.00
 4220 10/07 AJ 04/19/07 **OFFSET** JOURNAL SUMMARY 28,820.75
 4239 10/07 AJ 04/18/07 PI AP DISBURSEMENT 04220 .67
 FUND BALS 1.41
 041807 - 041907
 4102 10/07 AJ 04/11/07 **OFFSET** JOURNAL SUMMARY 767.52
 AP DISBURSEMENT 04102

4002 10/07 AJ 04/06/07 PR0406 PAYROLL SUMMARY 28,696.81
 ACCOUNT TOTAL 287,974.25
 161-0000-107.14-03 DUE FROM OTHER FUNDS / DUE FROM NEGATIVE CASH 271,868.66
 5144 12/07 AJ 06/15/07 JEA-RF Reverse 05/06 JE#367 354.08
 Negative cash entry

ACCOUNT TOTAL 354.08
 161-0000-202.00-00 CURRENT LIABILITIES / ACCOUNTS/VOUCHERS PAYABLE 354.08-
 5492 12/07 AJ 06/30/07 **OFFSET** MAINTENANCE DIV//INTEWON 110.00
 BATCH TYPE AP 05492
 5527 12/07 AJ 06/30/07 **OFFSET** ALUCERO/LMD 06/07 2,039.51
 BATCH TYPE AP 05527
 5590 12/07 AJ 06/30/07 **OFFSET** AP/FINANCE .56
 BATCH TYPE AP 05590

5438 12/07 AJ 06/29/07 **OFFSET** CORPYARD NEXTEL 06/07 317.70
 BATCH TYPE AP 05438
 5382 12/07 AJ 06/28/07 **OFFSET** JOURNAL SUMMARY 126.68
 AP DISBURSEMENT 05382
 5313 12/07 AJ 06/26/07 **OFFSET** GAINet Bill 5/20/2007
 BATCH TYPE AP 05313
 5255 12/07 AJ 06/20/07 **OFFSET** JOURNAL SUMMARY 4,862.97

| GROUP NBR | PO NBR | ACCTG PER. | CD | TRANSACTION DATE | NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|--|--------|------------|----|------------------|------------|---|-----------|-----------|-----------------|
| FUND 161 LANDSCAPE MAINT DIST-ADM | | | | | | | | | |
| 161-0000-202.00-00 CURRENT LIABILITIES / ACCOUNTS/VOUCHERS PAYABLE | | | | | | | | | |
| 5045 | | 12/07 | AJ | 06/13/07 | **OFFSET** | ALUCERO/LMD AP DISBURSEMENT 05255 | | 4,792.93 | |
| 5002 | | 12/07 | AJ | 06/11/07 | **OFFSET** | MAINTENANCE DIV/LINEMTON BATCH TYPE AP 05002 | | 70.04 | |
| 4956 | | 12/07 | AJ | 06/06/07 | **OFFSET** | JOURNAL SUMMARY AP DISBURSEMENT 04956 | 381.58 | | |
| 4883 | | 12/07 | AJ | 06/04/07 | **OFFSET** | AP/FINANCE BATCH TYPE AP 04883 | | 60.58 | |
| 4898 | | 12/07 | AJ | 06/04/07 | **OFFSET** | WATER MAINTENANCE BATCH TYPE AP 04898 | | 7.61 | |
| 4799 | | 11/07 | AJ | 05/24/07 | **OFFSET** | MAINTENANCE DIV/LINEMTON BATCH TYPE AP 04799 | | 4.00 | |
| 4787 | | 11/07 | AJ | 05/24/07 | **OFFSET** | CORPYARD NEXTEL 06/07 BATCH TYPE AP 04787 | | 172.83 | |
| 4769 | | 11/07 | AJ | 05/23/07 | **OFFSET** | JOURNAL SUMMARY AP DISBURSEMENT 04769 | 3,313.49 | | |
| 4770 | | 11/07 | AJ | 05/23/07 | **OFFSET** | IT INVOICES BATCH TYPE AP 04770 | | 136.56 | |
| 4693 | | 11/07 | AJ | 05/18/07 | **OFFSET** | PI RECEIPTS BATCH TYPE AP 04693 | | 1,090.13 | |
| 4664 | | 11/07 | AJ | 05/17/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 04664 | | 2,078.13 | |
| 4506 | | 11/07 | AJ | 05/09/07 | **OFFSET** | JOURNAL SUMMARY AP DISBURSEMENT 04506 | 60.58 | | |
| 4460 | | 11/07 | AJ | 05/08/07 | **OFFSET** | AP/FINANCE BATCH TYPE AP 04460 | | 60.58 | |
| 4490 | | 11/07 | AJ | 05/08/07 | **OFFSET** | IT INVOICES BATCH TYPE AP 04490 | | 145.23 | |
| 4324 | | 10/07 | AJ | 04/25/07 | **OFFSET** | JOURNAL SUMMARY AP DISBURSEMENT 04324 | 2,373.09 | | |
| 4313 | | 10/07 | AJ | 04/24/07 | **OFFSET** | CORPYARD NEXTEL-4/18/07 BATCH TYPE AP 04313 | | 1,665.27 | |
| 4267 | | 10/07 | AJ | 04/23/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 04267 | | 707.82 | |
| 4220 | | 10/07 | AJ | 04/19/07 | **OFFSET** | JOURNAL SUMMARY AP DISBURSEMENT 04220 | .67 | | |
| 4102 | | 10/07 | AJ | 04/11/07 | **OFFSET** | JOURNAL SUMMARY AP DISBURSEMENT 04102 | 767.52 | | |
| 4080 | | 10/07 | AJ | 04/10/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 04080 | | 157.44 | |
| 4051 | | 10/07 | AJ | 04/09/07 | **OFFSET** | AP/FINANCE BATCH TYPE AP 04051 | | .67 | |
| 3995 | | 10/07 | AJ | 04/04/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 03995 | | 43.79 | |
| ACCOUNT TOTAL | | | | | | | 11,886.58 | 13,788.06 | 1,901.48- |

continued

FUND 161 LANDSCAPE MAINT. DIST-ADM
 161-0000-204.01-01 ACCRUED WAGES PAYABLE / ACCRUED WAGES PAYABLE
 5543 12/07 AJ 07/13/07 PR0713 PAYROLL SUMMARY 16,588.54
 ACCOUNT TOTAL 16,588.54

| GROUP | PO | ACCTG | CD | DATE | NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|--------------------|----|--|----|------|--------|---------------------|-----------|-----------|-----------------|
| 161-0000-242.00-00 | | SYSTEM OFFSET / EXPENDITURES | | | | | | | |
| 5543 | | 12/07 AJ 07/12/07 **OFFSET** PR AJ BATCH | | | | BATCH TYPE AJ 05543 | 16,588.54 | | |
| 5462 | | 12/07 AJ 07/02/07 **OFFSET** PI ISSUES | | | | BATCH TYPE AJ 05462 | 9.21 | | |
| 5492 | | 12/07 AJ 06/30/07 **OFFSET** MAINTENANCE DIV/LINEMTON | | | | BATCH TYPE AP 05492 | 110.00 | | |
| 5527 | | 12/07 AJ 06/30/07 **OFFSET** ALUCERO/LMD 06/07 | | | | BATCH TYPE AP 05527 | 2,039.51 | | |
| 5590 | | 12/07 AJ 06/30/07 **OFFSET** AP/FINANCE | | | | BATCH TYPE AP 05590 | .56 | | |
| 5710 | | 12/07 AJ 06/30/07 **OFFSET** 4th qtr6/30/07 Ridgecrest | | | | BATCH TYPE AJ 05710 | | 22,451.94 | |
| 5438 | | 12/07 AJ 06/29/07 **OFFSET** CORPYARD NEXTEL 06/07 | | | | BATCH TYPE AP 05438 | 317.70 | | |
| 5369 | | 12/07 AJ 06/28/07 **OFFSET** PR AJ BATCH | | | | BATCH TYPE AJ 05369 | 29,106.89 | | |
| 5397 | | 12/07 AJ 06/28/07 **OFFSET** PI ISSUES | | | | BATCH TYPE AJ 05397 | 19.04 | | |
| 5313 | | 12/07 AJ 06/26/07 **OFFSET** Calnet Bill 5/20/2007 | | | | BATCH TYPE AP 05313 | 126.68 | | |
| 5317 | | 12/07 AJ 06/25/07 **OFFSET** PI ISSUES | | | | BATCH TYPE AJ 05317 | 13.96 | | |
| 5178 | | 12/07 AJ 06/18/07 **OFFSET** Reimbursement of GP | | | | BATCH TYPE AJ 05178 | 15,533.00 | | |
| 5060 | | 12/07 AJ 06/14/07 **OFFSET** PR AJ BATCH | | | | BATCH TYPE AJ 05060 | 29,310.83 | | |
| 5045 | | 12/07 AJ 06/13/07 **OFFSET** ALUCERO/LMD | | | | BATCH TYPE AP 05045 | 4,792.93 | | |
| 5058 | | 12/07 AJ 06/13/07 **OFFSET** PI ISSUES | | | | BATCH TYPE AP 05058 | 2.33 | | |
| 5002 | | 12/07 AJ 06/11/07 **OFFSET** MAINTENANCE DIV/LINEMTON | | | | BATCH TYPE AP 05002 | 70.04 | | |
| 5000 | | 12/07 AJ 06/08/07 **OFFSET** PI ISSUES | | | | BATCH TYPE AJ 05000 | 4.06 | | |
| 4921 | | 12/07 AJ 06/05/07 **OFFSET** Monthly allocation C/R | | | | BATCH TYPE AJ 04921 | | 53,726.00 | |
| 4883 | | 12/07 AJ 06/04/07 **OFFSET** AP/FINANCE | | | | BATCH TYPE AP 04883 | 60.58 | | |
| 4898 | | 12/07 AJ 06/04/07 **OFFSET** WATER MAINTENANCE | | | | BATCH TYPE AP 04898 | 7.61 | | |
| 4847 | | 12/07 AJ 06/01/07 **OFFSET** PR AJ BATCH | | | | BATCH TYPE AJ 04847 | 28,744.77 | | |
| 5027 | | 11/07 AJ 05/31/07 **OFFSET** CORRECT APRIL JV 77 | | | | BATCH TYPE AJ 04847 | 33.29 | | |

FUND 161 LANDSCAPE MAINT DIST-ADM
 161-0000-242.00-00 SYSTEM OFFSET / EXPENDITURES

| GROUP NBR | PO NBR | ACCTG PER. | CD | DATE | TRANSACTION NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|-----------|--------|------------|----|----------|--------------------|--|-----------|-----------|-----------------|
| 4802 | | 11/07 | AJ | 05/24/07 | **OFFSET** | PI ISSUES BATCH TYPE AJ 05027 | .50 | | |
| 4799 | | 11/07 | AJ | 05/24/07 | **OFFSET** | MAINTENANCE DIV/INEMTON BATCH TYPE AP 04799 | 4.00 | | |
| 4787 | | 11/07 | AJ | 05/24/07 | **OFFSET** | CORPYARD NEXTEL 06/07 BATCH TYPE AP 04787 | 172.83 | | |
| 4770 | | 11/07 | AJ | 05/23/07 | **OFFSET** | IT INVOICES BATCH TYPE AP 04770 | 136.56 | | |
| 4722 | | 11/07 | AJ | 05/21/07 | **OFFSET** | Monthly allocation BATCH TYPE AJ 04722 | | 53,726.00 | |
| 4693 | | 11/07 | AJ | 05/18/07 | **OFFSET** | PI RECEIPTS BATCH TYPE AP 04693 | 1,090.13 | | |
| 4653 | | 11/07 | AJ | 05/17/07 | **OFFSET** | PR AJ BATCH BATCH TYPE AP 04653 | 28,787.49 | | |
| 4664 | | 11/07 | AJ | 05/17/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 04664 | 2,078.13 | | |
| 4460 | | 11/07 | AJ | 05/08/07 | **OFFSET** | AP/FINANCE BATCH TYPE AP 04460 | 60.58 | | |
| 4490 | | 11/07 | AJ | 05/08/07 | **OFFSET** | IT INVOICES BATCH TYPE AP 04490 | 145.23 | | |
| 4393 | | 11/07 | AJ | 05/03/07 | **OFFSET** | PR AJ BATCH BATCH TYPE AP 04393 | 28,682.31 | | |
| 4406 | | 10/07 | AJ | 04/30/07 | **OFFSET** | Monthly allocation BATCH TYPE AJ 04406 | | 53,726.00 | |
| 4655 | | 10/07 | AJ | 04/30/07 | **OFFSET** | 3rd qtr PW work charges BATCH TYPE AJ 04655 | | 8,188.23 | |
| 4656 | | 10/07 | AJ | 04/30/07 | **OFFSET** | Jan - Apr postage used BATCH TYPE AJ 04656 | 105.51 | | |
| 4348 | | 10/07 | AJ | 04/27/07 | **OFFSET** | PI ISSUES BATCH TYPE AJ 04348 | 33.92 | | |
| 4408 | | 10/07 | AJ | 04/25/07 | **OFFSET** | Monthly allocation BATCH TYPE AJ 04408 | | 53,726.00 | |
| 4313 | | 10/07 | AJ | 04/24/07 | **OFFSET** | CORPYARD NEXTEL-4/18/07 BATCH TYPE AP 04313 | 1,665.27 | | |
| 4267 | | 10/07 | AJ | 04/23/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 04267 | 707.82 | | |
| 4239 | | 10/07 | AJ | 04/19/07 | **OFFSET** | PI ISSUES BATCH TYPE AP 04239 | 1.41 | | |
| 4216 | | 10/07 | AJ | 04/19/07 | **OFFSET** | PR AJ BATCH BATCH TYPE AJ 04216 | 28,820.75 | | |
| 4080 | | 10/07 | AJ | 04/10/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 04080 | 157.44 | | |
| 4051 | | 10/07 | AJ | 04/09/07 | **OFFSET** | AP/FINANCE BATCH TYPE AP 04051 | .67 | | |
| 4002 | | 10/07 | AJ | 04/05/07 | **OFFSET** | PR AJ BATCH BATCH TYPE AJ 04002 | 28,696.81 | | |
| 3995 | | 10/07 | AJ | 04/04/07 | **OFFSET** | ALUCERO/LMD BATCH TYPE AP 03995 | 43.79 | | |

continued

FUND 161 LANDSCAPE MAINT DIST-ADM
 161-0000-242.00-00 SYSTEM OFFSET / EXPENDITURES

ACCOUNT TOTAL 248,282.68 245,544.17 2,738.51

| GROUP NBR | PO NBR | ACCTG PER. | CD | DATE | NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|---------------|--------|------------|----|-------|-------------|-------------------------------------|----------|----------|-----------------|
| 161-0000-243 | 00-00 | | | | | SYSTEM OFFSET / ENCUMBRANCE CONTROL | | | |
| 5330 | | | | 12/07 | AJ 06/26/07 | **OFFSET** EN/FINANCE | .01 | | |
| 5078 | | | | 12/07 | AJ 06/14/07 | **OFFSET** PI PO ENTRY | | 4,363.52 | |
| 4693 | | | | 11/07 | AJ 05/18/07 | **OFFSET** PI RECEIPTS | | 1,090.18 | |
| 4448 | | | | 11/07 | AJ 05/07/07 | **OFFSET** PI PO ENTRY | 1,090.17 | | |
| ACCOUNT TOTAL | | | | | | | 1,090.18 | 5,453.70 | 4,363.52- |

| | | | | | | | | | |
|---------------|-------|--|--|-------|-------------|--|----------|----------|----------|
| 161-0000-245 | 00-00 | | | | | SYSTEM OFFSET / RESERVE FOR ENCUMBRANCES | | | |
| 5330 | | | | 12/07 | AJ 06/26/07 | **OFFSET** EN/FINANCE | | .01 | |
| 5078 | | | | 12/07 | AJ 06/14/07 | **OFFSET** PI PO ENTRY | 4,363.52 | | |
| 4693 | | | | 11/07 | AJ 05/18/07 | **OFFSET** PI RECEIPTS | 1,090.18 | | |
| 4448 | | | | 11/07 | AJ 05/07/07 | **OFFSET** PI PO ENTRY | | 1,090.17 | |
| ACCOUNT TOTAL | | | | | | | 5,453.70 | 1,090.18 | 4,363.52 |

| | | | | | | | | | |
|---------------|-------|--|--|-------|-------------|------------------------------------|-----------|-----|-----------|
| 161-3302-431 | 01-01 | | | | | WAGES & SALARIES / SALARIES-EXEMPT | | | |
| 5543 | | | | 12/07 | AJ 07/13/07 | PRO713 PAYROLL SUMMARY | 2,106.53 | | |
| 5369 | | | | 12/07 | AJ 06/29/07 | PRO629 PAYROLL SUMMARY | 4,975.01 | | |
| 5060 | | | | 12/07 | AJ 06/15/07 | PRO615 PAYROLL SUMMARY | 4,392.05 | | |
| 4847 | | | | 12/07 | AJ 06/01/07 | PRO601 PAYROLL SUMMARY | 4,553.86 | | |
| 4653 | | | | 11/07 | AJ 05/18/07 | PRO518 PAYROLL SUMMARY | 3,574.44 | | |
| 4393 | | | | 11/07 | AJ 05/04/07 | PRO504 PAYROLL SUMMARY | 4,771.54 | | |
| 4216 | | | | 10/07 | AJ 04/20/07 | PRO420 PAYROLL SUMMARY | 4,762.46 | | |
| 4002 | | | | 10/07 | AJ 04/06/07 | PRO406 PAYROLL SUMMARY | 4,904.84 | | |
| ACCOUNT TOTAL | | | | | | | 34,040.73 | .00 | 34,040.73 |

| | | | | | | | | | |
|--------------|-------|--|--|-------|-------------|-----------------------------------|----------|--|-----------|
| 161-3302-431 | 01-02 | | | | | WAGES & SALARIES / SALARIES-IBEW | | | |
| 5543 | | | | 12/07 | AJ 07/13/07 | PRO713 PAYROLL SUMMARY | 6,437.65 | | 14,340.98 |
| 5710 | | | | 12/07 | AJ 06/30/07 | JEI33CV/BD 4th qtr ending 6/30/07 | | | 65.86 |
| 5710 | | | | 12/07 | AJ 06/30/07 | JEI33CV/BD 4th qtr ending 6/30/07 | | | 65.86 |

| GROUP NBR | PO NBR | ACCTG PER. | CD | DATE | TRANSACTION NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|-----------------------------------|--------|------------|----|----------|--------------------|---|-----------|-----------|-----------------|
| FUND 161 LANDSCAPE MAINT DIST-ADM | | | | | | | | | |
| 161-3302-431.01-02 | | | | | | WAGES & SALARIES / SALARIES-IBEW | | | |
| 5369 | | 12/07 | AJ | 06/29/07 | PRO629 | PAYROLL SUMMARY | 11,823.04 | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 12,210.63 | | |
| 4847 | | 12/07 | AJ | 06/01/07 | PRO601 | PAYROLL SUMMARY | 12,599.66 | | |
| 5027 | | 11/07 | AJ | 05/31/07 | 32 -CCV | ADJUST RE RIDGECREST 3RD QUARTER REPORT | 21.96 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 11,226.24 | | |
| 4393 | | 11/07 | AJ | 05/04/07 | PRO504 | PAYROLL SUMMARY | 11,012.07 | | |
| 4655 | | 10/07 | AJ | 04/30/07 | 77 YS/WD | PW charges 3rd quarter ending 3/31/07 | | 5,251.46 | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 11,826.92 | | |
| 4002 | | 10/07 | AJ | 04/06/07 | PRO406 | PAYROLL SUMMARY | 12,742.22 | | |
| ACCOUNT TOTAL | | | | | | | 89,900.39 | 19,658.30 | 70,242.09 |

| | | | | | | | | | |
|--|--|-------|----|----------|--------|-----------------|--------|-----|--------|
| 161-3302-431.02-01 OVERTIME / OVERTIME | | | | | | | | | |
| 5543 | | 12/07 | AJ | 07/13/07 | PRO713 | PAYROLL SUMMARY | 34.61 | | |
| 5369 | | 12/07 | AJ | 06/29/07 | PRO629 | PAYROLL SUMMARY | 122.70 | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 71.97 | | |
| 4847 | | 12/07 | AJ | 06/01/07 | PRO601 | PAYROLL SUMMARY | 98.14 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 78.51 | | |
| 4393 | | 11/07 | AJ | 05/04/07 | PRO504 | PAYROLL SUMMARY | 71.97 | | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 71.97 | | |
| 4002 | | 10/07 | AJ | 04/06/07 | PRO406 | PAYROLL SUMMARY | 85.06 | | |
| ACCOUNT TOTAL | | | | | | | 634.93 | .00 | 634.93 |

| | | | | | | | | | |
|---|--|-------|----|----------|--------|-----------------|--------|-----|--------|
| 161-3302-431.03-02 OTHER PAY / ACTING PAY | | | | | | | | | |
| 5543 | | 12/07 | AJ | 07/13/07 | PRO713 | PAYROLL SUMMARY | 90.96 | | |
| 5369 | | 12/07 | AJ | 06/29/07 | PRO629 | PAYROLL SUMMARY | 207.18 | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 382.38 | | |
| 4847 | | 12/07 | AJ | 06/01/07 | PRO601 | PAYROLL SUMMARY | 41.88 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 68.18 | | |
| 4393 | | 11/07 | AJ | 05/04/07 | PRO504 | PAYROLL SUMMARY | 20.35 | | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 98.75 | | |
| 4002 | | 10/07 | AJ | 04/06/07 | PRO406 | PAYROLL SUMMARY | 44.18 | | |
| ACCOUNT TOTAL | | | | | | | 953.86 | .00 | 953.86 |

| | | | | | | | | | |
|---|--|-------|----|----------|--------|-----------------|-------|-----|-------|
| 161-3302-431.03-08 OTHER PAY / AUTO ALLOWANCE | | | | | | | | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 30.00 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 30.00 | | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 30.00 | | |
| ACCOUNT TOTAL | | | | | | | 90.00 | .00 | 90.00 |

GROUP PO ACCTG PER CD DATE TRANSACTION NUMBER DESCRIPTION DEBITS CREDITS CURRENT BALANCE

FUND 161 LANDSCAPE MAINT DIST-ADM

| GROUP NBR | PO | ACCTG PER | CD | DATE | TRANSACTION NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|---|-------|-----------|----------|--------|--------------------|-------------|--------|---------|-----------------|
| 161-3302-431.03-15 OTHER PAY / MEDICAL FLEX | | | | | | | | | |
| 5543 | 12/07 | AJ | 07/13/07 | PR0713 | PAYROLL SUMMARY | 25.73 | | | |
| 5060 | 12/07 | AJ | 06/15/07 | PR0615 | PAYROLL SUMMARY | 38.55 | | | |
| 4847 | 12/07 | AJ | 06/01/07 | PR0601 | PAYROLL SUMMARY | 38.56 | | | |
| 4653 | 11/07 | AJ | 05/18/07 | PR0518 | PAYROLL SUMMARY | 38.55 | | | |
| 4393 | 11/07 | AJ | 05/04/07 | PR0504 | PAYROLL SUMMARY | 38.56 | | | |
| 4216 | 10/07 | AJ | 04/20/07 | PR0420 | PAYROLL SUMMARY | 38.56 | | | |
| 4002 | 10/07 | AJ | 04/06/07 | PR0406 | PAYROLL SUMMARY | 38.56 | | | |
| ACCOUNT TOTAL | | | | | | | 257.07 | .00 | 257.07 |

| GROUP NBR | PO | ACCTG PER | CD | DATE | TRANSACTION NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|--|-------|-----------|----------|--------|--------------------|-------------|--------|---------|-----------------|
| 161-3302-431.03-19 OTHER PAY / BILINGUAL PAY | | | | | | | | | |
| 5543 | 12/07 | AJ | 07/13/07 | PR0713 | PAYROLL SUMMARY | 4.92 | | | |
| 5369 | 12/07 | AJ | 06/29/07 | PR0629 | PAYROLL SUMMARY | 7.85 | | | |
| 5060 | 12/07 | AJ | 06/15/07 | PR0615 | PAYROLL SUMMARY | 8.64 | | | |
| 4847 | 12/07 | AJ | 06/01/07 | PR0601 | PAYROLL SUMMARY | 8.64 | | | |
| 4653 | 11/07 | AJ | 05/18/07 | PR0518 | PAYROLL SUMMARY | 8.64 | | | |
| 4393 | 11/07 | AJ | 05/04/07 | PR0504 | PAYROLL SUMMARY | 8.64 | | | |
| 4216 | 10/07 | AJ | 04/20/07 | PR0420 | PAYROLL SUMMARY | 8.67 | | | |
| 4002 | 10/07 | AJ | 04/06/07 | PR0406 | PAYROLL SUMMARY | 8.67 | | | |
| ACCOUNT TOTAL | | | | | | | 64.67 | .00 | 64.67 |

| GROUP NBR | PO | ACCTG PER | CD | DATE | TRANSACTION NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|--|-------|-----------|----------|--------|--------------------|-------------|----------|---------|-----------------|
| 161-3302-431.04-01 COMPENSATED ABSENCES / VACATION LEAVE | | | | | | | | | |
| 5543 | 12/07 | AJ | 07/13/07 | PR0713 | PAYROLL SUMMARY | 1,138.23 | | | |
| 5369 | 12/07 | AJ | 06/29/07 | PR0629 | PAYROLL SUMMARY | 1,869.66 | | | |
| 5060 | 12/07 | AJ | 06/15/07 | PR0615 | PAYROLL SUMMARY | 316.91 | | | |
| 4847 | 12/07 | AJ | 06/01/07 | PR0601 | PAYROLL SUMMARY | 949.52 | | | |
| 4653 | 11/07 | AJ | 05/18/07 | PR0518 | PAYROLL SUMMARY | 3,569.46 | | | |
| 4393 | 11/07 | AJ | 05/04/07 | PR0504 | PAYROLL SUMMARY | 714.23 | | | |
| 4216 | 10/07 | AJ | 04/20/07 | PR0420 | PAYROLL SUMMARY | 880.21 | | | |
| 4002 | 10/07 | AJ | 04/06/07 | PR0406 | PAYROLL SUMMARY | 450.77 | | | |
| ACCOUNT TOTAL | | | | | | | 9,888.99 | .00 | 9,888.99 |

| GROUP NBR | PO | ACCTG PER | CD | DATE | TRANSACTION NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|--|-------|-----------|----------|--------|--------------------|-------------|----------|---------|-----------------|
| 161-3302-431.04-02 COMPENSATED ABSENCES / SICK LEAVE | | | | | | | | | |
| 5369 | 12/07 | AJ | 06/29/07 | PR0629 | PAYROLL SUMMARY | 101.41 | | | |
| 5060 | 12/07 | AJ | 06/15/07 | PR0615 | PAYROLL SUMMARY | 232.27 | | | |
| 4847 | 12/07 | AJ | 06/01/07 | PR0601 | PAYROLL SUMMARY | 507.05 | | | |
| 4653 | 11/07 | AJ | 05/18/07 | PR0518 | PAYROLL SUMMARY | 551.16 | | | |
| 4393 | 11/07 | AJ | 05/04/07 | PR0504 | PAYROLL SUMMARY | 1,542.17 | | | |
| 4216 | 10/07 | AJ | 04/20/07 | PR0420 | PAYROLL SUMMARY | 627.17 | | | |
| 4002 | 10/07 | AJ | 04/06/07 | PR0406 | PAYROLL SUMMARY | 488.60 | | | |
| ACCOUNT TOTAL | | | | | | | 4,049.83 | .00 | 4,049.83 |

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 GROUP PO ACCTG CD DATE NUMBER DESCRIPTION DEBITS CREDITS CURRENT BALANCE
 NBR NBR PER. CD DATE NUMBER

FUND 161 LANDSCAPE MAINT DIST-ADM

161-3302-431.04-03 COMPENSATED ABSENCES / HOLIDAY PAY
 5543 12/07 AJ 07/13/07 PR0713 PAYROLL SUMMARY 1,111.32
 5060 12/07 AJ 06/15/07 PR0615 PAYROLL SUMMARY 1,892.13
 4393 11/07 AJ 05/04/07 PR0504 PAYROLL SUMMARY 743.84

ACCOUNT TOTAL

3,747.29 .00 3,747.29

161-3302-431.04-05 COMPENSATED ABSENCES / OTHER LEAVE
 5543 12/07 AJ 07/13/07 PR0713 PAYROLL SUMMARY 186.24
 5369 12/07 AJ 06/29/07 PR0629 PAYROLL SUMMARY 290.43
 4847 12/07 AJ 06/01/07 PR0601 PAYROLL SUMMARY 311.18
 4393 11/07 AJ 05/04/07 PR0504 PAYROLL SUMMARY 137.42
 4216 10/07 AJ 04/20/07 PR0420 PAYROLL SUMMARY 824.49
 4002 10/07 AJ 04/06/07 PR0406 PAYROLL SUMMARY 311.18

ACCOUNT TOTAL

2,060.94 .00 2,060.94

161-3302-431.05-01 PAYROLL BENEFITS / PAYROLL BENEFITS
 5543 12/07 AJ 07/13/07 PR0713 PAYROLL SUMMARY 852.28
 5710 12/07 AJ 06/30/07 JEL33CV/BD 4th qtr ending 6/30/07
 for Ridgecrest 7,401.36
 5710 12/07 AJ 06/30/07 JEL33CV/BD 4th qtr ending 6/30/07
 for Ridgecrest 33.99
 5369 12/07 AJ 06/29/07 PR0629 PAYROLL SUMMARY 1,507.67
 5060 12/07 AJ 06/15/07 PR0615 PAYROLL SUMMARY 1,521.26
 4847 12/07 AJ 06/01/07 PR0601 PAYROLL SUMMARY 1,485.61
 5027 11/07 AJ 05/31/07 32 -CCV ADJUST RE RIDGECREST 3RD
 QUARTER REPORT 11.33
 4653 11/07 AJ 05/18/07 PR0518 PAYROLL SUMMARY 1,488.36
 4393 11/07 AJ 05/04/07 PR0504 PAYROLL SUMMARY 1,481.91
 4655 10/07 AJ 04/30/07 77 YS/WD PW charges 3rd quarter
 ending 3/31/07 2,710.27
 4216 10/07 AJ 04/20/07 PR0420 PAYROLL SUMMARY 1,490.23
 4002 10/07 AJ 04/06/07 PR0406 PAYROLL SUMMARY 1,482.95

ACCOUNT TOTAL

11,321.60 10,145.62 1,175.98

161-3302-431.05-02 PAYROLL BENEFITS / PERS BENEFITS
 5543 12/07 AJ 07/13/07 PR0713 PAYROLL SUMMARY 1,886.03
 5369 12/07 AJ 06/29/07 PR0629 PAYROLL SUMMARY 3,149.80
 5060 12/07 AJ 06/15/07 PR0615 PAYROLL SUMMARY 3,143.87
 4847 12/07 AJ 06/01/07 PR0601 PAYROLL SUMMARY 3,111.50
 4653 11/07 AJ 05/18/07 PR0518 PAYROLL SUMMARY 3,115.60
 4393 11/07 AJ 05/04/07 PR0504 PAYROLL SUMMARY 3,107.92
 4216 10/07 AJ 04/20/07 PR0420 PAYROLL SUMMARY 3,120.57
 4002 10/07 AJ 04/06/07 PR0406 PAYROLL SUMMARY 3,107.92

ACCOUNT TOTAL

23,743.21 .00 23,743.21

GROUP PO ACCTG PER. CD DATE NUMBER DESCRIPTION DEBITS CREDITS CURRENT BALANCE

FUND 161 LANDSCAPE MAINT. DIST-ADM

| GROUP NBR | PO NBR | ACCTG PER. | CD | DATE | NUMBER | DESCRIPTION | DEBITS | CREDITS | CURRENT BALANCE |
|------------------------------------|--------|------------|----|----------|--------|---|-----------|---------|-----------------|
| FUND 161 LANDSCAPE MAINT. DIST-ADM | | | | | | | | | |
| 161-3302-431.05-04 | | | | | | PAYROLL BENEFITS / HEALTH INSURANCE BENEFIT | | | |
| 5543 | | 12/07 | AJ | 07/13/07 | PRO713 | PAYROLL SUMMARY | 1,774.87 | | |
| 5369 | | 12/07 | AJ | 06/29/07 | PRO629 | PAYROLL SUMMARY | 3,109.21 | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 3,113.88 | | |
| 4847 | | 12/07 | AJ | 06/01/07 | PRO601 | PAYROLL SUMMARY | 3,113.92 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 3,113.72 | | |
| 4393 | | 11/07 | AJ | 05/04/07 | PRO504 | PAYROLL SUMMARY | 3,113.83 | | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 3,113.82 | | |
| 4002 | | 10/07 | AJ | 04/06/07 | PRO406 | PAYROLL SUMMARY | 3,113.86 | | |
| ACCOUNT TOTAL | | | | | | | 23,567.11 | .00 | 23,567.11 |

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|--------------------|--|-------|----|----------|--------|---|----------|-----|----------|
| 161-3302-431.05-05 | | | | | | PAYROLL BENEFITS / DENTAL INSURANCE BENEFIT | | | |
| 5543 | | 12/07 | AJ | 07/13/07 | PRO713 | PAYROLL SUMMARY | 219.10 | | |
| 5369 | | 12/07 | AJ | 06/29/07 | PRO629 | PAYROLL SUMMARY | 383.10 | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 384.41 | | |
| 4847 | | 12/07 | AJ | 06/01/07 | PRO601 | PAYROLL SUMMARY | 384.42 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 384.37 | | |
| 4393 | | 11/07 | AJ | 05/04/07 | PRO504 | PAYROLL SUMMARY | 384.40 | | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 384.39 | | |
| 4002 | | 10/07 | AJ | 04/06/07 | PRO406 | PAYROLL SUMMARY | 384.41 | | |
| ACCOUNT TOTAL | | | | | | | 2,908.60 | .00 | 2,908.60 |

| | | | | | | | | | |
|--------------------|--|-------|----|----------|--------|--|--------|-----|--------|
| 161-3302-431.05-07 | | | | | | PAYROLL BENEFITS / EMPLOYEE ASSISTANCE | | | |
| 5543 | | 12/07 | AJ | 07/13/07 | PRO713 | PAYROLL SUMMARY | 7.87 | | |
| 5369 | | 12/07 | AJ | 06/29/07 | PRO629 | PAYROLL SUMMARY | 13.76 | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 13.78 | | |
| 4847 | | 12/07 | AJ | 06/01/07 | PRO601 | PAYROLL SUMMARY | 13.80 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 13.83 | | |
| 4393 | | 11/07 | AJ | 05/04/07 | PRO504 | PAYROLL SUMMARY | 13.82 | | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 13.82 | | |
| 4002 | | 10/07 | AJ | 04/06/07 | PRO406 | PAYROLL SUMMARY | 13.81 | | |
| ACCOUNT TOTAL | | | | | | | 104.49 | .00 | 104.49 |

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|--------------------|--|-------|----|----------|--------|---------------------------------------|----------|-----|----------|
| 161-3302-431.05-08 | | | | | | PAYROLL BENEFITS / MANAGEMENT BENEFIT | | | |
| 5369 | | 12/07 | AJ | 06/29/07 | PRO629 | PAYROLL SUMMARY | 301.89 | | |
| 5060 | | 12/07 | AJ | 06/15/07 | PRO615 | PAYROLL SUMMARY | 301.99 | | |
| 4847 | | 12/07 | AJ | 06/01/07 | PRO601 | PAYROLL SUMMARY | 302.04 | | |
| 4653 | | 11/07 | AJ | 05/18/07 | PRO518 | PAYROLL SUMMARY | 302.01 | | |
| 4393 | | 11/07 | AJ | 05/04/07 | PRO504 | PAYROLL SUMMARY | 302.01 | | |
| 4216 | | 10/07 | AJ | 04/20/07 | PRO420 | PAYROLL SUMMARY | 302.02 | | |
| 4002 | | 10/07 | AJ | 04/06/07 | PRO406 | PAYROLL SUMMARY | 302.00 | | |
| ACCOUNT TOTAL | | | | | | | 2,113.96 | .00 | 2,113.96 |

GROUP PO ACCTG CD DATE NUMBER DESCRIPTION DEBITS CREDITS CURRENT BALANCE

FUND 161 LANDSCAPE MAINT DIST-ADM

| 161-3302-431.05-10 | PAYROLL BENEFITS / LIFE INSURANCE | | | | | |
|--------------------|-----------------------------------|-----------------|--------|-----|--|--------|
| 5543 | 12/07 AJ 07/13/07 PRO713 | PAYROLL SUMMARY | 17.59 | | | |
| 5369 | 12/07 AJ 06/29/07 PRO629 | PAYROLL SUMMARY | 30.74 | | | |
| 5060 | 12/07 AJ 06/15/07 PRO615 | PAYROLL SUMMARY | 30.84 | | | |
| 4847 | 12/07 AJ 06/01/07 PRO601 | PAYROLL SUMMARY | 30.85 | | | |
| 4653 | 11/07 AJ 05/18/07 PRO518 | PAYROLL SUMMARY | 30.84 | | | |
| 4393 | 11/07 AJ 05/04/07 PRO504 | PAYROLL SUMMARY | 30.83 | | | |
| 4216 | 10/07 AJ 04/20/07 PRO420 | PAYROLL SUMMARY | 30.84 | | | |
| 4002 | 10/07 AJ 04/06/07 PRO406 | PAYROLL SUMMARY | 30.85 | | | |
| ACCOUNT TOTAL | | | 233.39 | .00 | | 233.39 |

| 161-3302-431.05-11 | PAYROLL BENEFITS / ACC DEATH & DISMEMBERMENT | | | | | |
|--------------------|--|-----------------|-------|-----|--|-------|
| 5543 | 12/07 AJ 07/13/07 PRO713 | PAYROLL SUMMARY | 3.57 | | | |
| 5369 | 12/07 AJ 06/29/07 PRO629 | PAYROLL SUMMARY | 6.15 | | | |
| 5060 | 12/07 AJ 06/15/07 PRO615 | PAYROLL SUMMARY | 6.17 | | | |
| 4847 | 12/07 AJ 06/01/07 PRO601 | PAYROLL SUMMARY | 6.16 | | | |
| 4653 | 11/07 AJ 05/18/07 PRO518 | PAYROLL SUMMARY | 6.20 | | | |
| 4393 | 11/07 AJ 05/04/07 PRO504 | PAYROLL SUMMARY | 6.16 | | | |
| 4216 | 10/07 AJ 04/20/07 PRO420 | PAYROLL SUMMARY | 6.16 | | | |
| 4002 | 10/07 AJ 04/06/07 PRO406 | PAYROLL SUMMARY | 6.19 | | | |
| ACCOUNT TOTAL | | | 46.76 | .00 | | 46.76 |

| 161-3302-431.05-12 | PAYROLL BENEFITS / LONG TERM DISABILITY | | | | | |
|--------------------|---|-----------------|--------|-----|--|--------|
| 5543 | 12/07 AJ 07/13/07 PRO713 | PAYROLL SUMMARY | 68.55 | | | |
| 5369 | 12/07 AJ 06/29/07 PRO629 | PAYROLL SUMMARY | 117.23 | | | |
| 5060 | 12/07 AJ 06/15/07 PRO615 | PAYROLL SUMMARY | 117.48 | | | |
| 4847 | 12/07 AJ 06/01/07 PRO601 | PAYROLL SUMMARY | 116.60 | | | |
| 4653 | 11/07 AJ 05/18/07 PRO518 | PAYROLL SUMMARY | 116.57 | | | |
| 4393 | 11/07 AJ 05/04/07 PRO504 | PAYROLL SUMMARY | 116.60 | | | |
| 4216 | 10/07 AJ 04/20/07 PRO420 | PAYROLL SUMMARY | 116.60 | | | |
| 4002 | 10/07 AJ 04/06/07 PRO406 | PAYROLL SUMMARY | 116.44 | | | |
| ACCOUNT TOTAL | | | 886.07 | .00 | | 886.07 |

| 161-3302-431.05-14 | PAYROLL BENEFITS / WORKER'S COMPENSATION | | | | | |
|--------------------|--|-----------------|----------|-----|--|----------|
| 5543 | 12/07 AJ 07/13/07 PRO713 | PAYROLL SUMMARY | 619.90 | | | |
| 5369 | 12/07 AJ 06/29/07 PRO629 | PAYROLL SUMMARY | 1,085.50 | | | |
| 5060 | 12/07 AJ 06/15/07 PRO615 | PAYROLL SUMMARY | 1,097.06 | | | |
| 4847 | 12/07 AJ 06/01/07 PRO601 | PAYROLL SUMMARY | 1,066.81 | | | |
| 4653 | 11/07 AJ 05/18/07 PRO518 | PAYROLL SUMMARY | 1,066.25 | | | |
| 4393 | 11/07 AJ 05/04/07 PRO504 | PAYROLL SUMMARY | 1,064.04 | | | |
| 4216 | 10/07 AJ 04/20/07 PRO420 | PAYROLL SUMMARY | 1,073.10 | | | |
| 4002 | 10/07 AJ 04/06/07 PRO406 | PAYROLL SUMMARY | 1,064.30 | | | |
| ACCOUNT TOTAL | | | 8,136.96 | .00 | | 8,136.96 |

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 GROUP PO ACCTS PER. CD DATE NUMBER DESCRIPTION DEBITS CREDITS CURRENT
 NBR NBR PER. CD DATE NUMBER BALANCE

FUND 161 LANDSCAPE MAINT DIST-ADM

161-3302-431.05-26 PAYROLL BENEFITS / LONG-TERM CARE
 5543 12/07 AJ 07/13/07 PR0713 PAYROLL SUMMARY 2.59
 5369 12/07 AJ 06/29/07 PR0629 PAYROLL SUMMARY 4.56
 5060 12/07 AJ 06/15/07 PR0615 PAYROLL SUMMARY 4.56
 4847 12/07 AJ 06/01/07 PR0601 PAYROLL SUMMARY 4.56
 4653 11/07 AJ 05/18/07 PR0518 PAYROLL SUMMARY 4.56
 ACCOUNT TOTAL 20.83 .00 20.83

161-3302-431.07-02 OFFICE EXPENSE / POSTAGE & MAILING
 4656 10/07 AJ 04/30/07 78 CV/WD Jan - Apr postage used 105.51
 3995 10/07 AP 04/04/07 0662108 FEDERAL EXPRESS by departments 43.79
 OVERTNIGHT MAIL TO STEVE STEFFENS @ MUNI FINANCIAL

ACCOUNT TOTAL 149.30 .00 149.30

161-3302-431.07-04 OFFICE EXPENSE / SOFTWARE PROGRAMS
 4267 10/07 AP 04/23/07 0662427 BXPRESS 707.82
 COPIES, FOLDING, CARDS

ACCOUNT TOTAL 707.82 .00 707.82

161-3302-431.09-01 DUES & PUBLICATIONS / DUES & PUBLICATIONS
 5492 12/07 AP 06/30/07 0664695 CAL CARD 110.00
 5002 12/07 AP 06/11/07 0664115 J. PERASSO-KACZMARCZYK PUBLICATIONS 70.04
 ACCOUNT TOTAL 180.04 .00 180.04

161-3302-431.14-20 MATERIALS, SUPP & SERV / OTHER SUPPLIES
 5710 12/07 AJ 06/30/07 JE133CV/BD 4th qtr ending 6/30/07 for Ridgecrest 606.75
 5710 12/07 AJ 06/30/07 JE133CV/BD 4th qtr ending 6/30/07 for Ridgecrest 3.00

5590 12/07 AP 06/30/07 0665310 STATE BOARD OF EQUALIZATION STATE SALES TAX DUE .56
 5462 12/07 AJ 06/29/07 PI STATE SALES TAX DUE CY ISSUES 9.21
 5317 12/07 AJ 06/25/07 PI CY ISSUES 13.96
 5397 12/07 AJ 06/25/07 PI CY ISSUES 19.04
 5058 12/07 AJ 06/11/07 PI CY ISSUES 2.33
 061107 - 061107

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 GROUP PO ACCTG CD DATE NUMBER DESCRIPTION DEBITS CREDITS CURRENT BALANCE
 NBR NBR PER. NBR

FUND 161 LANDSCAPE MAINT. DIST-ADM

161-3302-431.20-12 INDIRECT COST / T: COST & VEHICLE
 5178 12/07 AJ 06/18/07 6 WD Reimbursement of General fund for LMD vehicle 2,217.00
 5187 12/07 BA 06/18/07 2007-175 To pay for vehicle maint & replacement charges 1,195.00
 4921 12/07 AJ 06/05/07 JESCC-YX JUNE MONTHLY ALLOCATION 1,195.00
 4722 11/07 AJ 05/21/07 JESCC-YX MAY 2007 MONTHLY ALLOCATN 1,195.00
 4406 10/07 AJ 04/30/07 JESCC-YX MONTHLY ALLOCATION-APR 07 1,195.00
 4408 10/07 AJ 04/25/07 JESCC-YX MONTHLY ALLOCATION-MAR 07 1,195.00
 ACCOUNT TOTAL 6,997.00 .00 6,997.00

161-3302-431.20-13 INDIRECT COST / T: REPLACEMENT COST-VEHICLE
 5178 12/07 AJ 06/18/07 6 WD Reimbursement of General fund for LMD vehicle 13,316.00
 5187 12/07 BA 06/18/07 2007-175 To pay for vehicle maint & replacement charges 1,007.00
 4921 12/07 AJ 06/05/07 JESCC-YX JUNE MONTHLY ALLOCATION 1,007.00
 4722 11/07 AJ 05/21/07 JESCC-YX MAY 2007 MONTHLY ALLOCATN 1,007.00
 4406 10/07 AJ 04/30/07 JESCC-YX MONTHLY ALLOCATION-APR 07 1,007.00
 4408 10/07 AJ 04/25/07 JESCC-YX MONTHLY ALLOCATION-MAR 07 1,007.00
 ACCOUNT TOTAL 17,344.00 .00 17,344.00

161-3302-431.20-15 INDIRECT COST / T: LEGAL & MGMT. ADMIN
 4921 12/07 AJ 06/05/07 JESCC-YX JUNE MONTHLY ALLOCATION 6,417.00
 4722 11/07 AJ 05/21/07 JESCC-YX MAY 2007 MONTHLY ALLOCATN 6,417.00
 4406 10/07 AJ 04/30/07 JESCC-YX MONTHLY ALLOCATION-APR 07 6,417.00
 4408 10/07 AJ 04/25/07 JESCC-YX MONTHLY ALLOCATION-MAR 07 6,417.00
 ACCOUNT TOTAL 25,668.00 .00 25,668.00

161-3302-431.20-37 INDIRECT COST / LANDSCAPE MAINT. DIST. ADMIN
 4921 12/07 AJ 06/05/07 JESCV-YX JUNE MONTHLY ALLOCATION 64,245.00
 4722 11/07 AJ 05/21/07 JESCV-YX MAY 2007 MONTHLY ALLOCATN 64,245.00
 4406 10/07 AJ 04/30/07 JESCV-YX MONTHLY ALLOCATION-APR 07 64,245.00
 4408 10/07 AJ 04/25/07 JESCV-YX MONTHLY ALLOCATION-MAR 07 64,245.00
 ACCOUNT TOTAL .00 256,980.00 256,980.00

161-3302-431.31-03 NON CAPITAL ASSETS (<\$5K) / COMPUTER EQUIPMENT
 5527 12/07 AP 06/30/07 0665219 MUNI FINANCIAL INC. 566.04
 MAY 2007 LANDSCAPE & LIGHTING SERVICES
 5527 12/07 AP 06/30/07 0665219 MUNI FINANCIAL INC. 1,473.47
 MAY 2007 LANDSCAPE & LIGHTING SERVICES - 1972
 5438 12/07 AP 06/29/07 0664558 NEXTEL COMMUNICATIONS 317.70

GROUP PO ACCTG ----- TRANSACTION-----
 NBR NBR PER. CD DATE NUMBER DESCRIPTION DEBITS CREDITS CURRENT BALANCE

| FUND 161 LANDSCAPE MAINT DIST-ADM | | | | | | | | | | | | | |
|--|--|--|--|--------|-------|----------|----------|---------------------|---------------------|-----------|--|-----|-----------|
| 161-3302-431.31-03 NON CAPITAL ASSETS (<\$5K) / COMPUTER EQUIPMENT | | | | | | | | | | | | | |
| NEXTEL EQUIP-06/07 | | | | | | | | | | | | | |
| continued | | | | | | | | | | | | | |
| 5045 | | | | 12/07 | AP | 06/13/07 | 0664171 | MUNI FINANCIAL INC. | 1,473.47 | | | | |
| 5045 | | | | 12/07 | AP | 06/13/07 | 0664171 | MUNI FINANCIAL INC. | 566.04 | | | | |
| 5045 | | | | 12/07 | AP | 06/13/07 | 0664171 | MUNI FINANCIAL INC. | 2,753.42 | | | | |
| 4693 | | | | 027060 | 11/07 | AP | 05/18/07 | 0663345 | HEWLETT PACKARD | 1,090.13 | | | |
| 4664 | | | | | 11/07 | AP | 05/17/07 | 0663417 | MUNI FINANCIAL INC. | 576.76 | | | |
| 4664 | | | | | 11/07 | AP | 05/17/07 | 0663417 | MUNI FINANCIAL INC. | 1,501.37 | | | |
| ACCOUNT TOTAL | | | | | | | | | | 10,318.40 | | .00 | 10,318.40 |

161-3302-431.36-06 FIXED ASSET ACQUISITIONS / AUTO EQUIP ACQUISITIONS
 5187 12/07 BA 06/18/07 2007-175 To pay for vehicle maint
 & replacement charges

| | | | | | | | | | | | | | |
|---------------|--|--|--|--|--|--|--|--|--|------------|--|------------|----------|
| ACCOUNT TOTAL | | | | | | | | | | .00 | | .00 | .00 |
| FUND TOTAL | | | | | | | | | | 845,046.07 | | 842,307.56 | 2,738.51 |
| GRAND TOTAL | | | | | | | | | | 845,046.07 | | 842,307.56 | 2,738.51 |

GROUP NUMBER : 05710 4th qtr 6/30/07 Ridgecrest
 ACCOUNTING PERIOD: 12/2007
 GROUP USER ID : BDIONISIO
 GROUP CREATED BY : BDIONISIO
 GROUP UPDATED BY : BDIONISIO

| TRANS NO | TRANS DATE | DOCUMENT BANK TYPE | ACCOUNT NUMBER | DESCRIPTION 1 | PROJECT | DEBIT AMOUNT | CREDIT AMOUNT |
|----------------|------------|--------------------|--------------------|------------------------|---------|--------------|---------------|
| 100 | 06/30/2007 | JE133CV/BD | 161-0000-101.01-00 | 4th qtr ending 6/30/07 | | 22,349.09 | |
| for Ridgecrest | | | | | | | |
| 200 | 06/30/2007 | JE133CV/BD | 161-3302-431.01-02 | 4th qtr ending 6/30/07 | | | 14,340.98 |
| for Ridgecrest | | | | | | | |
| 300 | 06/30/2007 | JE133CV/BD | 161-3302-431.05-01 | 4th qtr ending 6/30/07 | | | 7,401.36 |
| for Ridgecrest | | | | | | | |
| 400 | 06/30/2007 | JE133CV/BD | 161-3302-431.14-20 | 4th qtr ending 6/30/07 | | | 606.75 |
| for Ridgecrest | | | | | | | |
| 500 | 06/30/2007 | JE133CV/BD | 001-2502-431.01-02 | 4th qtr ending 6/30/07 | | 14,340.98 | |
| for Ridgecrest | | | | | | | |
| 600 | 06/30/2007 | JE133CV/BD | 001-2502-431.05-01 | 4th qtr ending 6/30/07 | | 7,401.36 | |
| for Ridgecrest | | | | | | | |
| 700 | 06/30/2007 | JE133CV/BD | 001-2502-431.14-20 | 4th qtr ending 6/30/07 | | 606.75 | |
| for Ridgecrest | | | | | | | |
| 800 | 06/30/2007 | JE133CV/BD | 001-0000-101.01-00 | 4th qtr ending 6/30/07 | | | 22,349.09 |
| for Ridgecrest | | | | | | | |
| 900 | 06/30/2007 | JE133CV/BD | 107-2001-463.15-03 | 4th qtr ending 6/30/07 | | 102.85 | |
| for Ridgecrest | | | | | | | |
| 1000 | 06/30/2007 | JE133CV/BD | 107-0000-101.01-00 | 4th qtr ending 6/30/07 | | | 102.85 |
| for Ridgecrest | | | | | | | |
| 1100 | 06/30/2007 | JE133CV/BD | 161-0000-101.01-00 | 4th qtr ending 6/30/07 | | 102.85 | |
| for Ridgecrest | | | | | | | |
| 1200 | 06/30/2007 | JE133CV/BD | 161-3302-431.01-02 | 4th qtr ending 6/30/07 | | | 65.86 |
| for Ridgecrest | | | | | | | |
| 1300 | 06/30/2007 | JE133CV/BD | 161-3302-431.05-01 | 4th qtr ending 6/30/07 | | | 33.99 |
| for Ridgecrest | | | | | | | |
| 1400 | 06/30/2007 | JE133CV/BD | 161-3302-431.14-20 | 4th qtr ending 6/30/07 | | | 3.00 |
| for Ridgecrest | | | | | | | |

GROUP TOTALS

COUNT: 14
 DEBITS: 44,903.88
 CREDITS: 44,903.88

FY 2006/07 LMD Labor, Overhead and Use of Vehicle Charges Calculation
 For Non-LMD Areas
 For use in Ridgecrest Settlement Agreement

LAFY 06-07 Special Revenue LMD Fund 169 Ridgecrest/4th Cir Ridgecrest Report Calculation.xls/Revised 7.20.07
 7/20/2007 16:47

| Project | Labor | Overhead | Vehicle | Total | Perazzo | | | | Burton | | | | McCarthy | | | | Pacheco | | | | Total per Area | |
|---------------------------------|-------|------------------|-----------------|---------------|------------------|--------------|-----------------|-----------------|---------------|---------------|-----------------|-----------------|---------------|--------------|-----------------|-----------------|--------------|-------------|---------------|--------------|----------------|------------------|
| | | | | | Hours | Labor | Overhead | Vehicle | Hours | Labor | Overhead | Vehicle | Hours | Labor | Overhead | Vehicle | Hours | Labor | Overhead | Vehicle | | |
| N. Ascent Medians | 48 | 641.12 | 330.89 | 24.00 | 996.00 | 3.00 | 120.21 | 62.04 | 4.50 | 13.00 | 520.91 | 266.84 | 19.50 | 5.00 | 164.65 | 84.98 | 7.50 | 2.00 | 65.86 | 33.99 | 3.00 | 996.00 |
| Curda Parkway | 93 | 591.14 | 305.09 | 24.00 | 920.23 | 9.00 | 360.63 | 196.12 | 13.50 | 9.00 | 311.22 | 160.62 | 13.50 | - | - | - | - | - | - | - | - | 920.23 |
| The Summit | 101 | 311.22 | 160.62 | 13.50 | 485.34 | - | - | - | 9.00 | 27.00 | 933.66 | 481.86 | 40.50 | - | - | - | - | - | - | - | - | 485.34 |
| St. Orchard | 121 | 933.66 | 481.86 | 40.50 | 1,456.02 | - | - | - | 23.00 | 795.34 | 410.47 | 34.50 | - | - | - | - | - | - | - | - | - | 1,456.02 |
| Somerset/Columbus Pkwy | 124 | 795.34 | 410.47 | 34.50 | 1,240.31 | - | - | - | 5.00 | 172.90 | 89.23 | 7.50 | - | - | - | - | - | - | - | - | - | 1,240.31 |
| Hiddenbrook Ph 3 - Grove | 113 | 172.90 | 89.23 | 7.50 | 269.63 | - | - | - | 2.00 | 69.16 | 35.69 | 3.00 | - | - | - | - | - | - | - | - | - | 269.63 |
| M.I. Flagship | 1213 | 1,276.47 | 658.79 | 50.25 | 1,985.51 | 21.50 | 961.51 | 444.63 | 32.25 | 12.00 | 414.96 | 214.16 | 18.00 | - | - | - | - | - | - | - | - | 1,985.51 |
| M.I. Farragut unit 4 (6B) | 1222 | 1,423.27 | 734.55 | 61.50 | 2,219.32 | 1.00 | 40.07 | 20.68 | 1.50 | 7.00 | 1,393.20 | 713.87 | 60.00 | - | - | - | - | - | - | - | - | 2,219.32 |
| M.I. Neighborhood 8D | 1232 | 242.06 | 124.93 | 10.50 | 377.49 | - | - | - | 40.00 | 242.06 | 124.93 | 10.50 | - | - | - | - | - | - | - | - | - | 377.49 |
| M.I. Farragut unit 4 (6A) | 1233 | 1,093.21 | 548.72 | 43.50 | 1,655.43 | 11.00 | 440.77 | 227.46 | 16.50 | 18.00 | 622.44 | 321.24 | 27.00 | - | - | - | - | - | - | - | - | 1,655.43 |
| Waterstone | 1236 | 172.90 | 89.23 | 7.50 | 269.63 | - | - | - | 5.00 | 172.90 | 89.23 | 7.50 | - | - | - | - | - | - | - | - | - | 269.63 |
| Nordgate Neighborhood Park | 1238 | 138.32 | 71.39 | 6.00 | 215.71 | - | - | - | 4.00 | 138.32 | 71.39 | 6.00 | - | - | - | - | - | - | - | - | - | 215.71 |
| Garthe Ranch | 1245 | 1,215.79 | 627.47 | 52.50 | 1,895.76 | 1.00 | 40.07 | 20.68 | 1.50 | 34.00 | 1,173.72 | 606.79 | 51.00 | - | - | - | - | - | - | - | - | 1,895.76 |
| M.I. Kansas Street | 1262 | 69.16 | 35.69 | 3.00 | 107.85 | - | - | - | 2.00 | 69.16 | 35.69 | 3.00 | - | - | - | - | - | - | - | - | - | 107.85 |
| M.I. Farragut Unit 4 (6B) | 1262 | 697.09 | 359.77 | 30.00 | 1,086.86 | 1.00 | 40.07 | 20.68 | 1.50 | 19.00 | 657.02 | 339.09 | 26.50 | - | - | - | - | - | - | - | - | 1,086.86 |
| M.I. Neighborhood 6B North | 1268 | 311.22 | 160.62 | 13.50 | 485.34 | - | - | - | 9.00 | 311.22 | 160.62 | 13.50 | - | - | - | - | - | - | - | - | - | 485.34 |
| M.I. Neighborhood 6B South | 1276 | 207.48 | 107.08 | 9.00 | 323.56 | 1.00 | 40.07 | 20.68 | 1.50 | 8.00 | 207.48 | 107.08 | 9.00 | - | - | - | - | - | - | - | - | 323.56 |
| Columbus Pkwy Ph 2 | 1286 | 662.51 | 341.92 | 28.50 | 1,032.93 | 20.00 | 601.40 | 413.60 | 30.00 | 18.00 | 822.44 | 321.24 | 27.00 | - | - | - | - | - | - | - | - | 1,032.93 |
| M.I. Club Drive | 1286 | 905.14 | 467.14 | 34.50 | 1,406.78 | 3.00 | 120.21 | 62.04 | 4.50 | 3.00 | 103.74 | 53.54 | 4.50 | - | - | - | - | - | - | - | - | 1,406.78 |
| Wilson Avenue Project | 9838 | 278.84 | 142.77 | 12.00 | 431.41 | - | - | - | 8.00 | 278.84 | 142.77 | 12.00 | - | - | - | - | - | - | - | - | - | 431.41 |
| Columbus Pkwy Wharving | 9937 | 189.37 | 97.73 | 7.50 | 294.60 | 3.00 | 120.21 | 62.04 | 4.50 | 2.00 | 69.16 | 35.69 | 3.00 | - | - | - | - | - | - | - | - | 294.60 |
| W.L.M.D | 0 | 1,597.11 | 824.27 | 72.75 | 2,494.13 | - | - | - | - | - | - | - | - | 48.50 | 1,597.11 | 824.27 | 72.75 | - | - | - | - | 2,494.13 |
| City Hall Projects | 9837 | 376.70 | 195.45 | 17.25 | 591.40 | - | - | - | - | - | - | - | - | 11.50 | 376.70 | 195.45 | 17.25 | - | - | - | - | 591.40 |
| M.I. Project 107-2001-463,15-43 | 9837 | 65.86 | 33.99 | 3.00 | 102.85 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 102.85 |
| Subtotal | | 14,406.84 | 7,435.35 | 609.75 | 22,451.94 | 71.50 | 2,865.01 | 1,478.63 | 107.25 | 266.00 | 9,269.65 | 4,784.04 | 389.00 | 65.00 | 2,140.46 | 1,104.70 | 97.50 | 4.00 | 131.72 | 67.98 | 6.00 | 22,451.94 |
| Summary: | | | | | | | | | | | | | | | | | | | | | | |
| Perazzo | | 2,865.01 | 1,478.63 | 107.25 | 4,450.89 | | | | | | | | | | | | | | | | | |
| Burton | | 9,269.65 | 4,784.04 | 389.00 | 14,452.69 | | | | | | | | | | | | | | | | | |
| McCarthy | | 2,140.46 | 1,104.70 | 97.50 | 3,342.66 | | | | | | | | | | | | | | | | | |
| Pacheco | | 65.86 | 33.99 | 3.00 | 102.85 | | | | | | | | | | | | | | | | | |
| Total | | 14,406.84 | 7,435.35 | 609.75 | 22,451.94 | | | | | | | | | | | | | | | | | |

LAFY 06-07 Special Revenue LMD Fund 169 Ridgecrest/4th Cir Ridgecrest Report Calculation.xls/Revised 7.20.07
 7/20/2007 16:47

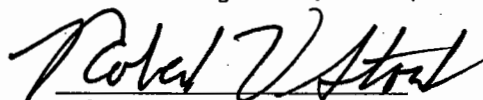
DECLARATION OF ROBERT V. STOUT

1
2 1. I, Robert V. Stout, declare that I am the Finance Director for the City
3 of Vallejo, and have been so at all relevant times for the purposes of this
4 Declaration.

5 2. In my capacity as Finance Director, I am responsible, among other
6 things, for overseeing that the City's Landscape Maintenance Administration
7 Fund is reimbursed on an ongoing basis, presently quarterly, from the General
8 Fund for expenses the LMD Fund "advanced" the General Fund in the form of LMD
9 inspector work that did not benefit the LMD program.

10 3. On July 20, 2007, my Department caused a transfer from the General Fund
11 of \$22,451.94 to the LMD Fund. The purpose of this was to make the
12 reimbursement described above. Further evidence of this transfer is contained
13 in the documentation that will be placed before the City Council on August
14 14, 2007, referring to the transfer, and giving background as to how it was
15 calculated. I am informed and believe that this amount reflects the time,
16 overhead and related expenses of the City's LMD inspectors during the
17 previous quarter working on all projects other than those that contribute to
18 the LMD Administrative Account.

19 Under penalty of perjury, I declare that the foregoing is true and
20 Correct and that this Declaration was executed on August 8, 2007, in
21 Vallejo, California.


Robert V. Stout
Finance Director
City of Vallejo

REDEVELOPMENT AGENCY

ADMINISTRATIVE ITEM A

PLEASE REFER TO

CITY COUNCIL

ADMINISTRATIVE ITEM A